



LEEDS  
BECKETT  
UNIVERSITY

# FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2018

[www.leedsbeckett.ac.uk](http://www.leedsbeckett.ac.uk)



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LEEDS  
BECKETT  
UNIVERSITY

FINANCIAL STATEMENTS 2018

# OPERATING AND FINANCIAL REVIEW

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## Operating and Financial Review

We are a modern professional University, based in the vibrant city of Leeds. With a 190-year history of education, which began with the founding of the Leeds Mechanics Institute in 1824, we are proud of our history and ambitious for our future. Our vision is to be an excellent, accessible, globally engaged University contributing positively to a thriving Northern economy.

Our aspiration is to create great graduates, exceptional employees, dynamic citizens and enterprising leaders. We work closely with employers and partners to ensure that our graduates are ready for work, ready for life, and ready to seize the opportunities that lie ahead.

We have a diverse community of almost 25,000<sup>1</sup> students studying our programmes, of which 18,500 are in full-time study and 6,400 are pursuing flexible part-time study. This includes the 1,600 students studying our programmes overseas. Our international students come to study with us in Leeds from 115 different countries.

Our University has 2,391<sup>2</sup> dedicated and talented members of staff based across our two campuses: the city centre site based in the civic quarter of Leeds and our Headingley campus adjacent to the Beckett Park area of the city. With an annual turnover of £219m, we contribute an estimated £521m to the regional economy sustaining over 5,000 jobs. Around two thirds of our graduates stay in the region contributing their skills and talent to the regional economy.

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1 Taken from HESA Student and Offshore Aggregate return for 16/17.

2 Staff number is the full time equivalent (FTE) at July 2018.

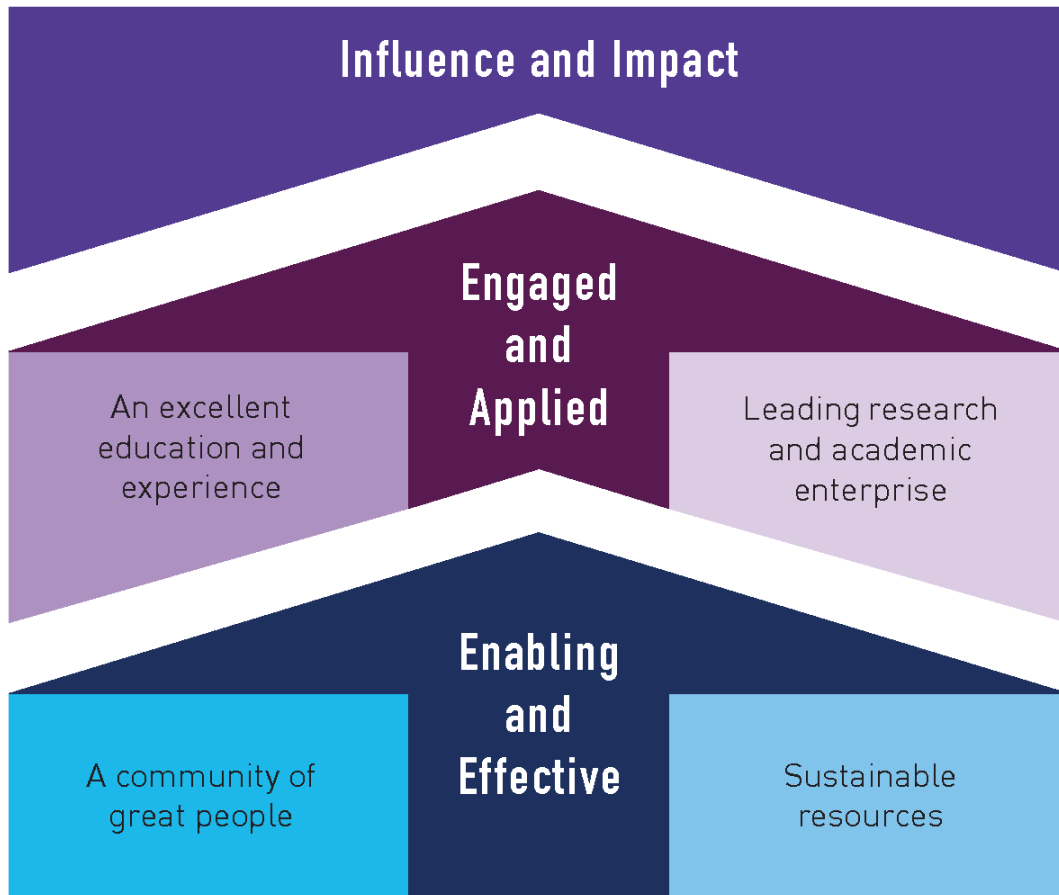


# OPERATING AND FINANCIAL REVIEW

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## Strategic Review 2017-2018

Our *Strategic Planning Framework 2016-2021* sets out our future ambitions and is underpinned by 12 key performance indicators to 2021.



# OPERATING AND FINANCIAL REVIEW

## Strategic Objectives 2021

### An Excellent Education and Experience

#### 1.1 Student Progression

Measure: Our students will progress smoothly through their courses

KPI: 95% progression after one year of study

#### 1.2 Student Satisfaction

Measure: Our students will have the best possible course experience

KPI: 89% NSS satisfaction with teaching

#### 1.3 Graduate Employment

Measure: Our students will be able to make the most of their Leeds Beckett education

KPI: 76% DLHE Graduate Employment

### Leading Research and Academic Enterprise

#### 2.1 Research Intensity

Measure: We will grow and develop our research culture

KPI: 45% academic staff submitted to 2021 REF

#### 2.2 Research Environment

Measure: Our research environment enables our staff to deliver outstanding research

KPI: 1000 FTE doctoral students enrolled

#### 2.3 Research & Enterprise Prestige

Measure: R&E will make a major contribution to our prestige and reputation

KPI: £28m HEBCIS Income

### A Community of Great People

#### 3.1 Maximising our Talent

Measure: Our colleagues are supported and enabled to give their best

KPI: 90% overall satisfaction in Staff Survey

#### 3.2 Student Satisfaction

Measure: All colleagues contribute directly to an excellent student experience

KPI: 88% NSS overall satisfaction

#### 3.3 Service Excellence

Measure: Colleagues seek continually to improve our service to stakeholders

KPI: CSE Accreditation and Compliance Plus in S5

### Sustainable Resources

#### 4.1 Student Satisfaction

Measure: Our investment in learning resources contributes directly to greater student satisfaction

KPI: 92% NSS satisfaction with learning resources

#### 4.2 Excellent Estate

Measure: Our investment in facilities increases their utility to our students and colleagues

KPI: 80% AUDE Functional Excellence Rating

#### 4.3 Financial Sustainability

Measure: Our financial resources enable us to achieve our strategic objectives

KPI: Maintain an annual MIS of 5.6%



## OPERATING AND FINANCIAL REVIEW

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The following review outlines our successes and challenges during the last financial year.

### **An Excellent Education and Experience**

We have completed the second year of our *Education Strategy 2016-2021*, which provides the focus to ensure our students continue to have an excellent education and experience.

#### *Recognising Teaching Excellence*

Our Teaching Excellence Framework and Student Outcomes (TEF) award of 'silver' reflects the TEF panel judgement that our University delivers high-quality teaching, learning and outcomes for students and consistently exceeds rigorous national quality requirements for UK higher education.

The TEF panel commended our University for its course design and assessment practices, the opportunities for students to engage with professional practice through live project briefs and placements, our strategic focus on developing physical and digital learning resources and an institutional culture that facilitates, recognises and rewards excellent teaching.

The University was selected to participate in the national pilot that will inform the introduction of a subject level Teaching Excellence and Student Outcomes Framework. This provided an opportunity to evaluate our provision of teaching excellence and supported the implementation of our *Education Strategy* across all our subjects.

Through our *Developing Excellent Academic Practice (DEAP) Framework* we offer two programmes accredited by the Higher Education Academy (HEA) enabling staff from across the institution to gain a category of HEA Fellowship as professional recognition for their commitment to teaching and supporting student learning.

To date, a total of 848 staff members have achieved a category of HEA fellowship, of which: 74 are Associate Fellows (AFHEA), 543 are Fellows (FHEA) and 221 are Senior Fellows (SFHEA) and with a further 10 staff members (including 1 Emeritus) having achieved Principal Fellowship (PFHEA) recognition.

We currently have 13 National Teaching Fellows (NTFs) across our academic community. In recognition of our commitment to teaching excellence, we were a finalist in the HEA (Higher Education Academy) Global Teaching Excellence Award 2017.

As one of 27 institutions from across the globe shortlisted for the award by an international panel of judges. The awards focus on the assessment of the '*preconditions for excellence*'; excellence in the leadership of teaching and learning, excellence in teaching and excellence in student support.

#### *Enhancing Academic Quality*

The government's revised external quality assessment process, the Annual Provider Review, is now in its second year. This review process, regulated by the Office for Students (OfS), is



## OPERATING AND FINANCIAL REVIEW

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informed by outcomes and metrics arising from the delivery of our higher education provision. Our provision and practice is fully aligned to the revised UK Quality Code and our track record in quality assurance makes us well placed to respond to future reviews by the OfS and reflects our commitment to continuous enhancement of our academic quality, teaching standards and the student experience.

### *Student Satisfaction*

Our recent outcome in the National Student Survey (NSS)<sup>3</sup> recognises the quality of the student experience, as viewed by students, with our highest ever score of 85% for overall student satisfaction, which is above the sector average, together with satisfaction with learning opportunities, academic support and learning resources in which we outperform the average. A range of our courses received a 100% satisfaction rating, including: Early Childhood Education (QTS); Hospitality Leadership and Management; International Tourism Management; Human Geography and Planning; Audio Engineering; Entertainment Management; Broadcast Media Technologies; Public Relations with Journalism; Retail Management; Economics for Business; and Politics. Many more courses achieved a 90% satisfaction rating or higher.

### *Developing Academic Partnerships and Collaborations*

We continue to have a broad and diverse portfolio of collaborations and partnerships. In 2017/18, we had agreements with 26 collaborative partners, (12 domestic and 14 international) and 117 partnership arrangements.

We continue to work closely with overseas regulatory and quality assurance agencies including the Tertiary Education Commission in Mauritius, Malaysian Qualifications Agency, Education Bureau in Hong Kong and the Council for Private Education in Singapore.

We effectively engaged with the QAA Review of Trans-national Education (TNE) during 2017/18 that focused on the Hong Kong provision and recognised our robust approach to assuring the academic standards and quality of our provision delivered with others. In July 2018, our Academic Board approved our University's revised *Collaborations and Partnerships Strategy 2018-2021* that will support the further development of our collaborations aligned with our University's *Global Engagement Strategy*.

### **Leading Research and Academic Enterprise**

This year has seen a significant increase of 9% in research income received by the University. This is in addition to both our current HEIF funding of £2.6m, which increased by £0.5m to support our ambitions within the Government's Industrial Strategy, and quality-related research (QR) funding of £2.4m.

The new post, *Head of Research*, was established this year to take a focused leadership role on the support and preparation for REF 2021. We also launched our Graduate School in

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<sup>3</sup> National Student Survey 2018.

## OPERATING AND FINANCIAL REVIEW

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February 2018 to provide dedicated 'home' and support for all our research students on and off campus.

A review of all of our Research Centres and Institutes this year supports our ongoing activity to grow and develop our research capacity across the University. The impact of Brexit on our ability to attract future research funding is unknown at present and a key uncertainty for the future.

### *Medtech and Interreg*

Grow MedTech is a consortia of six universities which aims to deliver a step change in Yorkshire's MedTech sector on the global stage. It has secured over £5m of funding from Research England and partners to develop technology projects and knowledge exchange activity over three years (2018-2021). The University will initially receive over £0.3m of this funding to develop projects to commercialise IP through our academic expertise in the MedTech and related sector. Each project will then be eligible to attract further funding from the total £5m available to deliver activity and outputs.

Interreg Europe helps regional and local governments and institutions across Europe to develop and deliver better policy. The University is currently involved in two Interreg projects; Compete In and Lean Landing, which focus on SME competitiveness in international markets.

The Lean Landing Project provides support to encourage SME businesses to export to the North Sea Region. Compete In provides a platform to work in partnership with five countries across Europe to learn about SME business support best practice.

Interreg creates opportunities for public authorities across Europe to share ideas and experience on the policy and how it works in practice, so they can be adapted and implemented to improve local strategies and benefit local communities. Between the two projects, the University benefits from £0.4m investment and access to invaluable contacts and real life experience from wider Europe.

### **Business Engagement**

The Business Engagement Services team has completed its first year of operation. Working with our academic schools, it focused on our relationships with over 10,000 businesses across the region and beyond, to support for future graduate employability.

The expansion of student placements, careers fairs and bespoke workshops and collaborative working with local employers to identify future graduates from our University; seeks to further improve employment opportunities for our graduates, where at present 93% are in work or further study 3 months after graduation, 65% of which are in what the government define as professional or managerial roles.

This year we are also one of the first higher education providers in the region to be approved as a Degree Apprenticeship supplier to both levy-paying and non-levy paying organisations. This will ensure greater access to our apprenticeship programmes for staff working within



## OPERATING AND FINANCIAL REVIEW

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SMEs, not-for-profit and charitable organisations who would not have previously had such an opportunity. Our first cohort of degree apprentices commenced their studies with us in 2017/18 and we have developed 17 further apprenticeship programmes in partnership with organisations including, Wetherspoons, the British Retail Consortium, Leeds College of Building and the Yorkshire Purchasing Organisation.

### A Community of Great People

During the year, we have recognised talent across teaching, research and enterprise through the appointment of 13 new Professors and 43 Readers. Our continuous support for the development of our academic research staff was recognised through our successful re-accreditation against the European Commission's HR Excellence in Research Award.

We have also celebrated a number of staff achievements this year, including the award for *Outstanding Digital Innovation of the Year* award at the THELMAs (Times Higher Education Leadership and Management Awards) for our innovative approach to Clearing communications through *'Becky the Chatbot'*. Our Head of IT End User Services received the National Women in IT Award of *Business Role Model of the Year*, and one of our Professors in the School of Health and Community Studies was nominated for one of the prestigious Yorkshire Women of Achievement awards for her commitment to working with communities in Leeds facing poverty and poor health.

Staff dedication to improving the experience of all our stakeholder groups was recognised for the second year running, exceeding our revised Service Excellence key performance indicator with the award of 25 'compliance plus' judgements at the end of our Customer Service Excellence three year accreditation cycle.

This year we have seen some changes at senior management level to enhance our University's leadership at this important time, with key new appointments to Director roles in Estates, Human Resources, External Relations and a separation and distinction made between the two roles of Registrar and University Secretary.

As an accessible and globally engaged University, we are committed to developing an inclusive and diverse community of staff and students. Following consultation, the University has developed a new *Equality, Diversity and Inclusion Framework* to support our community of great people and to provide an excellent education and experience for all our students. Our four equality objectives incorporate our existing programme of national equality charters and benchmarks to inform our activities and measure our progress.

Building on our institutional bronze Athena SWAN accreditation (2017), we now have six academic schools working towards independent recognition and accreditation in 2018/19. The award recognises the work undertaken to address gender equality in relation to representation, student progression into academia, staff career progression and the working environment. *The Athena SWAN Steering Group* organised the University's inaugural *Gender Research Conference* in March 2018.

## OPERATING AND FINANCIAL REVIEW

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Attended by 96 academic colleagues and research students the conference provided colleagues and research students with the opportunity to share and celebrate the strength and breadth of gender research undertaken across the University. The conference was subsequently nominated in the category of Best Memorable Moment of 2018 for a Golden Robe award (the University's combined colleague and student recognition awards).

Our Athena SWAN award also supports our continued work on the Equality Challenge Unit, Race Equality Charter, an evidence based framework to improve the representation, progression and success of minority ethnic staff and students within higher education, which we will be submitting for in 2019.

The University published its gender pay gap information for the first time in April 2018. The mean pay gap between the average earnings of men and women for our University is 10.2% and our median pay gap is 8.4%, which outperform the higher education sector comparator of 15.5% (mean) and 14.3% (median). The development and implementation of local Athena SWAN action plans and a focus on career progression and development at both ends of the pay structure should help to reduce this further provided the University maintains a robust Pay Policy.

### **Sustainable Resources**

During 2017/18, we faced significant and intense competition in both UK and overseas student recruitment markets.

However, despite a demographic decline in the UK in the number of school-leavers and increased career opportunities for talented school-leavers, the University experienced a successful undergraduate recruitment cycle leading to an increase of over 20% in the number of applicants applying through the UCAS main cycle who accepted the offer of a place for September 2018 entry.

The continued uncertainty regarding the UK's future immigration policy; the potential impact of Brexit; and aggressive strategies from our competitors have all made recruitment more difficult. The impact of the government's review of fees and funding is also unknown and creates some uncertainty about the future of fees and funding. However, the impact of the University's *Global Engagement Strategy*, allied to refocused and retargeted student recruitment and partnership development activity has begun to deliver success. We are developing new partnerships; have strengthened relationships with key stakeholders overseas; and have begun to establish the University as a destination of choice for overseas students.

## OPERATING AND FINANCIAL REVIEW

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As was noted twelve months ago, the University is at the start of a journey to reinvigorate student recruitment performance. The reorganisation of marketing, communications and student recruitment operations has been achieved and is now embedded; new market-driven approaches to pricing and the setting of entry tariffs have contributed to improvements in the positioning of the University; and our strong performance in widening access have all helped develop and enhance our student recruitment activity. Future developments to the University's portfolio of courses and the services it offers; the development of stronger relationships with selected schools and colleges; and further enhancements to student recruitment activities aim to improve performance as we move forward.

### **Estates**

In 2017/18, we commenced a £130m capital development programme for the new Carnegie Teaching and Research Building on the Headingley campus and a new Creative Arts Centre on City Campus, both of which will provide leading, state of the art facilities for our students and staff.

A further £1.7m was allocated across a range of teaching and research refurbishment and maintenance works, including new Bioscience laboratories.

Our dedicated conferencing venue at Cloth Hall Court, located within a five-minute walk from Leeds city train station, has completed its first full year of operation and contributed £0.8m to our total £3.5m income from conferencing.

For the second year in a row, we have exceeded our 2020/21 carbon reduction targets by over 1,500 tonnes, demonstrating our continued commitment to lowering our carbon footprint through developing our campus environment and working practices to be more sustainable for future generations.

# PUBLIC BENEFIT STATEMENT

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## Charitable Purpose

Leeds Beckett University is a not for profit organisation with the charitable purpose of advancing education for the public benefit. Our *Strategic Planning Framework 2016-2021* sets out a clear vision, mission, values and key performance indicators (KPIs) that provide stretching targets to advance teaching, learning, research and enterprise. Students and staff of our University are the immediate beneficiaries. However, our strong regional engagement and international reach means that a range of local, national and international charities, communities, schools, colleges, businesses and partners also benefit from our expertise and activities.

Surpluses generated by the University are reinvested solely for the benefit of our students and our wider university and local community.

The University is an exempt charity within the definition of the Charities Act 2011 and its principal regulator is the OfS. Our Board of Governors are charity trustees. Membership of the Board for the financial year ending 31 July 2018 is provided in our Corporate Governance Statement on page 15.

Our charitable status relies on ensuring our activities are in line with our charitable aims and thereby the integrity with which we undertake them. In confirming this statement and in setting and reviewing our University's objectives and activities, our Board of Governors confirms that the trustees have complied with their duty of paying due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

This statement has been included in conformance with the formal reporting requirement introduced by the Office for Students as the principal regulator of English higher education institutions under the Charities Act.

## Advancing Higher Education

Our University has a strong tradition of, and continuing commitment to, providing socially inclusive and life enhancing higher education opportunities for all our students, regardless of background. We invest in bursary schemes and progression activities to encourage students into higher education who traditionally would have not have considered this as an option. These students are further supported, as are all of our students, by our academic and student services who provide tailored support to give them every opportunity to realise their full potential.

We set our tuition fees to enable our University to provide the highest quality environment and to continuously enhance our academic and pastoral support to our students to promote their success and progression. The fees for all home/EU students beginning a full-time undergraduate bachelor's degree at our University in the academic year 2017/18 was £9,250. This same fee level was charged on a pro-rata basis for all home/EU students beginning a part-time undergraduate bachelor's degree.

## PUBLIC BENEFIT STATEMENT

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If a course includes a placement year there is no charge to the student for this year, as we wish to encourage them to invest in this beneficial experience. This is priced as 20% of the full time fee, in line with external requirements, and is then waived. We believe this pricing structure is simple to understand and has a neutral impact on students who choose to transfer courses.

We are committed to making higher education accessible to all those with the motivation and enthusiasm to commit to a higher education programme, regardless of background. We offer a range of financial support schemes for those students who need it in order to stay on track with their course. Examples of such schemes offered in 2017/18 were our *Hardship Fund* and *Leeds Beckett Care Leavers & Estranged Students Bursary*. The *Hardship Fund* made 739 awards providing £436,610 additional financial help towards the essential costs associated with being a student. During 2017/18 48 care leavers and 27 estranged students received a combined bursary of £90,300.

We continue to evaluate the provision of financial support to our students as part of our commitment to ensuring we offer timely support when it is needed.

We proactively promote a range of support services to our students through which they can seek part-time employment during their time with us. We have a dedicated team who provides financial advice and guidance to students, with a single dedicated contact for care leavers, students estranged from their families and students who are also carers for another adult.

### *Working with Schools and Colleges to Promote Access to Higher Education*

We have developed an integrated programme of activities which support targeted cohorts of school and college students from aspiration and attainment raising access programmes, support throughout their University career and into planning for graduate success. In 2017/18 we worked with 19,127 students across 288 schools and colleges through our outreach programme aimed at raising young people's aspirations and their attainment in education.

We believe these longitudinal programmes of support are the most effective way to raise the attainment of individuals from disadvantaged or under-represented backgrounds. Our *Junior Leadership Scheme*, a long-term two year programme, works with students in receipt of pupil premium from the Leeds City Region. This programme combines the expertise of our academic staff with guidance on meta-cognitive skills and resilience taught through Access and Widening Participation staff and ambassadors. Ongoing evaluation has demonstrated measurable success in raising confidence and motivation. The scheme was awarded the *Educate North Award for Social Mobility* in 2018.

We consistently recruit large numbers of students from state schools and from low participation neighbourhoods. Our long-standing programmes, Larkia and UJIMA work with South Asian Girls and Black African/Black Caribbean Boys. We have achieved success in raising the confidence and attitudes of students attending this residential programme. Those stating that they would be more likely to apply to higher education as a result of the programme stands at over 80% with a baseline increase in confidence pre and post event measured at 42%.

## PUBLIC BENEFIT STATEMENT

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We recruit an increasing number of mature students who are studying their first full time undergraduate programme and come to us with no previous higher education experience. On this metric we perform ahead of sector-wide averages. We are increasing our access and attainment raising activities across and beyond our region to reach more of these students, as well as those who may wish to study part-time to fit around their other commitments. Examples of these programmes include the Festival of Learning, hosted in partnership with the School of Health and Community Studies which supports students returning to study through taster sessions and tailored information advice and guidance. We welcome the diversity and drive these students bring to our community.

Additionally, we continue to partner with Go Higher West Yorkshire (GHWY), established in 2011 by 12 HE providers in West Yorkshire (FE colleges with HE provision, and Universities) representing a broad and diverse range of institutions offering a vast array of different courses, subjects, qualifications and modes of study.

Through the GHWY partnership, we offer the *Progression Module Plus*, which in 2017/18 worked with more than 500 learners. This accredited programme enables students to prepare effectively for HE study by completing assignments linked to the application process. We have tracked students who have completed the module over the past few years using the HEAT database. Over the period from 2007/08 to 2016/17, the average Young Participation Rate (YPR) of the tracked cohort was 57%. This compares with a HEFCE national YPR of 38% in 2011/12.

### *Supporting our Students towards Success*

Our *Education Strategy* focuses on the needs of the individual as well as groups of students with specific characteristics. We provide inclusive learning pathways combined with a flexible framework of student support. We monitor a student's engagement with their course of study so we can offer individualised support where a student is identified as being 'at risk' of early withdrawal.

Student Services colleagues are dedicated to ensuring our students get the most from their time at our University and are the central delivery arm of our *Student Support Framework* strand of our *Education Strategy*. They provide specialist services to those with particular support needs and act as a signpost to other sources of help and information from across our academic schools, professional services, the Students' Union and external agencies.

### **Education and Research Benefiting Society**

The Carnegie Centre of Excellence for Mental Health in Schools was established in 2017 to strengthen the mental health of the next generation by supporting schools to make a positive change at all levels of the UK's education system, thereby improving outcomes and life chances.

The Grow Med-Tech partnership is a collaborative initiative involving six Yorkshire Universities and has been created to enhance productivity and economic growth in the UK Med-tech sector, addressing the evolving health needs of the population.

## PUBLIC BENEFIT STATEMENT

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Over the last three years, our Neighbourhood and Community Planning cluster has been successful in supporting disadvantaged communities to take up the benefits of neighbourhood planning in Leeds. This programme of research has contributed to Leeds now having the highest number of deprived communities participating in neighbourhood plans of any metropolitan borough.

### **Commitment to Corporate Social Responsibility**

Our University runs a number of international volunteering projects throughout the year, available to both students and staff.

Last year our international volunteering programme supported 103 placements on 12 group projects in 11 countries, and a further 41 independent volunteers were supported to volunteer at host organisations across the world. Between 2006 and 2017, over 1,900 staff and students undertook international volunteering around the world. The programmes provide support to communities in need across the world as well as providing our volunteers with a unique global perspective.

We actively encourage our students and staff to volunteer locally, using their skills to give something back and shape the society in which they live. Local schemes range from helping school children with their reading to supporting a city or neighbourhood event. Our sports volunteering programme works in partnership with Sport England and British Universities & Colleges Sport (BUCS). Together we are committed to providing volunteers with opportunities to develop and to gain qualifications. Opportunities involve volunteering in local schools and sports clubs who require more help in delivering, managing or promoting sport to their participants or wider community.

The University also works in partnership with other universities and colleges in Leeds to run a Neighbourhood Helpline which assists in the resolution of issues in the wider community that involve students, including noise nuisance and anti-social behaviour.

# FINANCIAL UPDATE

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## Financial Update

2017/18 has been another successful year for our University. A surplus for the year of £4.8m is equivalent to 2.2% of income. However, it is after £7.5m of non-cash pension charges and £1.6m of exceptional charges which when eliminated reveals an underlying operational surplus of £13.9m, equivalent to 6.3% of income. This exceeds the level of annual performance targeted under our Financial Strategy.

A consequence of our operational surplus was the generation of cash inflows from operations of £31.2m, equivalent to 14.3% of total income. This compares favourably to the forecast sector average of 7.3%. Over the last five years, our average operating cash inflows have been equivalent to 16.4% of income. Together with £1.7m of capital grants received in the year, £1.6m of existing cash reserves and £0.7m of investment income, our operating cash inflows funded £26m of capital investment on the development of new buildings and facilities and £9.2m of debt servicing costs. At the end of July, our cash and investment balances were equivalent to 188 days' worth of recurrent expenditure.

Our balance sheet continues to be strong with net assets continuing to grow during the year. Before pension liabilities, they grew by £10.3m equivalent to 4.7% of income, but following a £10m reduction in our pension liabilities following the last actuarial valuation of the West Yorkshire Pension Fund our net assets after pension liabilities grew by 11.6% during the year.

We continue to show our student residences on balance sheet, a consequence of which is that our balance sheet includes £65m of long terms loans that are funded from our student residences income rather than from our remaining income. Loans funded from our remaining income of £29m are equivalent to 13.3% of total income and as such are less than the sector average.

Our financial strategy is to generate surpluses sufficient to fund the University's long-term investment requirements whilst at the same time ensuring that our liquidity levels adequately meet working capital requirements. Our only recourse to further borrowing will be if an acceleration of our investment programme to meet our overall strategic aims necessitates it.

In this regard we secured a new £50m loan facility with HSBC during the year, which together with existing cash and investment reserves and planned operating cash inflows, will enable the concurrent development of a new Creative Arts building and a new Sport Teaching and Research building which together comprise the major elements of our five year investment of over £210m in our estate and our facilities for the direct benefit of our students and stakeholders.

Our financial performance and position places us well to respond to continuing uncertainty and change in our funding and control environment and in the markets in which we operate. Our financial capacity is significant and through robust yet prudent planning our aim is to protect the University from any sudden adverse changes whilst simultaneously providing the experience and facilities that our students and stakeholders need and want.





# CORPORATE GOVERNANCE STATEMENT

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## CORPORATE GOVERNANCE STATEMENT (2017/18)

Leeds Beckett University is a higher education corporation established under the Education Reform Act 1988 ('ERA').

The University is committed to upholding the principles of good corporate governance and public interest governance. The University considers that its Board of Governors has fully complied with the Higher Education Code of Governance during the financial year ended 31 July 2018.

### **Regulatory Framework**

2017/18 has been a year of significant change in the regulatory space for the Higher Education Sector. In April 2017 the Higher Education and Research Act 2017 ('HERA') came into effect, signalling the first major regulatory change to the UK higher education sector for 25 years. It created two new bodies to regulate and fund providers of higher education: the Office for Students ('OfS') and UK Research and Innovation ('UKRI'). The Act replaced the Higher Education Funding Council for England ('HEFCE') with the OfS.

The regulatory framework for the OfS was published in February 2018 but does not come into full effect until 1 August 2019 which means that the period from 1 April 2018 to 31 July 2019 is a transitional one where a combination of powers and duties carried forward from previous legislation under the Further and Higher Education Act 1992 and the Higher Education Act 2004 together with the new powers and duties under HERA will be used.

The primary regulatory objectives of the OfS are to ensure that students from all backgrounds, and with the ability and desire to undertake higher education:

- (1) Are supported to access, succeed in and progress from higher education.
- (2) Receive a high quality academic experience, and their interests are protected while they study or in the event of provider, campus or course closure.
- (3) Are able to progress into employment or further study, and their qualifications hold their value over time.

The University submitted its application to register with the OfS as an Approved (fee cap) provider in May and the outcome is expected in September. If registered with the OfS, the University will remain subject to the initial and ongoing conditions of registration, which include requirements relating to access and participation, quality and standards, student protection, financial viability and sustainability, public interest governance and transparency information.

The University has exempt charitable status as defined in the Charities Act 2011, which means that it does not need to register with the Charity Commission and is accountable to the OfS. The charitable purpose of the University is the advancement of education for the public benefit. The Board of Governors, both collectively and individually as trustees, has complied with the duty to have due regard to the guidance on public benefit published by the Charity Commission and in particular its supplementary public benefit guidance on the advancement of education.

# CORPORATE GOVERNANCE STATEMENT

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Further information on the delivery of the University's charitable objectives for the public benefit can be found in the Public Benefit Statement in the Operating and Financial Review on page 10.

## **Corporate Governance**

The University's framework of governance is set out in its Instrument and Articles of Government which are supplemented by recently reviewed and updated Standing Orders and a Code of Conduct for Governors.

The Board of Governors is committed to maintaining the highest standards in all aspects of the University's governance. The University aims to conduct its business in accordance with the seven principles of Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership) and during the financial year ended 31 July 2018 has complied with the seven primary elements of governance as set out in the Higher Education Code of Governance produced by the Committee of University Chairs.

## **Board of Governors**

The Board of Governors is the governing body of the University and is chaired by Mr David Lowen.

The Board currently has fourteen governors comprised of nine independent governors, one staff governor, one governor nominated by the Academic Board, two governors nominated by the Students' Union, and the Vice Chancellor, who is its only executive member.

The Board will undertake an internally facilitated review of its effectiveness during the academic year 2018/19 having concluded its last independently facilitated review in 2015/16.

Amongst the things that will be taken into consideration in the next review are the size of the Board together with its mix of skills, experience, expertise, backgrounds, attributes and diversity. The context of the new regulatory framework outlined above and the challenges facing the University in a more competitive and changing policy environment will be given due consideration in the evaluation in relation to the implications for the Board and its role and effective operation.

During the academic year 2017/18 there were a number of changes to the Board's membership as follows:

- Esmee Hanna resigned as a teaching staff governor nominated by the Academic Board on 27 April 2018.
- Ted Sarmiento resigned as a staff governor with effect from 3 May 2018.
- Kirsty Bashforth resigned as an independent governor with effect from 30 June 2018.
- Jenny Ryatt resigned as an independent governor with effect from 16 August 2018.

## CORPORATE GOVERNANCE STATEMENT

- Steven Webb stepped down as a member of the Board of Governors at the end of his second term of office and also vacated the position of Deputy Chair of the Board which he had held since 1 September 2015.
- Mobina Begum came to the end of her second term as a staff governor and stepped down on 31 August 2018.
- Charlie Hind joined the Board as a student governor following his election to the position of Vice President, Education, of the Students' Union in July 2018.
- Jack Harrison continues as a student governor following his election as President of the Students' Union in July 2018.
- Megan Robinson stepped down as a student governor at the end of her term as Students' Union President on 30 June 2018.

At its meeting in July 2017, the Board agreed to hold a number of governor vacancies, pending the outcome of the Board evaluation. A staff governor from professional services will however be appointed for 2018/19 and a recruitment process, led by independent governors, is underway.

A full list of governors who held office or stood down between 1 August 2017 and the presentation of the financial statements to the Board in November 2018 is outlined in the table below.

<b>BOARD OF GOVERNORS 2017/18</b>		
David Lowen (Chair)	Independent Governor	
Steven Webb (Deputy Chair)	Independent Governor	Stood down 31 August 2018
Kirsty Bashforth	Independent Governor	Resigned 30 June 2018
Mobina Begum	Co-opted Staff Governor	Stood down 31 August 2018
Ann Bishop	Independent Governor	
Andy Brown	Independent Governor	
Professor Andrew Cooper	Academic Board Nominee	
Jean Dent	Independent Governor	
Les Everett	Independent Governor	
Dr David Fletcher	Independent Governor	
Dr Esmee Hanna	Academic Board nominee	Appointed 30 October 2017

## CORPORATE GOVERNANCE STATEMENT

		Stood down 27 April 2018
Jack Harrison	Student Governor	Appointed 01 July 2017
Charlie Hind	Student Governor	Appointed 01 July 2018
Professor Nicki Latham	Independent Governor	Appointed 01 September 2017
Professor Peter Marsh	Co-opted Governor	
Meg Robinson	Student Governor	Stood down 30 June 2018
Jenny Ryatt	Independent Governor	Appointed 01 September 2017 Resigned 31 August 2018
Ted Sarmiento	Co-opted Staff Governor	Appointed 01 September 2017 Resigned 3 May 2018
Professor Peter Slee	Vice Chancellor	
Gill Webber	Independent Governor	
Nick Whitaker	Independent Governor	

A tailored and comprehensive induction programme is provided to new governors. This provides an overview of the higher education sector, details about how the University is governed and regulated as well as an overview of key strategic, financial and operational matters for the Board. New governors have the opportunity to have a guided tour of the University's estate and also meet with the Chair, the Vice Chancellor and members of the University Executive Team.

All governors are eligible to take part in relevant training and development at the University's expense. In 2017/18 governors attended a variety of sessions run by AdvanceHE through its governor development programme including sessions on Student Safeguarding, Getting to Grips with TEF for Student Governors and Higher Education Insights.

Governors are offered the opportunity to share their perspectives and experience with different Schools and Services of the University through a pairing scheme. This also affords them the chance to learn more about the area they are paired and familiarise themselves with different areas of the University's activity.

# CORPORATE GOVERNANCE STATEMENT

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In line with the University's Instrument of Government, the Board of Governors is authorised to make payments to independent governors in acknowledgement of the services they perform for the University as:

- (a) Chair of the Board.
- (b) Chairs of Board's committees.

A decision regarding payments is made by the Board following the completion of an annual review process for the chairs and on the recommendations made by the Governance and Nominations Committee which oversees and considers the outcomes of the annual review process. Note 7 to the financial statements shows the remuneration paid to governors in 2017/18 for the contribution of chairs in the financial year ended 31 July 2018.

All governors are entitled to reimbursement of out of pocket expenses incurred in discharging their responsibilities and these amounts are published on our website on a quarterly basis.

The University maintains a register of interests of governors and senior managers which is available for inspection on request to the University Secretary.

Jenny Share held the position of Secretary to the Board, as defined in the Articles, until 18 March 2018. Caroline Thomas, has held the position since 19 March 2018.

## **The work of the Board and its committees**

The Board's responsibilities are set out in the University's Articles of Government and the Board has a Statement of Primary Responsibilities, in accordance with guidance set out in the Higher Education Code of Governance.

Responsibilities reserved for the Board's decision include:

- Approving the mission and strategic direction of the University.
- Ensuring the financial health and solvency of the institution.
- Safeguarding the good name and values of the University.
- Making appropriate provision for the support, advice, guidance and welfare of students, in consultation with the Academic Board.
- Appointing the Vice Chancellor of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
- Appointing a Secretary to the governing body.

In 2017/18, the Board met formally on five occasions and in addition held two strategic 'Away Days'.

# CORPORATE GOVERNANCE STATEMENT

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During 2017/18 the Board oversaw the University's application for registration with the OfS and satisfied itself that it was accurate, high quality, submitted on time and met all of the necessary requirements.

This year the Board has given continued consideration to the University's financial sustainability, student recruitment, setting tuition fees, assurance of academic quality and standards, estates management, and measuring performance against agreed KPIs. It approved the appointment of internal and external auditors following a tender process and it approved funding arrangements for the new Creative Arts Building, construction of which is underway and due to complete in 2020.

Board Away Days provided an opportunity for the Board to consider and discuss in detail how to approach the challenges of the year ahead in relation to the education strategy, research and enterprise, student recruitment and marketing and global engagement. Other matters considered and debated were the University's brand identity, the University's approach to engaging with external stakeholders, particularly employers, the pilot of a new subject based TEF methodology, the possibility of the University becoming the sponsor of a Multi-Academy Trust and the implications of the changes to the rules of the Research Excellence Framework in 2021.

In undertaking its responsibilities, the Board also operates a committee structure which includes the following four committees:

- Finance, Staffing and Resources Committee.
- Audit Committee.
- Governance and Nominations Committee.
- Senior Staff Remuneration Committee.

These committees are formally constituted with terms of reference and are made up of predominantly independent members of the Board. Each committee chair reports to every meeting of the Board on the areas of activity delegated to the Committee and any matters for Board approval.

## **Finance, Staffing and Resources Committee**

The Finance, Staffing and Resources Committee meets four times a year. It advises the Board on matters including the University's financial strategy, the solvency of the institution and the safeguarding of its assets, its human resources strategy, estates, capital expenditure and compliance with any related legal and regulatory frameworks.

Key areas of focus for 2017/18 have been:

- Oversight of major estates projects including the Creative Arts Building and the Carnegie Teaching and Research Building.

# CORPORATE GOVERNANCE STATEMENT

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- Agreeing the Students' Union block grant.
- Implementation of the IT Strategy.
- Equality, Diversity and Inclusion Strategy.
- Monitoring student recruitment.
- Safety, Health and Wellbeing.

During 2017/18, the formal Committee meetings have been preceded by an informal session where different areas of the business have had the opportunity to give more detailed updates on strategic matters, which included:

- Budget and Capital Expenditure, including a review of the new internal funding model for Schools and Services and its impact.
- Development of a new e-platform to induct new starters.
- Estates Masterplan.

## **Audit Committee**

The Audit Committee is responsible for reviewing the effectiveness of the University's system of risk management and internal control.

The Audit Committee meets four times annually, with the internal auditors in attendance at all four meetings and the external auditors in attendance for the presentation of the financial statements. Following an open tender process, the committee oversaw the appointment of Ernst & Young LLP as external auditors who took over from PricewaterhouseCoopers LLP from August 2018.

The Committee considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. This year the internal audit programme comprised of 10 reviews, including a review of the University's compliance with the Competition and Markets Authority's expectations of Higher Education Providers in relation to information provided to students, cyber security, risk management, procurement, catering, estates, the General Data Protection Regulation, treasury management, Transparent Approach to Costing and School budget management and staff engagement.

The Committee continued to consider 'deep dive' analysis reports on a number of different areas of the Corporate Risk and Assurance Framework in 2017/18, including compliance with the Prevent Duty, the University's Business Engagement Strategy and Student Recruitment.

## **Governance and Nominations Committee**

The Governance and Nominations Committee advises the Board on the appointment of governors and best practice in governance, including recommendations from the Committee of University Chairs often issued as Illustrative Practice Notes ('IPN'). It also oversees

# CORPORATE GOVERNANCE STATEMENT

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compliance with regulatory requirements such as dealing with requests under the Freedom of Information Act 2000 and the Data Protection Act 2018. The Committee receives reports from the University on its handling of students' complaints and appeals to gain assurance that these procedures are operating satisfactorily. The Committee also receives assurances on the effectiveness of the Academic Board.

The focus of the Committees work in 2017/18 has been:

- Consideration of the implementation the Higher Education and Research Act 2017 and the University's OfS registration.
- The number of referrals to the OIA from student procedures and performance against benchmark institutions
- Oversight of a review of the effectiveness of the School Academic Committees.
- Review of compliance with the Modern Slavery Act 2015.
- Consideration of a proposal for the University to become the sponsor of a Multi-Academy Trust.
- Consideration and compliance mapping against the CUC IPN 7: The role of the Nominations Committee.
- Preparedness for compliance with the General Data Protection Regulation ('GDPR').
- Oversight of subsidiary governance.
- Oversight of the conduct of the Students' Union Elections.
- Review of the Governor Code of Conduct and Standing Orders for the Conduct of Meetings.
- Review of UKVI compliance.

## Senior Staff Remuneration Committee

The Senior Staff Remuneration Committee ('SSRC') is responsible for agreeing the policy and framework for the remuneration of senior staff, reviewing and determining the salaries and terms and conditions of employment of senior staff within the agreed policy and framework, monitoring performance of the Vice Chancellor, Deputy Vice Chancellors and the University Secretary as designated senior post holders.

During the academic year 2017/18, a Review Group was formed, comprising independent and staff and student governors, to look at the operation of the SSRC to ensure that its operation and practices were in line with good governance. The framework for the review was agreed by the Board of Governors in July 2017.

The Review Group considered the following matters:

- Terms of Reference and membership of the Committee.





# CORPORATE GOVERNANCE STATEMENT

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- Performance and Development Review Guidelines for Holders of Senior Posts.
- Principles and Procedures for the Annual Review of Remuneration for Holders of Senior Posts.

Draft remuneration guidance was issued by the Committee of University Chairs was published for consultation with the sector in December 2017, and provided a useful structure and focus for the Review Group's discussions.

The Review Group concluded that the University's practices were largely in line with the principles of the draft Code and agreed some developments in relation to the future transparency of information about senior pay, performance and its benchmarking to both the Board and wider stakeholders. The University is fully compliant with the current disclosure requirements of the OfS. The Board is also fully committed to the principles the Higher Education Senior Staff Remuneration Code, published by the CUC in June 2018.

The Board adopted the following recommendations of the Review Group:

- a) Removal of the Vice Chancellor from the membership of the Senior Staff Remuneration Committee. It was noted that the Vice Chancellor had always absented themselves from the meetings when discussion related to their own salary and attended solely to discuss the delivery of objectives by other senior post holders and any recommendations in relation to the pay and reward of their direct reports and to answer questions from the Committee.
- b) The addition of the Chair of the Audit Committee to the membership of the Senior Staff Remuneration Committee.
- c) To appoint an independent advisor to the Senior Staff Remuneration Committee.
- d) The Director of HR take over the secretariat function to the Senior Staff Remuneration Committee.
- e) Proposed revisions to the policy on honorarium payments to ensure clarity and consistency of the procedure and terminology with the policy applied to all university staff.

## Academic Board

The Academic Board is the University's principal academic authority. Subject to the powers of the Board of Governors and the Vice Chancellor, it is responsible for the academic affairs of the University, the design and implementation of the academic regulatory framework, and for general issues relating to learning, teaching and research. It has 40 members and drawn entirely from staff and students and it is chaired by the Vice Chancellor.

The Academic Board reports to the Board of Governors after every meeting as part of the Vice Chancellor's report. In addition to its routine business in 2017/18 the Academic Board considered the outcomes of the National Student Survey, a revised approach to the Access and Participation Plan and how the requirements of the Office for Students (OfS) differed from

# CORPORATE GOVERNANCE STATEMENT

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the requirements of HEFCE's Access Agreement and agreed changes to the University's Admissions and Attendance Policies and approved revised Academic Regulations and student related policies for 2018/19.

The Academic Board considers a programme of academic assurance reports which are also considered and discussed by the Board of Governors at every meeting, in addition to the Vice Chancellor's report to both on strategic academic matters. There is a strong and open relationship between the Academic Board and the Board of Governors with an invitation to the Chair of the Board or his nominee to attend any and every meeting of Academic Board. Similarly, the Deputy Vice Chancellor (Academic) attends each Board meeting as a member of UET and presents a rolling programme of academic assurance reports. Our Board of Governors includes independent individuals with experience in higher education management and elected students are active participants in Academic Board and as student governors on the Board. In addition, our governors have the option to pair with Schools and Services and these insights, combined with the scrutiny of the Board and its different committees, culminate in the Board being able to provide the assurances necessary to agree the academic assurance statements required in the accountability return.

Members of the Board of Governors have a standing open invitation to attend meetings of the Academic Board.

The terms of reference and membership of the Boards and their committees are reviewed annually.

## **Executive Management**

Professor Peter Slee is the Vice Chancellor and as the Chief Executive Officer is responsible to the Board of Governors for the organisation, direction and executive management of the University.

The Vice Chancellor is the 'Accountable officer' for the University under the regulatory framework of the OfS.

## **Risk Management and Statement of Internal Control**

The OfS Regulatory Framework sets out public interest principles which are applicable to all registered providers. Amongst these is risk management and the requirement for providers to operate a comprehensive corporate risk management and control arrangements (including academic risk) to ensure the sustainability of the providers operations and its ability to comply with the conditions of registration.

The Board has overall responsibility for risk management. A Risk Management Policy is in place and was last reviewed with proposed updates approved by the Board in May 2018. As part of the process of managing risk, the Board approves the corporate strategy and budget, reviews progress against key performance indicators, and takes account of opportunities and risks in decision-making. A robust system for identifying, reporting, and managing risk is in place, and is considered as part of the University's strategic planning process.



# CORPORATE GOVERNANCE STATEMENT

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A corporate risk and assurance framework is maintained, and each school and service has a local risk register. These are reviewed regularly by management and the corporate risk and assurance framework is considered at each meeting of the Audit Committee and annually by the Board of Governors. The University also has a risk appetite statement as approved by the Board in July 2016.

The Board is responsible for instituting and maintaining a sound system of internal controls that support the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible.

The University's system of internal control is designed to manage rather than eliminate risk and to provide reasonable, but not absolute, assurance of effectiveness. The Board is satisfied that an adequate system of internal control has been in place for the year ended 31 July 2018 and up until the date the financial statements were signed. The Vice Chancellor is responsible for implementing the system of internal control. The Audit Committee undertakes detailed review and monitoring of the system of internal control on behalf of the Board. The University's internal audit service was provided by KPMG LLP and operated to standards defined in the HEFCE Audit Code of Practice.

The internal auditors submit regular reports to the Audit Committee, which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Audit Committee's work is further informed by reports from management on the implementation and development of the system of internal control and by comments from the external auditors in their management letter and other reports.

## **Financial Control**

The Board is required to secure the economical, efficient, and effective management of the University's resources (value for money) in accordance with the terms and conditions of any funding and to safeguard its assets, including the prevention and detection of fraud.

The Board is responsible for ensuring the University's financial sustainability and it is an initial and ongoing condition of registration with the OfS that the University is financially viable and sustainable, has the necessary financial resources to provide and fully deliver the higher education courses that it has advertised and is contracted to deliver to students and to have the necessary financial resources to comply with all the conditions of registration.

Key elements of the University's financial control system include a comprehensive strategic planning process, underpinned by annual income, expenditure, capital, and cash flow budgets, and monthly reviews of financial performance. The Finance, Staffing and Resources Committee undertakes detailed reviews of financial planning and performance on behalf of the Board. The Board receives regular forecasts of financial out-turn.

Comprehensive financial regulations and procedures are in place and are regularly reviewed and updated where appropriate. The Financial Regulations clearly define the system for

# CORPORATE GOVERNANCE STATEMENT

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approval and control of expenditure, including the responsibilities and levels of authority of managers. Capital investment is subject to rigorous appraisal and review. The system of financial control is also reviewed by the internal auditor, which reports its findings to the Audit Committee.

The Board has placed significance on the annual report and opinion of the Audit Committee in relation to the University's risk management, control and governance and its value for money and the management and the quality assurance of data submitted to HESA, the Students Loans Company, the OfS and other bodies. In coming to its opinion the Audit Committee and the Board has been mindful of the reports presented to it from both management and external assurance providers, in particular the work of the internal and external auditors.

David Lowen, Chair of the Board

Caroline Thomas, University Secretary

## **Responsibilities of the University's Board of Governors in the Preparation of the Financial Statements**

In accordance with the Articles of Association, the Board of Governors of Leeds Beckett University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy, at any time, the financial position of the University and which ensure that the financial statements are prepared in accordance with the 'carried forward' powers and duties of previous legislation (Further and Higher Education Act 1992 and the Higher Education Act 2004) and the new powers of the OfS and HERA 2017 during the transition period to 31 July 2019.

Due regard has been given to applicable laws and accounting standards including the 'Statement of Recommended Practice: Accounting for further and higher education' (SORP), the OfS Accounts Direction and FRS102.

In the preparation of the financial statements, the Board has taken reasonable steps to ensure that:

- Suitable accounting policies are selected and applied consistently;
- Judgments and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- It is appropriate for the financial statements to be prepared on the going concern basis.

The Board of Governors has taken reasonable steps to:



# CORPORATE GOVERNANCE STATEMENT

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- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud;
- Ensure that funds, grants and income for specific purposes are used only for the purposes for which they have been given; and
- Secure the economical, efficient and effective management of the University and the group's resources and expenditure.

In so far as, the Board of Governors is aware:

- There is no relevant audit information of which the auditor is unaware; and
- The Board of Governors have taken all reasonable steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Professor Peter Slee  
Vice Chancellor

David Lowen  
Chair of the Board

# INDEPENDENT AUDITORS' REPORT

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## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF LEEDS BECKETT UNIVERSITY

### Opinion

We have audited the financial statements of Leeds Beckett University ('the parent institution') and its subsidiaries (the 'group') for the year ended 31 July 2018 which comprise Consolidated Statement of Comprehensive Income and Expenditure, Consolidated and University Statement of Changes in Reserves, Consolidated and University Balance sheets, Consolidated Cash Flow Statement and the related notes 1 to 33, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- ▶ give a true and fair view of the group's and of the parent institution's affairs as at 31 July 2018, and of the Group's and parent institution's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- ▶ have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education, and relevant legislation.

### Basis for opinion

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 below. We are independent of the group and parent institution in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

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

- ▶ the Board of Governors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- ▶ the Board of Governors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent institution's ability to continue to adopt the going concern basis of accounting for a period

# INDEPENDENT AUDITORS' REPORT

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of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The other information comprises the information included in the Financial Statements for the year ended 31 July 2018 set out on pages 1 to 27, other than the financial statements and our auditor's report thereon. The Board of Governors is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Opinion on other matters prescribed by the Office for Students Terms and conditions of funding for higher education institutions**

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

- ▶ funds from whatever source administered by Leeds Beckett University have been properly applied to those purposes and managed in accordance with relevant legislation;
- ▶ funds provided by the Office for Students and Research England have been applied in accordance with the applicable Terms and conditions attached to them; and
- ▶ the requirements of the Office for Students accounts direction for the relevant year's financial statements have been met.

## **Responsibilities of the Board of Governors**

As explained more fully in the Responsibilities of the University's Board of Governors in the Preparation of the Financial Statements set out on pages 26 and 27, the Board of Governors is 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 Board of Governors 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 Board of Governors is responsible for assessing the group's and the parent institution'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 Board of Governors either intend to liquidate the group or the parent institution or to cease operations, or have no realistic alternative but to do so.



# INDEPENDENT AUDITORS' REPORT

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## **Auditor's responsibilities for the audit of the financial statements**

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

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

## **Use of our report**

This report is made solely to the Board of Governors of Leeds Beckett University, as a body, in accordance with the Statutes and Articles of Association of the University. Our audit work has been undertaken so that we might state to the Board of Governors 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 Leeds Beckett University and the Board of Governors as a body, for our audit work, for this report, or for the opinions, we have formed.

**Stephen Clark**  
**Ernst & Young LLP**  
**Birmingham**

The maintenance and integrity of Leeds Beckett University's web site is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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## 1. Basis of preparation and consolidation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2014) and Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention and following the Governors' review of our long-term sustainability. Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements are detailed in note 32.

The consolidated financial statements combine the financial statements of the University and all its subsidiaries for the current financial year. The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Income and Expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the equity accounting method.

The consolidated financial statements accounts do not include the income and expenditure of the Students' Union as the University does not have the power or ability to exert control or dominant influence over policy decisions.

## 2. Income recognition

**Income from the sale of goods or services** is credited to the Consolidated Statement of Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

**Tuition fee income** is stated net of any discount or waiver and credited to the Consolidated Statement of Income and Expenditure over the period in which students are studying. Related payments such as bursaries and scholarships are accounted for as expenditure and not deducted from income.

**Government grants** are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met, except for grants given to create a specific fixed asset, which are recognised within the Consolidated Statement of Income and Expenditure over the period that the asset is expected to be used.

**Research grants and contracts** are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met, except where the income is from a government source for a specific capital equipment, in which case income is recognised over the expected life of the equipment. Performance conditions mean that income is recognised according to a specified level of service, which could be one single occasion in the middle or end of the work required. Where there are no conditions the income is recognised as soon as it is reasonably certain to be received.

**Other non-exchange income**, including grants and income from non-government sources are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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**Donations and endowments** are recognised within the Consolidated Statement of Income and Expenditure when any performance conditions have been met or restrictions lifted. Endowments are donations where usually only the income generated by the gift can be used or where the donation is for a specific purpose and may be repayable if the funds cannot be utilised for that purpose.

**Investment income** and dividends or other returns from investment assets are recognised as they become receivable, either as restricted or unrestricted income, according to the terms of the restriction applied to the individual endowment fund. Gains or losses in the value of the holdings are not income or expenditure but are shown separately in the Consolidated Statement of Income and Expenditure as realised or unrealised gains or losses as appropriate.

**Restricted Reserves** record all non-exchange income that has been given for a specific purpose within the University's usual range of activity to the extent that the income has not been applied for the use specified.

**Agency Funds** where funds are received but disbursed as paying agent on behalf of a third party are excluded from both income and expenditure.

### 3. Accounting for retirement benefits

The University provides retirement benefits for most of its employees by making contributions to the Teachers' Pension Scheme (TPS), University Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF).

The **TPS** is a defined benefit multi-employer scheme but due to its mutual nature, it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is the contributions payable in the period. There is no obligation on employers to fund any deficit in the scheme.

The **USS** is a defined benefit multi-employer scheme where, due to its mutual nature, it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is therefore the basic contribution rate payable in the period. There is an agreement to fund a share of any deficit in the scheme by paying a higher rate of contributions for a period of time, which is reviewed triennially. The estimated cost of this, discounted at an appropriate rate, is recognised as a liability within Pension Provisions.

The **WYPF** is a defined benefit multi-employer scheme where the assets and liabilities of members are identified. The charge in the Consolidated Statement of Income and Expenditure is the estimated cost of providing a pension benefit for the additional years' service. The net liability to provide future pension benefits, discounted at an appropriate rate, less the fair value of assets in the fund are shown in the Balance Sheet as a provision. Any changes in assumptions and valuations are shown as an Actuarial Gain or Loss in the Consolidated Statement of Income and Expenditure.

The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

## **4. Employment benefits**

Employment benefits are recognised as an expense in the year in which the services have been rendered. The difference between services rendered and the payments made are recognised as an asset or liability.

## **5. Tangible fixed assets**

Fixed assets are stated at cost or, in case of freehold land and buildings at 1 August 2014, deemed cost, less accumulated depreciation and accumulated impairment losses. The deemed cost represents the fair value as at 1 August 2014.

Staff costs are capitalised only when incurred in direct consequence of specific fixed asset projects.

Borrowing costs are not capitalised.

Where parts of a fixed asset have different remaining useful lives, they are accounted for as separate items.

Depreciation methods, remaining useful lives and residual values are reviewed at each balance sheet date and all assets are subject to periodic impairment reviews when appropriate.

### **Freehold land**

Freehold land is not depreciated as it is considered to have an indefinite useful life.

### **Freehold buildings**

Freehold buildings are depreciated on a straight-line basis over their expected remaining useful lives. Subsequent additions to buildings are depreciated on a straight-line basis over the expected useful life of those changes. Depreciation is not charged on assets in the course of construction.

### **Leasehold land and buildings**

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Where leasehold land and buildings are modified, the cost is depreciated over shorter of the expected useful life of the modifications or the remaining lease period.

The estimated cost of restoring the asset to the condition required by the lease is recognised in the Consolidated Statement of Income and Expenditure on a straight-line basis over the remaining period of the lease and the accumulated liability is recorded as a provision for dilapidations.

### **Leased equipment, furniture & fittings**

Leased equipment, furniture & fittings are depreciated over the life of the lease. Where the lease permits modifications to the asset but the asset needs to be returned to its original state

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

## **Equipment, furniture & fittings**

Items or groups of items that together cost £5,000 or more (incl. VAT) and with an expected useful life exceeding 2 years are accounted for as fixed assets and depreciated on a straight line basis over their expected useful lives of between 3 and 10 years for IT equipment and 3 and 25 years for all other equipment. This replaces our previous policy of specifying asset lives for groups of similar assets.

## **6. Heritage assets**

Individual works of art and other valuable artefacts valued at over £5,000 (previously £25,000) (including VAT) are capitalised and recognised at their cost or value where reasonably obtainable. Assets initially received as donations are initially recognized at fair value. Heritage assets are not depreciated.

## **7. Intangible assets**

Initial costs of acquiring rights to software and the costs of creating corporate information systems, including consultancy services and essential staff recruited specifically for that purpose, are capitalised and depreciated over the expected useful life of the systems. Intangible assets, including any goodwill, are subject to periodic impairment reviews when appropriate.

## **8. Impairment**

Where there is reasonable evidence that the net book value of any asset may exceed its net realisable value, the fair value is determined and an impairment charge is made to reduce the asset value to its net realisable value. If in any subsequent period it is identified that the realisable value of any asset exceeds its carrying value, the carrying value can be increased, but only to the extent of any previous impairment charges, less any depreciation that would have been charged if no impairment charge had been made.

## **9. Finance leases**

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and recognised as a fixed asset and as a liability. The asset is valued initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, depreciated over the shorter of the lease term and the estimated useful lives and subject to an impairment test where appropriate.

The minimum lease payments are accounted for as a reduction of the liability and a finance charge. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining useful life of the lease.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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## 10. Service Concession Arrangements

Buildings held under service concession arrangements are recognised in the Balance Sheet at the present value of the minimum lease payments when the building was brought into use, with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to zero over the life of the arrangement.

## 11. Operating leases

Operating lease payments are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

## 12. Inventories

Stocks and work in progress are stated at the lower of cost and net realisable value.

## 13. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment.

Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

Investments in associate companies and subsidiaries are carried at cost less impairment.

## 14. Cash and cash equivalents

Cash at bank and in hand includes cash in hand and deposits repayable within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Bank overdrafts are normally considered financing activities similar to borrowings. However, if they are repayable on demand and form an integral part of an entity's cash management, bank overdrafts are a component of cash and cash equivalents.

## 15. Foreign currency

Transactions in foreign currencies are translated into sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date.

# STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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Foreign exchange differences arising on translation are dealt with in the determination of income and expenditure for the financial year.

## 16. Associated and Subsidiary companies

Subsidiary companies results are consolidated under the equity accounting method. Any increase or decrease in the share of each associated company's net assets is added to or deducted from the value of the investment.

## 17. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The University recognises provisions for ex-gratia pensions, with the cost charged to the Consolidated Statement of Income and Expenditure in the period the pension was agreed and for the expected cost of dilapidations, where a lease requires that the asset needs to be returned to its original state at the end of the lease.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

## 18. Tax

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on purchases is included in the cost of such purchases. Any irrecoverable VAT incurred on fixed assets is included in their cost.

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

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The University's subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE FOR THE YEAR ENDED 31 JULY 2018

	Notes	Consolidated		University	
		31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>Income</b>					
Tuition fees and education contracts	1	161,847	164,818	161,847	164,818
Funding body grants	2	15,955	16,954	15,955	16,954
Research grants and contracts	3	3,660	3,361	3,675	3,361
Other income	4	36,313	35,211	28,660	28,272
Investment income		734	1,054	734	1,049
Endowments & donations	5	24	30	24	30
<b>Total income</b>		<b>218,533</b>	<b>221,428</b>	<b>210,895</b>	<b>214,484</b>
<b>Expenditure</b>					
Staff costs	6	121,894	123,244	113,739	116,278
Fundamental restructuring expenses		1,007	1,492	1,007	1,490
Other operating expenses	8	62,756	64,802	63,751	65,817
Depreciation	10	18,903	18,663	18,873	18,636
Interest and other finance costs	9	8,490	8,936	8,462	8,904
<b>Total expenditure</b>	10	<b>213,050</b>	<b>217,137</b>	<b>205,832</b>	<b>211,125</b>
<b>Surplus/(deficit) before taxes, gains and losses</b>		<b>5,483</b>	<b>4,291</b>	<b>5,063</b>	<b>3,359</b>
Gain/(loss) on disposal of assets		( 569)	( 13)	( 569)	( 13)
Share of operating profit/(loss) in associate	16	-	-	-	-
<b>Surplus/(deficit) for the year before tax</b>		<b>4,914</b>	<b>4,278</b>	<b>4,494</b>	<b>3,346</b>
Taxation	11	( 118)	( 152)	-	-
<b>Surplus/(deficit) for the year</b>		<b>4,796</b>	<b>4,126</b>	<b>4,494</b>	<b>3,346</b>
Gain/(loss) on actuarial adjustments	24	15,572	33,995	15,572	33,995
Unrealised gains/(losses) on investments		-	( 191)	-	( 191)
<b>Total comprehensive income/(expense) for the year</b>		<b>20,368</b>	<b>37,930</b>	<b>20,066</b>	<b>37,150</b>
<b>Surplus/(deficit) for the year after tax attributable to:</b>					
Non-controlling interest		164	384	-	-
University		4,632	3,742	4,494	3,346
<b>Total comprehensive income for the year after tax attributable to:</b>		<b>164</b>	<b>384</b>	<b>20,066</b>	<b>37,150</b>
Non-controlling interest		164	384	-	-
University		20,204	37,546	20,066	37,150

All items of income and expenditure relate to continuing activities.



# CONSOLIDATED STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2018

Consolidated	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
	£000	£000	£000	£000	£000	£000
<b>Balances at 1 August 2016</b>	<b>78</b>	<b>6,087</b>	<b>130,882</b>	<b>137,047</b>	<b>213</b>	<b>137,260</b>
Surplus/(deficit) in income and expenditure after tax	2	1	3,739	3,742	384	4,126
Surplus/(deficit) in other comprehensive income	-	-	33,804	33,804	-	33,804
Transfers between reserves	-	-	( 162)	( 162)	51	( 111)
Dividend to non-controlling interest	-	-	-	-	( 5)	( 5)
Released to unrestricted reserves	-	( 142)	142	-	-	-
<b>Balances at 31 July 2017</b>	<b>80</b>	<b>5,946</b>	<b>168,405</b>	<b>174,431</b>	<b>643</b>	<b>175,074</b>
Surplus/(deficit) in income and expenditure after tax	2	534	4,125	4,661	135	4,796
Surplus/(deficit) in other comprehensive income	-	-	15,572	15,572	-	15,572
Dividend to non-controlling interest	-	-	-	-	28	28
Transfers between reserves	-	-	73	73	( 113)	( 40)
Released to unrestricted reserves	-	( 129)	129	-	-	-
<b>Balances at 31 July 2018</b>	<b>82</b>	<b>6,351</b>	<b>188,304</b>	<b>194,737</b>	<b>693</b>	<b>195,430</b>

University	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
	£000	£000	£000	£000	£000	£000
<b>Balances at 1 August 2016</b>	<b>78</b>	<b>6,087</b>	<b>130,273</b>	<b>136,438</b>		<b>136,438</b>
Surplus/(deficit) in income and expenditure after tax	2	1	3,183	3,186	-	3,186
Surplus/(deficit) in other comprehensive income	-	-	33,804	33,804	-	33,804
Transfers between reserves	-	-	-	-	-	-
Dividend to non-controlling interest	-	-	-	-	-	-
Released to unrestricted reserves	-	( 142)	142	-	-	-
<b>Balances at 31 July 2017</b>	<b>80</b>	<b>5,946</b>	<b>167,402</b>	<b>173,428</b>	<b>-</b>	<b>173,428</b>
Surplus/(deficit) in income and expenditure after tax	2	534	3,958	4,494	-	4,494
Surplus/(deficit) in other comprehensive income	-	-	15,572	15,572	-	15,572
Dividend to non-controlling interest	-	-	-	-	-	-
Transfers between reserves	-	-	53	53	-	53
Released to unrestricted reserves	-	( 129)	129	-	-	-
<b>Balances at 31 July 2018</b>	<b>82</b>	<b>6,351</b>	<b>187,114</b>	<b>193,547</b>	<b>-</b>	<b>193,547</b>



# CONSOLIDATED BALANCE SHEET AS AT 31 JULY 2018

	Notes	Consolidated		University	
		31 July 2018	31 July 2017	31 July 2018	31 July 2017
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	12	6,475	4,599	6,475	4,599
Tangible assets	13	333,998	327,012	333,298	326,315
Fixed asset investments	14	37	37	37	37
Investments in associated companies	16	-	-	-	-
		<b>340,510</b>	<b>331,648</b>	<b>339,810</b>	<b>330,951</b>
<b>Current assets</b>					
Stock		54	74	53	59
Debtors	18	12,663	13,183	13,897	13,802
Investments	17	60,237	64,152	60,237	64,152
Cash and cash equivalents		35,953	33,649	32,550	31,101
		<b>108,907</b>	<b>111,058</b>	<b>106,737</b>	<b>109,114</b>
Less: Creditors: amounts falling due within one year	19	( 37,710)	( 37,910)	( 36,866)	( 37,071)
<b>Net current assets</b>		<b>71,197</b>	<b>73,148</b>	<b>69,871</b>	<b>72,043</b>
<b>Total assets less current liabilities</b>		<b>411,707</b>	<b>404,796</b>	<b>409,681</b>	<b>402,994</b>
Less: Creditors: amounts falling due after more than one year	20	( 116,896)	( 120,703)	( 116,753)	( 120,547)
Provisions:					
Net pension liability	24	( 97,453)	( 107,465)	( 97,453)	( 107,465)
Other provisions	25	( 1,928)	( 1,554)	( 1,928)	( 1,554)
<b>Total provisions</b>		<b>( 99,381)</b>	<b>( 109,019)</b>	<b>( 99,381)</b>	<b>( 109,019)</b>
<b>Total net assets</b>		<b>195,430</b>	<b>175,074</b>	<b>193,547</b>	<b>173,428</b>
<b>Endowment funds</b>					
Permanent	26	28	28	28	28
Expendable	26	54	52	54	52
<b>Total endowments</b>		<b>82</b>	<b>80</b>	<b>82</b>	<b>80</b>
<b>Restricted Reserves</b>	27	<b>6,351</b>	<b>5,946</b>	<b>6,351</b>	<b>5,946</b>
<b>Unrestricted Reserves</b>		<b>188,304</b>	<b>168,405</b>	<b>187,114</b>	<b>167,402</b>
		<b>194,737</b>	<b>174,431</b>	<b>193,547</b>	<b>173,428</b>
Non-controlling interest		693	643	-	-
<b>Total Reserves</b>		<b>195,430</b>	<b>175,074</b>	<b>193,547</b>	<b>173,428</b>

The financial statements on pages 38 to 57 were approved by the Board of Governors on 23 November 2018 and were signed on its behalf by:

D LOWEN  
Chair of the Board

P SLEE  
Vice Chancellor

P HARRISON  
Director of Finance

# CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2018

Notes	Year Ended 31 July 2018 £000	Year Ended 31 July 2017 £000
<b>Cash flow from operating activities</b>		
Surplus/(deficit) for the year	4,796	4,126
<b>Adjustment for non-cash items</b>		
Depreciation	18,903	18,663
(Increase)/decrease in stock	20	( 10)
(Increase)/decrease in debtors	541	( 13)
Increase/(decrease) in creditors	( 2,009)	1,612
Increase/(decrease) in pension provisions	2,880	4,695
Increase/(decrease) in other provisions	374	( 18)
Increase/(decrease) in share of associated company net assets	-	-
<b>Adjustments for investing and financing activities</b>		
Interest receivable	( 734)	( 1,054)
Interest payable	8,490	8,936
(Gain)/loss on disposal of fixed assets	569	13
Capital grant income	( 2,624)	( 2,383)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>31,206</b>	<b>34,567</b>
<b>Cash flows from investing activities</b>		
Proceeds from the disposal of assets	3	22
Capital grants received	1,743	1,462
Sale of fixed asset investments	-	-
Movement on deposits	3,915	( 22,152)
Investment income	713	1,360
Purchase of tangible fixed assets	( 23,699)	( 22,677)
Purchase of intangible assets	( 2,381)	( 2,064)
Subsidiaries	17	( 116)
Dividends paid to non-controlling interests	( 29)	-
Dividends received from associated companies	-	-
	<b>( 19,718)</b>	<b>( 44,165)</b>
<b>Cash flows from financing activities</b>		
Interest paid	( 6,519)	( 5,821)
New endowments received	-	-
New bank loans	-	-
New finance leases	145	203
New other interest-bearing loans	-	-
New other interest-free loans	-	-
Repayment of amounts borrowed	( 1,749)	( 1,685)
Capital element of finance lease rental	( 649)	( 582)
Other interest-bearing loans repaid	( 8)	( 19)
Other interest-free loans repaid	( 404)	( 303)
	<b>( 9,184)</b>	<b>( 8,207)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>	<b>2,304</b>	<b>( 17,805)</b>
Cash and cash equivalents at beginning of year	33,649	51,454
Cash and cash equivalents gained from acquisition	-	-
Cash and cash equivalents at end of year	35,953	33,649



# NOTES TO THE FINANCIAL STATEMENTS

## Note 1. Tuition fees and education contracts

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>HE course fees</b>				
<b>Home and EC domicile students</b>				
Full-time undergraduate	134,417	138,699	134,417	138,699
Full-time postgraduate	8,289	7,132	8,289	7,132
Part-time undergraduate	3,380	3,155	3,380	3,155
Part-time postgraduate	4,397	4,119	4,397	4,119
<b>Overseas (non-EC) domicile students</b>				
Overseas students	9,106	9,132	9,106	9,132
<b>Sub-total HE course fees</b>	<b>159,589</b>	<b>162,237</b>	<b>159,589</b>	<b>162,237</b>
Research Studentships	17	58	17	58
Short course fees	1,124	1,373	1,124	1,373
Education contracts UK	522	406	522	406
Education contracts overseas	595	744	595	744
	<b>161,847</b>	<b>164,818</b>	<b>161,847</b>	<b>164,818</b>

## Note 2. Funding body grants

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>Recurrent grants:</b>				
Office for Students	8,100	9,135	8,100	9,135
Research England	4,529	5,025	4,529	5,025
<b>Specific grants:</b>				
Other	623	307	623	307
National College for Teaching and Leadership	79	104	79	104
Capital grants	2,624	2,383	2,624	2,383
	<b>15,955</b>	<b>16,954</b>	<b>15,955</b>	<b>16,954</b>

The Office for Students and Research England were created following the closure of HEFCE from 31st March 2018.

## Note 3. Research grants and contracts

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
Research councils	474	481	474	481
UK based charities	509	694	509	694
UK central government, local, health and hospital authorities	1,141	1,194	1,141	1,194
UK industry, commerce, public corporations	612	578	612	578
EU government bodies	357	142	357	142
EU other	123	38	123	38
Other overseas	285	204	285	204
Other	159	30	174	30
	<b>3,660</b>	<b>3,361</b>	<b>3,675</b>	<b>3,361</b>

## Note 4. Other income

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
Knowledge services	9,060	9,472	8,902	9,331
Other grants receivable	377	340	377	340
Residences, catering and conferences	24,495	23,478	23,938	23,027
Remaining other income	2,381	1,921	(4,557)	(4,426)
	<b>36,313</b>	<b>35,211</b>	<b>28,660</b>	<b>28,272</b>

The following income is included within the above figures:

Operating lease rentals in respect of Woodhouse Building (Note 13)	-	146	-	146
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# NOTES TO THE FINANCIAL STATEMENTS

## Note 5. Endowments and donations

New endowments  
Income from restricted donations  
Income from unrestricted donations

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
-	-	-	-
7	15	7	15
17	15	17	15
<b>24</b>	<b>30</b>	<b>24</b>	<b>30</b>

Donations are primarily to provide bursaries and prizes for University students.

## Note 6. Staff costs

**Staff costs**  
Wages and salaries  
Social security costs  
Other pension costs (Note 23)

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
94,457	95,189	86,597	88,505
9,698	9,612	9,591	9,506
17,739	18,443	17,551	18,267
<b>121,894</b>	<b>123,244</b>	<b>113,739</b>	<b>116,278</b>

### Average full-time equivalent

Academic staff  
Support staff

	FTE	FTE
	31 July 2018	31 July 2017
Academic staff	993	1,027
Support staff	1,398	1,407
	<b>2,391</b>	<b>2,434</b>

### Senior staff pay

The number of staff with a basic salary of over £100,000 per annum is as follows. Figures do not include staff who joined or left part-way through a year but would have received a salary in these bands in a full year.

	Year Ended 31 July 2018	Year Ended 31 July 2017
	Number	Number
£100,000 - £104,999	2	3
£105,000 - £109,999	1	-
£110,000 - £114,999	-	1
£120,000 - £124,999	1	3
£125,000 - £129,999	3	1
£140,000 - £144,999	-	3
£145,000 - £149,999	4	-
£155,000 - £159,999	-	1
£220,000 - £224,999	-	1
£225,000 - £229,999	1	-
	<b>12</b>	<b>13</b>

### Emoluments of the Vice-Chancellor

Basic salary  
Benefits in kind

	£000	£000
	31 July 2018	31 July 2017
Basic salary	226	222
Benefits in kind	-	-
	226	222
University's pension contributions to the Teachers' Pensions Agency	37	37
Total emoluments of the office of Vice-Chancellor.	<b>263</b>	<b>259</b>

The Vice Chancellor's basic salary is 6.2 times the median pay of basic salary of staff as at 31 July 2018 (2017: 6.4 times), where the median pay is calculated on a full-time equivalent basis for the salaries paid by the provider to its staff.

The Vice Chancellor's total remuneration is 6.4 times the median total remuneration of staff as at 31 July 2018 (2017: 6.5 times), where the median total remuneration is calculated on a full-time equivalent basis for the total remuneration by the provider of its staff.

The data has been provided for all colleagues in post on 31 July each year and includes people employed on a variable hours contract whether or not they were working on this date. It is based on the median pay of each position where colleagues have more than one job rather than on a headcount basis. Total remuneration has been calculated in line with OfS guidance. However this excludes atypical and agency workers. We were not able to include this group because we do not hold all of the necessary data in our information systems in an accessible format.

### Justification of the Vice-Chancellor

The Vice Chancellor's salary is benchmarked annually against UCEA benchmark data for institutions with a similar turnover operating outside London, with particular reference to other post-92 institutions. It is also considered against other external comparative data provided by the Times Higher Education vice-chancellors' pay survey and CUC and internally against the salaries of the senior management group. It currently sits in the lower quartile of the externally benchmarked datasets.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 6. Staff costs continued

The Vice Chancellor's performance is reviewed annually by the Chair of the Board of Governors within a framework agreed by the full Board each year. A recommendation for any uplift in the Vice Chancellor's pay is made by the Chair of the Board to the Senior Staff Remuneration Committee (SSRC), chaired by an independent governor who is not Chair of the Board, in November each year. The recommendation is accompanied by a written report which reflects on a performance and development review discussion and includes an assessment of the Vice Chancellor's performance and the achievement of institutional objectives.

A 1.7% increase to basic salary was awarded to the Vice Chancellor in 2017/18 in recognition of good individual and institutional performance, in a challenging competitive environment and with reference to the national pay settlement for all staff. The Vice Chancellor does not receive any additional remuneration or non standard benefits in addition to base salary and standard employer pension contributions.

The Vice Chancellor was however awarded an uplift in his holiday entitlement, bringing it to 38 days in line with colleagues on Grade 6 and above.

### Severance payments

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2018, paid to former employees during the year amounted to £1.0m (2017: £1.5m). The number of people to whom this was payable to as at 31 July 2018 was 73 (2017: 76). Any pay in lieu of notice is included in the total staff costs and in the analysis below.

## Note 7. Governor remuneration

In accordance with the Instrument of Government, the Board of Governors has the power to remunerate independent governors who either Chair the Board or one of the Board committees. Remuneration is offered on the basis of an annual review of contribution to the Board. The review is undertaken retrospectively each year in relation to the previous year's service. The amounts paid and waived in the period, for contributions to the Board in 2016/17, are as follows:

	<b>Year Ended 31 July 2018</b>	Year Ended 31 July 2017
	£	£
David Lowen, Chair of the Board	15,000	15,000
Jean Dent, Chair of Audit Committee	7,500	7,500
Steven Webb, Chair of Senior Staff Remuneration Committee	7,500	-
David Fletcher, Chair of Governance and Nominations Committee	7,500	7,500
Les Everett, Chair of Finance, Staffing and Resources Committee	7,500	7,500
<b>Total remuneration</b>	<b>45,000</b>	<b>37,500</b>
The following Governors waived their entitlements to all or part of their remuneration:	£	£
Steven Webb, Chair of Senior Staff Remuneration Committee (part-year)	-	1,000
Gabrielle Ammarow, Chair of Senior Staff Remuneration Committee (part-year)	-	4,375
<b>Total waived</b>	<b>-</b>	<b>5,375</b>

### Reimbursement of expenses

All Governors are entitled to reimbursement of expenditure incurred directly in attending meetings, provided that the claim is in accordance with the requirements that all senior employees have to meet in order to reclaim expenditure, for example, the production of relevant receipts.

	<b>Year Ended 31 July 2018</b>	Year Ended 31 July 2017
	£	£
Andrew Cooper	-	11
Jean Dent	-	20
Jenny Ryatt	204	-
David Fletcher	1,015	731
David Lowen	376	-
Peter Marsh	347	344
Megan Robinson	-	17
Richard Walker	-	698
Gill Webber	1,017	1,307
Nick Whitaker	3,960	2,983
<b>Total reimbursement</b>	<b>6,919</b>	<b>6,111</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 8. Other operating expenses

	Consolidated		University	
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	£000	£000	£000	£000
Student support	5,095	5,228	5,095	5,231
Teaching support	4,365	5,607	5,765	6,086
Staff support	4,971	6,921	6,057	9,377
Rents & rates	13,804	13,754	13,798	13,750
Other facilities management	8,902	7,747	8,890	7,740
Utilities	3,181	3,105	3,166	3,093
Equipment	5,218	4,746	5,218	4,745
Consumables	2,540	2,695	2,539	2,695
Catering	2,780	2,846	2,284	2,039
Travel and subsistence	2,510	2,707	2,389	2,550
Professional services	5,143	5,257	5,460	6,005
Advertising and marketing	2,713	3,694	2,664	3,658
Insurance and financial expenses	619	43	(426)	(1,494)
Other expenses	911	452	848	342
Exceptional Bad Debts	4	-	4	-
	<b>62,756</b>	<b>64,802</b>	<b>63,751</b>	<b>65,817</b>

The following costs are included within the above figures:

	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	£000	£000	£000	£000
External auditors' remuneration for:				
University audit services	66	56	66	56
Subsidiaries audit services	23	19	-	-
Non-audit work	13	10	13	10
Internal auditors' remuneration	136	134	136	134
Operating lease rentals - buildings	11,007	11,740	11,007	11,740
Operating lease rentals - plant & equipment	156	108	156	108
Student Union grant	1,194	1,194	1,194	1,194

## Note 9. Interest and other finance costs

	Consolidated		University	
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	£000	£000	£000	£000
Finance charges in respect of Service Concession Agreements and finance leases	4,483	4,573	4,483	4,574
Finance charges in respect of pension provisions	2,681	3,126	2,681	3,125
Bank loans not wholly repayable within 5 years	1,107	1,201	1,107	1,201
Other interest payable	219	36	191	4
	<b>8,490</b>	<b>8,936</b>	<b>8,462</b>	<b>8,904</b>

Service Concession Agreements are secured on residential properties

## Note 10. Analysis by activity

	Staff Costs	Re-organisation costs	Other Operating Expenses	Depreciation	Interest Payable	Total
	£000	£000	£000	£000	£000	£000
<b>2017/18 Activity</b>						
Academic departments	65,293	519	9,575	1,734	-	77,121
Academic services	20,354	264	6,238	3,418	-	30,274
Research grants and contracts	2,606	-	2,943	72	-	5,621
Residences, catering and conferences	2,140	-	14,538	16	4,460	21,154
Premises	4,598	28	13,417	13,230	-	31,273
Administration	22,284	140	8,423	353	4,002	35,202
Other services rendered	2,337	56	6,302	50	-	8,745
Other	2,282	-	1,320	30	28	3,660
<b>Total</b>	<b>121,894</b>	<b>1,007</b>	<b>62,756</b>	<b>18,903</b>	<b>8,490</b>	<b>213,050</b>
Tangible asset depreciation [Note 13]				18,399		
Intangible asset depreciation [Note 12]				504		
				<b>18,903</b>		
<b>2016/17 Activity</b>						
Academic departments	69,937	766	12,012	1,731	-	84,446
Academic services	14,897	274	5,914	3,194	-	24,279
Research grants and contracts	3,677	-	2,627	88	-	6,392
Residences, catering and conferences	2,262	-	14,052	11	4,460	20,785
Premises	4,516	15	13,723	13,477	-	31,731
Administration	19,675	435	8,972	81	4,444	33,607
Other services rendered	2,500	-	6,358	53	-	8,911
Other	5,780	2	1,144	28	32	6,986
<b>Total</b>	<b>123,244</b>	<b>1,492</b>	<b>64,802</b>	<b>18,663</b>	<b>8,936</b>	<b>217,137</b>
Tangible asset depreciation [Note 13]				18,313		
Intangible asset depreciation [Note 12]				350		
				<b>18,663</b>		



# NOTES TO THE FINANCIAL STATEMENTS

## Note 11. Taxation

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>Recognised in the statement of comprehensive income</b>				
<b>Current tax</b>				
Current tax expense	89	120	-	-
Adjustment in respect of previous years	29	32	-	-
<b>Current tax expense</b>	<b>118</b>	<b>152</b>	<b>-</b>	<b>-</b>

## Note 12. Intangible assets

Consolidated and University	Software purchased	Assets under development	Total
	£000	£000	£000
<b>Cost</b>			
At 1 August 2017		2,207	3,592
Assets brought into use	70	(70)	-
Additions at cost	334	2,046	2,380
Disposals and transfers in year	-	-	-
At 31 July 2018	<b>2,611</b>	<b>5,568</b>	<b>8,179</b>
<b>Accumulated depreciation</b>			
At 1 August 2017		(1,200)	(1,200)
Charge for year		(504)	(504)
Eliminated on disposals and transfers		-	-
At 31 July 2018		<b>(1,704)</b>	<b>(1,704)</b>
<b>Net book value at 31 July 2018</b>	<b>907</b>	<b>5,568</b>	<b>6,475</b>
Net book value at 31 July 2017		1,007	4,599

## Note 13. Tangible assets

Consolidated	Land	Freehold Buildings	Leasehold Buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 August 2017	34,570	394,465	32,364	45,693	3,115	510,207
Assets brought into use	-	135	-	-	(135)	-
Additions at cost	4,080	1,694	-	4,899	15,284	25,957
Disposals and transfers in year	-	(1,994)	-	-	-	(1,994)
Acquired from acquisition	-	-	-	-	-	-
At 31 July 2018	<b>38,650</b>	<b>394,300</b>	<b>32,364</b>	<b>50,592</b>	<b>18,264</b>	<b>534,170</b>
<b>Accumulated depreciation</b>						
At 1 August 2017	-	(149,942)	(7,916)	(25,337)	-	(183,195)
Charge for year	-	(11,478)	(1,006)	(5,915)	-	(18,399)
Eliminated on disposals and transfers	-	1,422	-	-	-	1,422
Acquired from acquisition	-	-	-	-	-	-
At 31 July 2018	-	<b>(159,998)</b>	<b>(8,922)</b>	<b>(31,252)</b>	-	<b>(200,172)</b>
<b>Net book value at 31 July 2018</b>	<b>38,650</b>	<b>234,302</b>	<b>23,442</b>	<b>19,340</b>	<b>18,264</b>	<b>333,998</b>
Net book value at 31 July 2017	34,570	244,523	24,448	20,356	3,115	327,012



# NOTES TO THE FINANCIAL STATEMENTS

## Note 13. Tangible assets continued

University	Land	Freehold Buildings	Leasehold Buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
<b>Cost</b>						
At 1 August 2017	34,570	393,609	32,364	45,680	3,115	509,338
Assets brought into use	-	135	-	-	(135)	-
Additions at cost	4,080	1,662	-	4,898	15,284	25,924
Disposals and transfers in year	-	(1,994)	-	-	-	(1,994)
At 31 July 2018	<b>38,650</b>	<b>393,412</b>	<b>32,364</b>	<b>50,578</b>	<b>18,264</b>	<b>533,268</b>
<b>Accumulated depreciation</b>						
At 1 August 2017	-	(149,771)	(7,916)	(25,336)	-	(183,023)
Charge for year	-	(11,451)	(1,006)	(5,912)	-	(18,369)
Eliminated on disposals and transfers	-	1,422	-	-	-	1,422
At 31 July 2018	-	<b>(159,800)</b>	<b>(8,922)</b>	<b>(31,248)</b>	-	<b>(199,970)</b>
<b>Net book value at 31 July 2018</b>	<b>38,650</b>	<b>233,612</b>	<b>23,442</b>	<b>19,330</b>	<b>18,264</b>	<b>333,298</b>
Net book value at 31 July 2017	34,570	243,838	24,448	20,344	3,115	326,315

All assets are valued at cost but for freehold land and buildings at 1 August 2014, the costs used were based on the 2014 valuation taken as deemed cost. Subsequent additions are at cost. Leasehold buildings relate to buildings on land not owned by the University and are valued at original cost.

Freehold buildings includes the capital cost of buildings that are the subject of two Service Concession Agreements [see Note 22]. This is because the buildings are on land that is owned by the University and the buildings will become the property of the University when the agreement ends. The cost of the asset is £93,818,000 [2017: £93,818,000] and the net book value is £52,701,000 [2017: £54,864,000].

Equipment includes two heritage assets which comprises of a painting "The Golden Trees" by Joash Woodrow, this is valued at £25,000 being the purchase cost and a 'Rob Ward' sculpture, purchase cost of £8,500. As these are heritage assets, they are not depreciated.

## Note 14. Investments

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>Fixed asset investments</b>				
CVCP Properties plc	37	37	37	37
	<b>37</b>	<b>37</b>	<b>37</b>	<b>37</b>

CVCP Properties plc is an unquoted company, originally set up by the members of Universities UK to finance property acquisition, and the shares are stated at cost. In the Governor's opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

## Note 15. Subsidiary undertakings

**Leeds Beckett University Enterprises Limited** is a wholly owned company limited by guarantee which undertakes consultancy, applied research and conference letting activities. It prepares financial statements to 31 July.

**MyPeakPotential Limited [MPP]** is a company registered in England & Wales which provides accommodation facilities for outdoor activities and its base is in Germany. It prepares financial statements to 31 July and the University owns a 51% holding. MPP has been consolidated as at 31 July 2018 based on unaudited financial statements up to that date.

**MoreLife Limited [MoreLife]** is a company registered in England & Wales which provides services to tackle childhood obesity. It prepares financial statements to 31 March. The University owns a 50% holding and on 9 November 2015 there were various changes to MoreLife's structure which meant that the University subsequently exercised effective control of the company. Subsequently the University and MoreLife have collaborated in developing consultancy services together. The results of MoreLife have been consolidated as at 31 July 2018 based on management accounts at that date.

The University is a member of the Northern Universities Consortium for Credit Accumulations and Transfer (NUCCAT). NUCCAT is involved in promoting and sharing best practice, staff development, undertaking projects with regards to modularity, credit frameworks and related academic matters. The potential liability of the University is limited to £1 in the event of bankruptcy of NUCCAT.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 16. Associated company

The University acquired 40 shares out of 99 £1 Ordinary Shares issued, a 40% holding, in Rhodes Beckett Limited (Rhodes Beckett), a company registered in England & Wales. Rhodes Beckett provides services to advise organisations and their employees on health and wellbeing matters. The Directors of the company are now considering its long term future given the dormant nature of its activities.

### Associated company investment

Share of net assets at 1 August  
Purchase of shares  
Share of profit/(loss) for the year

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
-	-	-	-
-	-	-	-
-	-	-	-
<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Share of net assets at 31 July

## Note 17. Current investments

Fixed interest deposits

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
60,237	64,152	60,237	64,152
<b>60,237</b>	<b>64,152</b>	<b>60,237</b>	<b>64,152</b>

The Governors believe that the carrying value of the investments is supported by the underlying net assets.

## Note 18. Debtors

### Amounts falling due within one year:

Trade debtors  
Prepayments and accrued income  
Due in more than one year

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
8,275	9,534	7,575	8,705
4,170	3,628	6,104	5,076
218	21	218	21
<b>12,663</b>	<b>13,183</b>	<b>13,897</b>	<b>13,802</b>

## Note 19. Creditors: amounts falling due within one year

Trade creditors  
Loans due in less than one year (Note 21)  
Other taxation and social security  
Accrued liabilities  
Deferred income  
Interest accrued

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
5,365	4,864	5,366	4,864
2,953	2,891	2,928	2,863
5,096	5,090	4,742	4,672
16,838	16,414	18,802	18,272
7,202	7,685	4,772	5,434
256	966	256	966
<b>37,710</b>	<b>37,910</b>	<b>36,866</b>	<b>37,071</b>

## Note 20. Creditors: amounts falling due after more than one year

Loans due in more than one year (Note 21)  
Other creditors due after more than one year  
Taxation due in more than one year

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
91,002	93,910	90,859	93,754
25,886	26,771	25,886	26,771
8	22	8	22
<b>116,896</b>	<b>120,703</b>	<b>116,753</b>	<b>120,547</b>

## Note 21. Borrowings

### (a) Bank loan

The bank loan is repayable as follows:

In one year or less  
Between one and two years  
Between two and five years  
In five years or more

Consolidated		University	
31 July 2018	31 July 2017	31 July 2018	31 July 2017
£000	£000	£000	£000
1,861	1,752	1,844	1,739
1,320	1,857	1,320	1,844
3,534	3,639	3,534	3,600
21,241	22,457	21,097	22,354
<b>27,956</b>	<b>29,705</b>	<b>27,795</b>	<b>29,537</b>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 21. Borrowings continued

The above bank loan includes £0.995m repayable by instalments falling due between the year-end and 2019, secured on a portion of the freehold land and buildings of the University and £0.16m repayable by instalments falling due between the year-end and 2039, secured on a portion of the freehold land and buildings of a subsidiary.

The remaining £26.801m represents amounts drawn down under various terms, on a fixed interest basis, repayable between the year-end and 2035.

During the year the University secured a £50m loan facility with HSBC repayable by November 2027. At 31 July 2018, no amounts had been drawn down.

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>(b) Finance Lease</b>				
The net obligations to which the University is committed				
In one year or less	154	217	154	217
Between one and two years	22	127	22	127
Between two and five years	2	15	2	15
	<b>178</b>	<b>359</b>	<b>178</b>	<b>359</b>

These leases principally relate to office equipment and vehicles.

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>(c) Service Concession Arrangements</b>				
The net obligations to which the University is committed				
In one year or less	677	503	677	503
Between one and two years	828	677	828	677
Between two and five years	3,865	3,152	3,865	3,152
In five years or more	59,609	61,151	59,609	61,151
	<b>64,979</b>	<b>65,483</b>	<b>64,979</b>	<b>65,483</b>

These loans are repayable between the year-end and 2035 and are secured on the University's student accommodation [see Note 22].

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>(d) Other interest-bearing loans</b>				
The net obligations to which the University is committed				
In one year or less	8	15	-	-
Between one and two years	-	1	-	-
	<b>8</b>	<b>16</b>	<b>-</b>	<b>-</b>

These loans are to a subsidiary from its shareholders and are repayable over the next year.

	Consolidated		University	
	31 July 2018 £000	31 July 2017 £000	31 July 2018 £000	31 July 2017 £000
<b>(e) Other interest-free loans</b>				
The net obligations to which the University is committed				
In one year or less	253	404	253	404
Between one and two years	254	254	254	254
Between two and five years	127	380	127	380
In five years or more	200	200	200	200
	<b>834</b>	<b>1,238</b>	<b>834</b>	<b>1,238</b>

These are interest-free, unsecured loans to support improving the University's sustainable use of resources.

## Note 22. Service Concession Arrangements

The University has two contracts in respect of student accommodation which are reported as Service Concession Arrangements. These have always been shown as a fixed asset included under freehold land & buildings [see Note 13], as the buildings are on land owned by the University, with a corresponding liability shown as borrowings [see Note 21(c)]. The contract also provides for a facilities management charge which is subject to annual adjustment in respect of inflation. The total payments are scheduled to increase each year reflecting expected increases in the University's income.

During 2005/06 the University entered into a finance lease agreements with UPP Leeds Metropolitan Limited covering three student halls of residence comprising 1,559 bedrooms, which provided additional finance for the University's development. The company is responsible for managing and operating the halls of residence in close co-operation with the University. Under the terms of the leases, the University retains the freehold interest and the three properties revert back to the University at the end of the thirty year term.

In 2009/10 the University entered into a 35 year lease agreement with UPP Leeds Metropolitan 2 Limited to finance the building of the Carnegie Village student accommodation comprising 475 beds on the Headingley campus. This also included a similar arrangement to manage and operate the residences in close co-operation with the University.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 22. Service Concession Arrangements continued

The total amounts committed under the agreement and the maintenance commitment are shown below. These exclude inflation on the maintenance costs, which depends on the RPI index and is reviewed annually.

	Consolidated and University			
	Gross Payments		Maintenance costs	
	31 July 2018	31 July 2017	31 July 2018	31 July 2017
	£000	£000	£000	£000
In one year or less	8,798	8,432	3,714	3,489
Between two and five years	36,624	35,113	14,854	13,958
In five years or more	159,289	169,831	55,315	60,159
<b>Total payable</b>	<b>204,711</b>	<b>213,376</b>	<b>73,883</b>	<b>77,606</b>
less future Facility Maintenance costs	( 73,883)	( 77,606)		
less future Financing costs	( 65,849)	( 70,287)		
<b>Net borrowing [Note 21c]</b>	<b>64,979</b>	<b>65,483</b>		

## Note 23. Pension costs

This note deals primarily with the cost of pensions. Note 24 below explains the pension provisions held in the Balance Sheet. The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) which are externally funded.

The LGPS is regulated by statute, with separate regulations for (a) England & Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meets the definition of a defined benefit scheme. The LGPS is a funded scheme, with some 100 separate funds administered locally by administering authorities. Each fund has many employing authorities. The City of Bradford Metropolitan District Council is the administering authority for the West Yorkshire Pension Fund (WYPF), i.e. the LGPS local fund. The metropolitan councils in West Yorkshire, and other bodies, for example the University, are employing bodies within the WYPF. The WYPF is a funded defined benefit scheme.

The University reports pension costs in accordance with Financial Reporting Standard 102 (FRS102): Retirement Benefits requiring detailed disclosures for defined benefit schemes. The TPS and USS are multi-employer schemes for which it is not possible to identify assets and liabilities to institutional members and are therefore accounted for as if they were defined contribution schemes.

The total pension cost for the University, and its subsidiary companies, was:

	Year Ended 31 July 2018	Year Ended 31 July 2017
	£000	£000
Costs of TPS	( 6,998)	( 7,050)
Costs of USS	( 352)	( 805)
Costs of WYPF (See below)	( 10,201)	( 10,410)
Other pension costs and accruals	( 188)	( 178)
<b>Total pension cost (Note 6)</b>	<b>( 17,739)</b>	<b>( 18,443)</b>

The number of staff who are members of the various schemes are as follows:

	Number	Number
TPS	1,235	1,279
USS	58	66
WYPF	1,489	1,417
	<b>2,782</b>	<b>2,762</b>

### Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These apply to teachers in schools and other educational establishments in England & Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. All eligible academics are contractually enrolled into the scheme on appointment. They then have the option to opt out.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. The teachers' contributions and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

With effect from 1 April 2015 the scheme changed to a career average basis with some protection for employees who were active before 1 April 2012. During the year, the University's contribution rate was 16.48%. The employees' contribution rate is based on earnings and ranged from 7.4% to 11.7%.

There was a balance of £920,000 owing by the University as at 31 July 2018 (2017: £933,000 owed by the University).

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. Pension costs continued

The Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS, not less than every four years. The aim of the review is to specify the level of future contributions. The last valuation of the TPS was at 31 March 2012 and can be found on the Teacher Pensions website at: [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk). The GA's report published in June 2014 revealed a deficit of £15.0 billion as the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion and the value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion. The assumed real rate of return is 3.0% in excess of prices (using the CPI measure), which are expected to increase by 2% as are pensions, while real earnings growth is assumed to be 2.75%. The next valuation is due to be completed in 2018 with any changes in contribution rates expected to apply from September 2019.

### Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme (USS) is a defined benefit scheme. The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year. However, the obligation to make additional contributions to the reduction of the scheme deficit has been provided for and is included on the Balance Sheet as part of the Pension Provisions.

In accordance with the requirements of the SORP, the University currently recognises a provision for its obligation to fund past deficits arising within the Universities Superannuation Scheme (USS). The recovery plan in the 2014 actuarial valuation requires employers to contribute 2.1% of salaries and 18.0% contribution level, towards repairing the deficit over a period of 17 years, of which 14 years remain. Details of this provision, which has been discounted at a rate of 2.16% as at 31 July 2018, are included in note 24 to the financial statements.

The 2017 actuarial valuation of USS has been undertaken but this has not yet been formally completed. The 2017 valuation has set out the challenges currently facing the scheme and the likelihood of significant increases in contributions being required to address these challenges.

In the judgement of the University, as the 2017 valuation has not formally completed, and there remains various stages of consultation around the key factors specifically relating to the funding of the past deficit, including the level of contributions required, the period of the recovery plan and the level of asset performance over the period, it remains appropriate to continue to account for the past deficit obligation in accordance with the plan agreed after the 2014 actuarial valuation.

However, there is a significant risks that the year-end provision as calculated will not reflect the position following the final outcome of negotiations, potentially by a very significant amount depending upon what is finally agreed as regards future deficit contributions and their duration. The University expects to have greater clarity in this respect during the next financial year. Based on the inputs to the model, the following sensitivity analysis outlines the potential impact on the existing liability of £0.92 million (assuming the same discount rate of 2.16%):

- A 1% increase in deficit contribution increases the liability by £0.41 million to £1.33 million
- An increase of one year duration increases the liability by £0.07 million to £0.99 million
- An increase in deficit contributions by 3.9% to 6% (duration remains to 2031) increases the liability by £1.61 million to £2.53 million
- An increase in deficit contributions by 3.9% to 6% (duration remains to 2034) increases the liability by £2.22 million to £3.14 million
- An increase in deficit contributions by 3.9% to 6% (duration remains to 2039) increases the liability by £2.49 million to £3.41 million

Following an update from Universities UK, it is highly unlikely that there will any decision around the level of deficit contributions before the end of 2018. This is because consultation around the level of deficit contributions is not time-tabled in until December 2018. It is acknowledged that this is an ever-changing picture and therefore the narrative around the level of deficit in both financial statements notes and strategic report may need refreshing over the Autumn prior to finalising the financial statements. However, neither an adjusting post balance sheet event nor a non-adjusting post balance sheet event are anticipated in view of the fact that the deficit contributions will not be finalised before the end of 2018.

The back-stop date is February 2019 when USS is required to make a submission to the Pensions Regulator with details of the contributions they will be implementing. This is likely to be the time when the level of the USS deficit will need to be recalculated, thereby impacting an HEI's results for 2018/19.

There was a balance of £0 owing to the USS by the University as at 31 July 2018 (2017: £0). However there was a balance of £0, owing by the University as at 31 July 2018 (2017: £575)

### West Yorkshire Pension Fund (WYPF)

The actuaries to the WYPF completed a valuation of the Fund as at 31 March 2016 in accordance with the Regulations governing the LGPS. The results of the valuation were set out in the Rates and Adjustments Certificate dated 31 March 2017. Based on that valuation, the required employer contribution rate for the University was set at 13.1% (previously 11.8%) of pensionable remuneration per annum, from 1 April 2017 to 31 March 2020. In addition an additional sum of £1,024,000 in 2017/18, increasing annually to £1,091,600 in 2019/20, is to be paid and additional contributions will be required in respect of the costs arising from non-ill health early retirements prior to age 60 occurring in the period of the Rates and Adjustments Certificate. The 2016 valuation was carried out using the projected unit actuarial method.

During the year, the University's contribution rate was 13.10% (13.10% to 31 March 2017). The employees' contribution rate ranged from 5.5% to 12.5%. The expected current service cost for 2017/18 is £10.852m. There was a balance of £671,000 owing by the University as at 31 July 2018 (2017: £646,000).

Reconciliation of funded status to balance sheet		
	Value as at 31 July 2018 £m	Value as at 31 July 2017 £m
Fair value of assets	241.435	222.660
Present value of liabilities	( 324.046)	( 314.258)
Net pension asset / (liability) (Note 24)	<u>( 82.611)</u>	<u>( 91.598)</u>

# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. Pension costs continued

<b>Analysis of income and expenditure charges</b>		
	<b>Year ending 31 July 2018</b>	Year ending 31 July 2017
	<b>£m</b>	£m
Current service cost	( 10.589)	( 10.343)
Past service cost charged in staff costs	( 0.334)	( 0.009)
Total included under Staff costs	( 10.923)	( 10.352)
less contributions already charged	5.862	4.626
Payroll accrual to maintain current service costs per FRS102	( 5.061)	( 5.726)
Interest cost	( 8.121)	( 7.508)
Expected return on assets	5.825	4.748
Interest Expense recognised	( 2.296)	( 2.760)
Total credit/(charge)	<u>( 7.357)</u>	<u>( 8.486)</u>
<b>Analysis of gains and losses recognised in Consolidated Statement of Comprehensive Income and Expenditure</b>		
	<b>Year ending 31 July 2018</b>	Year ending 31 July 2017
	<b>£m</b>	£m
Asset gains/(losses)	10.314	18.655
Liability gains/(losses)	5.259	15.197
Total gain/(loss) in SOCI	<u>15.573</u>	<u>33.852</u>
<b>Changes to the present value of liabilities during the accounting year</b>		
	<b>Year ending 31 July 2018</b>	Year ending 31 July 2017
	<b>£m</b>	£m
Current service cost	10.589	10.343
Interest cost	8.121	7.508
Contributions by participants	2.757	2.715
Actuarial (gains) / losses on liabilities	( 5.259)	( 15.197)
Net benefits paid out	( 6.754)	( 5.094)
Past service cost	0.334	0.009
Net increase/(decrease) in liabilities	9.788	0.284
Opening present value of liabilities	314.258	313.974
Closing present value of liabilities	<u>324.046</u>	<u>314.258</u>
<b>Changes to the fair value of assets during the accounting year</b>		
	<b>Year ending 31 July 2018</b>	Year ending 31 July 2017
	<b>£m</b>	£m
Expected return on assets	5.825	4.748
Actuarial gains / (losses) on assets	10.314	18.655
Actual return on assets	16.139	23.403
Contributions by the employer	6.633	5.281
Contributions by participants	2.757	2.715
Net benefits paid out	( 6.754)	( 5.094)
Net increase/(decrease) in assets	18.775	26.305
Opening fair value of assets	222.660	196.355
Closing fair value of assets	<u>241.435</u>	<u>222.660</u>



# NOTES TO THE FINANCIAL STATEMENTS

## Note 23. Pension costs continued

### Assumptions

The latest actuarial valuation of the University's liabilities took place as at 31 March 2016. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS102 purposes were:

Principal financial assumptions		
	31 July 2018	31 July 2017
Percentage rates per annum:		
Discount rate	2.80%	2.60%
RPI inflation	3.20%	3.10%
CPI inflation	2.10%	2.00%
Rate of increase to pensions in payment	2.10%	2.00%
Rate of increase to deferred pensions	2.10%	2.00%
Rate of general increase in salaries (Based on an average over expected working lives)	3.35%	3.25%
The assumed life expectations of members are as follows:		
Members aged 65 at Accounting Date:		
Males	22.1	22.1
Females	25.3	25.2
Members aged 45 at Accounting Date:		
Males	23.1	23
Females	27.1	27.0
<b>Asset allocation</b>		
	Asset split at 31 July 2018 (%)	Asset split at 31 July 2017 (%)
Equities	74.6	76.9
Property	4.2	4.4
Government bonds	10.8	9.7
Corporate bonds	3.5	3.9
Cash	2.2	1.7
Other	4.7	3.4
Total	100.0	100.0

## Note 24. Provisions for pensions

	Consolidated and University			Total
	Defined Benefit Pensions	Unfunded Pensions	USS Deficit payments	
	£000	£000	£000	£000
At 1 August 2016	117,619	15,023	997	133,639
Charged under Staff Costs	10,343	375	233	10,951
Charged under Reorganisation Costs	9	-	-	9
Expenditure in year	(5,281)	(905)	(79)	(6,265)
Charged under Finance Costs (Note 9)	2,760	348	18	3,126
Charged under Actuarial (gains)/losses	(33,852)	(143)	-	(33,995)
At 31 July 2017	91,598	14,698	1,169	107,465
Charged under Staff Costs	10,589	(183)	(202)	10,204
Charged under Reorganisation Costs	334	-	-	334
Expenditure in year	(6,633)	(954)	(73)	(7,660)
Charged under Finance Costs (Note 9)	2,296	364	22	2,682
Charged under Actuarial (gains)/losses	(15,573)	1	-	(15,572)
<b>At 31 July 2018</b>	<b>82,611</b>	<b>13,926</b>	<b>916</b>	<b>97,453</b>

The Defined Benefit Pension provision relates to benefits provided by our Local Government Pension Scheme [LGPS], which is administered by the West Yorkshire pension Fund [WYPPF]. Details of this provision and the other Defined Benefit Schemes that the University offers to staff are set out in Note 23.

Unfunded pensions are provided for where the University agrees to pay a pension in addition to the normal scheme entitlements at the time, for example in certain instances of redundancy. The provision estimate is calculated by our actuaries, Aon Hewitt, based on the expected life of the obligation and discounted at a rate appropriate to this year. The assumptions used are similar to those used in calculating the LGPS provision and are set out in Note 23.

The USS Deficit payment provision relates to the obligation that the University has undertaken to make an additional contribution of 2.17% of relevant payroll costs, that are expected to eliminate the current deficit on the USS pension scheme, details of which are set out in Note 23. These additional payments are planned to continue until 2031, assume pay increases of between 3.2% and 3.5% [2017: 3.2%-3.5%] and a discount rate of 1.87% [2017:1.76%].

# NOTES TO THE FINANCIAL STATEMENTS

## Note 25. Other Provisions

	<b>Consolidated and University</b>	
	<b>31 July 2018</b>	<b>31 July 2017</b>
	<b>£000</b>	<b>£000</b>
Liability for costs of restoration of leasehold properties on termination:		
At 1 August	1,554	1,381
Expenditure in the year	-	-
Charged in income and expenditure account	374	173
<b>At 31 July</b>	<b>1,928</b>	<b>1,554</b>

## Note 26. Endowments

	<b>Consolidated and University</b>		
	<b>Permanent Restricted</b>	<b>Expendable Restricted</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2017	27	51	78
New endowments	-	-	-
Interest for year	1	1	2
Direct expenditure for year	-	-	-
<b>At 31 July 2018</b>	<b>28</b>	<b>52</b>	<b>80</b>
New endowments	-	-	-
Interest for year	-	2	2
Direct expenditure for year	-	-	-
<b>At 31 July 2018</b>	<b>28</b>	<b>54</b>	<b>82</b>

Endowment funds are held with the University's current investments. Their purpose is primarily to provide bursaries and prizes for University students.

## Note 27. Restricted Reserves

	<b>Consolidated and University</b>			
	<b>Capital grants</b>	<b>Revenue grants</b>	<b>Donations</b>	<b>Total</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 August 2017	5,007	1,052	28	6,087
New grants and donations	-	-	-	-
Interest for year	-	-	1	1
Direct expenditure for year	-	-	-	-
Released to unrestricted reserves	( 142)	-	-	( 142)
<b>At 31 July 2017</b>	<b>4,865</b>	<b>1,052</b>	<b>29</b>	<b>5,946</b>
New grants and donations	-	2,070	-	2,070
Interest for year	-	-	2	2
Direct expenditure for year	-	( 1,538)	-	( 1,538)
Released to unrestricted reserves	( 142)	13	-	( 129)
<b>At 31 July 2018</b>	<b>4,723</b>	<b>1,597</b>	<b>31</b>	<b>6,351</b>

## Note 28. Related Party Disclosures

The University has taken advantage of the disclosure exemption under FRS102, which applies to transactions and balances between wholly-owned subsidiaries.

Members of the Board of Governors are required to declare any outside interests that they held during the year. When an item arises in which a member has a pecuniary, business, family, or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it.

Due to the nature of the University's operations and the composition of the Board of Governors (many of whom are involved with other local public and private sector organisations), there are transactions with organisations in which a member of the Board of Governors or senior staff, or those closely connected to them, may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations.

Five members of University staff are spouses of University Senior Management, and are paid on salary ranges in keeping with their peers for equivalent grades. The great-niece of a member of the Board of Governors is a student at the University. This is an arm's length transaction and no additional discounts are given on the standard University fees.

All transactions totalling more than £1,000 are summarised below by organisation and the relevant governor or staff member:



# NOTES TO THE FINANCIAL STATEMENTS

## Note 28. Related Party Disclosures continued

Organisation	Name and position held	University Income		University Expenditure		Balance owed to/(owing by University) £'000
		£'000	in respect of	£'000	in respect of	
Bettys & Taylors Ltd	Mr A Brown - Managing Director	7	Tuition Fees	-	-	-
Council for the Advancement and Support of Education (CASE)	Professor P Slee - Trustee	-	-	2	Corporate Subscriptions	-
Kier Group Plc	Ms K Bashforth - Non-Executive Director	6	Sponsorship Income and Tuition Fees	-	-	-
Leeds Beckett Students' Union	Mr C Hind - Vice-President	17	Facilities Hire	1,403	Grants	11
	Mr J Harrison - President					
	Ms M Robinson - President					
	Ms N Goldthorpe - Secretary					
Project Space Leeds	Ms J Dent - Director & Trustee	1	Accommodation for Short Course	2	Hospitality	-
Royal Television Society	Mr D Lowen - Director & Trustee	-	-	-	Event Running Costs, Sponsorship and Partnership Activities	3
Unipol	Mr C Hind - Trustee	1	Sponsorship	185	Subscription and Membership Fees, Staff Development, Publicity and Advertising, Rents and Leases	-
	Mr D Collett - Director					
	Ms J Share - Trustee					
	Ms P Preston - Trustee					
Unison, Leeds Beckett Branch	Ms M Begum - Branch Secretary	-	-	(1)	Administrative Charges	-
Leeds Carnegie Rugby Football Club	Professor P Smith - Director	68	Research Studentships, training grants and short course fees	27	Physiotherapy Services	7
Leeds Rugby Foundation	Mr P Mackreth - Trustee	-	-	1	Hospitality	-
Northern Consortium (NCUK)	Ms J Keay - Trustee	5	Tuition Fees	9	Agent Commission	-
Society of College, National & University Libraries	Ms J Norry - Northern Collaboration Treasurer/Chair	-	-	4	Corporate Subscriptions, Staff Development	-
Thornhill Academy	Ms J Keay - Trustee	4	Academic Services	-	-	-
Yorkshire County Cricket Club	Professor P Smith - Board Member	219	Lettings of Student Based Facilities, Outsourced Facilities Management Services	55	Sponsorship and Partnership Activities, Building Leases	99

# NOTES TO THE FINANCIAL STATEMENTS

## Note 29. NCTL training bursaries

Training bursaries have been provided in the year in order that eligible post-graduate trainee teachers can receive their entitlement to a tax-free bursary whilst they train.

	Consolidated and University	
	31 July 2018	31 July 2017
	£	£
Amount held in creditors due within one year at 1 August	( 17,000)	24,265
<b>Funding body grants</b>	<b>1,014,236</b>	569,803
<b>Expenditure</b>	<b>( 944,736)</b>	( 611,068)
Amount held in (debtors)/creditors due within one year at 31 July	<u>52,500</u>	<u>( 17,000)</u>

## Note 30. Capital commitments

	Consolidated and University	
	31 July 2018	31 July 2017
	£000	£000
Commitments contracted at 31 July but not provided for	<u>73,889</u>	<u>2,323</u>

During the year the University entered into a contract for the development of a Creative Arts building at the City Campus. A further contract for £35.2m for the development of a new Sports, Teaching and Research building on our Headingley campus was entered into in August 2018.

## Note 31. Financial commitments

	Consolidated and University	
	31 July 2018	31 July 2017
	£000	£000
At 31 July the University had future minimum lease payments due under operating leases as follows:		
<b>Land and buildings</b>		
In one year or less	5,145	11,099
Between one and five years	15,375	15,689
In five years or more	<u>26,030</u>	<u>25,618</u>
	<u>46,550</u>	<u>52,406</u>
<b>Other</b>		
In one year or less	25	22
Between one and five years	18	34
In five years or more	-	-
	<u>43</u>	<u>56</u>

## Note 32. Accounting estimates and judgements

The material accounting estimates and judgements applied in these financial statements relate principally to the pension provisions made and also to amounts provided for bad debts, reinstatement of alterations to leasehold properties on termination and the lives estimated for fixed assets.

Assumptions relating to the pension provisions made and, in particular, in respect of the funded LGPS scheme with WYPF, are set out in Note 23. In making these judgements the University has taken note of advice from Aon Hewitt Limited, who prepared calculations of the provisions. The calculations of the WYPF provision is sensitive to the choice of discount rate and the estimate of changes to salaries, pensions and mortality. A change of 0.1% in discount rate would change the provision made by around £6.7m; a change in the rate of salary increase of 0.1% would change the provision made by around £1.7m; a change in the rate of pension increase of 0.1% would change the provision made by around £5.1m; and a change one year in mortality would change the provision made by around £9.5m. Changes in these assumptions would also affect the projected annual service cost by up to £0.4m in the case of the mortality assumption.

The Governors are satisfied that Universities Superannuation Scheme meets the definition of a multi-employer scheme, which under Section 28 of FRS102 means that we have recognised the discounted fair value of our contractual contributions under the deficit funding plan in existence at the date of approving the financial statements.

Debtors are reviewed annually and amounts which are deemed to be irrecoverable are written off, subject to approval of the Board of Governors. Remaining balances at the year-end are then reviewed on the basis that amounts that appear to be more than twelve months overdue are provided for. This is adjusted for in specific circumstances, including adding in accounts that are less than twelve months overdue but are demonstrably not recoverable, and reduced by a percentage estimated to be recoverable for some groups of overdue debt.

Where leases of property require that property to be handed over in a certain condition at the end of the lease, the value of alterations made is estimated and a proportion of this is used as the amount likely to be required for reinstatement. This provision is then built up evenly over the life of the lease but is reviewed annually and re-estimated as properties approach the end of each lease, with advice provided by the University's estates management team and their professional advisors.

Depreciation is based on the estimated life of the asset and, additionally buildings are depreciated based on their individual components, both for new buildings and where a valuation was used as deemed cost for the conversion to FRS102. The information used to identify different components and their costs is based on advice from the University's professional advisors. For alterations to existing buildings and other assets the colleagues who are responsible for proposing and managing the project provide the relevant advice and estimates.

# NOTES TO THE FINANCIAL STATEMENTS

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## **Note 33. Post Balance Sheet Event**

As a result of a High Court decision on 26 October 2018, pension schemes which have members with Guaranteed Minimum Pensions (GMPs) must take action to address inequalities in those GMPs if they were contracted-out of the State scheme between 1978 and 1997. The University considers it is likely that this ruling will impact all of the defined benefit schemes in which it is a participating employer and may result in the recognition of additional liabilities. As a consequence of this ruling, trustees of pension schemes will need to consider the integrity of their pension scheme data, the adjustments to benefits that may be necessary and any implications for scheme liabilities and funding. The High Court ruling on 26 October 2018 creates an obligation on that date for the Trustees to amend the scheme rules to reflect the consequences of the ruling. Therefore this is considered to be a non-adjusting event after the reporting period. The calculation of any additional liabilities will be a complex and lengthy process and as such the financial effect of any adjustment that may arise cannot be estimated at this stage. Any adjustment will be reflected in the financial statements for the year ended 31 July 2019.

