

LEEDS METROPOLITAN UNIVERSITY
FINANCIAL STATEMENTS
For the year ended 31st July 2013

CONTENTS

Operating and Financial Review	1
Corporate Governance Statement	13
Independent Auditors' Report to the Board of Governors	18
Statement of Principal Accounting Policies	20
Consolidated Income and Expenditure Account	23
Consolidated Statement of Historical Cost Surpluses and Deficits	23
Statement of Total Recognised Gains and Losses	24
Balance Sheets	25
Consolidated Cash Flow Statement	26
Notes to the Accounts	27

The maintenance and integrity of the Leeds Metropolitan University website is the responsibility of the Governing Body; 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 website.

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



Operating and Financial Review

Introduction

Leeds Metropolitan University has around 28,000 students and 2,900 staff offering a range of undergraduate, postgraduate and professional provision across its four faculties: Arts, Environment & Technology, Carnegie, Health & Social Sciences, and Business & Law. The university spans two campuses: one in the city centre and one in Headingley, on the outskirts of Leeds. The university is of great standing in the city with a turnover of £189m, and contributing around £420m to the regional economy every year. Although a modern university, our heritage dates back to 1824 when our oldest predecessor institution, Leeds Mechanics Institute, was established in the city. The University has strong links with businesses in the region and is well-known for offering practical courses with integrated work placements in a range of courses; we offer undergraduate, postgraduate, full time and part time courses, as well as flexible and online courses.

As the Government's major changes to the sector bed down we remain committed to our strategic plan which sets out our aims across five key themes to ensure that we remain a successful and sustainable university. Our vision is "to be acknowledged for our commitment to student success, our innovation and enterprise, our global reach, and strong local impact," and this is underpinned by six values which lie at the very heart of our institution; they are: inspiring, creative, enterprising, purposeful, respectful, and professional.

A recent mechanism for improving the customer experience, and therefore ultimately the student experience, has been the progress towards and achievement of the Customer Service Excellence standard; this year the university became the largest university to achieve the standard, and the first in the north of England. This driver for change across the institution has resulted in a number of strategic projects to improve our customer service approach across the student lifecycle, including the applicant experience review and the staff induction review.

The National Student Survey (NSS) is our main indicator of student satisfaction for our undergraduate students and we have seen an upward trajectory in terms of our results in recent years. This year's results show that we are equal to or above the sector average in the areas of Learning Resources and Academic Support, although our overall score (question 22) has seen a slight reduction from 83 to 81. This is however still much improved from a score of 69 in 2009.

Our performance in terms of graduate employment has again shown an improvement. The Destination of Leavers from Higher Education (DLHE) survey for 11/12 leavers shows that 92.8% of



graduates were in work or further study six months after graduation (for all courses, UK based students) compared to 92% for 10/11 leavers.

Our research outputs continue to grow focussed around our three institutes – the Leeds Sustainability Institute, the Institute for Sport and Physical Activity and the Institute for Health and Wellbeing. During the year, we have also launched three new research centres: Culture and the Arts, Governance, Leadership and Global Responsibility, and Applied Social Research. This takes the number of our university research centres up to 10.

Five themes have also been developed to provide a focus for our commercial and enterprise activity. They are: digital, food and drink, executive leadership and coaching, healthcare and built environment.

We have a student population of just over 28,000, broadly made up as follows: 23,000 undergraduate, 4,500 taught postgraduate and 500 research postgraduate. This compares to a student population last year of 24,000 undergraduates and 4,200 postgraduates.

Planning cycle

Our annual planning cycle enables staff at all levels to engage with the on-going strategic planning of our university. An annual planning conference is held in September to introduce the planning cycle for the subsequent academic year. Following this, services and faculties offer opportunities for their staff to feed into faculty/service plans, which are submitted in January each year. These plans are then subject to review and scrutiny by members of our Corporate Management Team who ensure that plans from across the university are aligned within the Strategic Plan.

Strategic plan: progress

Our strategic plan, *Quality, Relevance and Sustainability*, sets out five broad themes through which we will achieve our vision for 2015. Key progress in these themes during 2012/13 is outlined below:

Theme 1 - Putting students at the centre of our activities and providing a flexible and relevant curriculum with excellent teaching and learning

Innovative online learning - As part of the University's E-Learning strategy our Centre for Learning and Teaching (CLT) have been working closely with colleagues to implement a range of Google services for staff in order to increase flexibility and accessibility of tools and services for academic colleagues. Students have long had access to a range of Google services and this now provides an equal platform for staff to benefit from. These services will increase staff ability to communicate and collaborate with each other and students across a range of desktop and mobile devices. CLT funded

a one-to-one tablet implementation project with a course in the Carnegie faculty. This project was enhanced through a successful Change the Learning Landscape bid where external consultants were engaged to support planning and evaluation. In the coming year an enhanced tablet implementation project will expand the trial into all four faculties to evaluate the potential benefits for having tablet devices embedded in teaching and learning activity.

Academic staff development - We have developed a new Postgraduate Certificate in Academic practice (PGCAP) for colleagues new to academic roles in higher education. The PGCAP and our Developing Excellence in Academic Practice (DEAP) Continued Professional Development (CPD) framework for academic staff have been accredited by the Higher Education Academy (HEA), creating opportunities for academic and learning support colleagues to gain an HEA fellowship appropriate to their role, and we have established the support mechanisms to enable us to achieve an institutional target of 80% of our full time academic staff to have gained a fellowship by 2015. We have identified the pivotal role of course leaders in providing quality learning experiences for their students and now hold an annual course leaders' conference. A new two-day academic staff induction has been introduced to ensure all new academic staff have a clear understanding of the support, key policies and processes, and service areas available to support them. A dedicated DEAP virtual learning environment has been developed for all academic staff, and over five hundred colleagues have participated in training and development events related to aspects of learning and teaching over the course of the year.

Curriculum development – We have undertaken a review of our postgraduate provision and refocused our partner college undergraduate provision. The Centre for Learning and Teaching has helped support innovation in the curriculum by awarding £33,000 for 11 curriculum innovation projects across all the Faculties. A cross-institutional working group reviewed the way we evaluate and review the students' experience of modules and courses and have run a successful small scale pilot of the new online process, with a more extensive pilot to follow in January 2014.

Theme 2 - Providing a supportive, inclusive and welcoming environment and preparing students for employment and lifelong learning

Student Hub - Our new Student Hubs were launched, offering a one-stop-shop for student enquiries and advice. There is now a hub at each campus, based at Campus Central at Headingley Campus and in the Rose Bowl at City Campus. The hubs act as a first point of call for enquiries around disability and dyslexia, international student advice, money, employability and progression, wellbeing and accommodation. The two hubs now provide a consistent service across both campuses. The Headingley hub has also been refurbished as part of the Campus Central redevelopment.

Employability and Enterprise Fortnight – The inaugural Employability and Enterprise Fortnight was held in January 2013 and consisted of a series of events, training and opportunities for students in order to boost their skills for employment and put them directly in touch with employers.

Theme 3 - Being a catalyst for social and economic progress in and for our region, nationally and internationally, through research and enterprise

Bid applications – There was an increase in the number of research funding applications made with a total of 224 bids submitted to a range of UK, European and International funding organisations. 20 applications to European sources were submitted, with a 35% success rate, and over 200 to a range of different UK/international funding bodies. Successes have so far been reported for 108 applications, with the application success rate having increased 12 percentage points (from 35% to 47%) on last year.

Research income – The income from research bids has secured £3,320,890 in funding this year. A further 68 applications (worth potentially £4,000,000) have been submitted and we await the outcome of these bids. Overall research income has increased by 53% from 2011/12 to 2012/13.

Enterprise income – Our enterprise income for the year is £13.572m. This includes the research income previously mentioned which has increased by almost £1m since last year and also an expected increase in spin-out revenue of £300,000. Other income included within the £13.572m total is from consultancy, continuing professional development courses and facilities hire.

Theme 4 - Engaging, valuing and developing our diverse community of colleagues

Development – We continue to make a significant investment in tailoring our development programme to the needs of our workforce, with over 1,700 colleagues accessing sessions as part of our People Development programme. We ran two one-day Support Staff Development Conferences on Working Creatively and Effective Teams which were each attended by more than 300 staff. This year we have piloted an online PDR system to improve the quality and experience of the PDR process. Around 300 colleagues across professional Services and academic Schools participated.

Staff engagement – We continue our work to respond to feedback highlighted through our Staff Survey, at both local and institutional level. A number of areas have held focus groups to explore their results in more detail and involved colleagues in developing local action plans. Action plans have been implemented and Faculty and Service leadership teams are now reporting progress back to staff groups.

Leadership development – We have trialled a number of Effective Leadership Team pilot development programmes, with colleagues taking part in a programme of activity to explore and develop the key characteristics of high performance leadership. This initiative will be evaluated and reviewed in order to inform future activity.



Online development – We have developed online modules for staff to enable them to complete essential modules such as equality and diversity and data protection at their desks. Since the start of the rollout in April, more than 8,500 modules have been completed by staff.

Theme 5 - Ensuring financial and environmental sustainability and a high quality estate

Capital Developments - We have delivered a range of projects through the year which have improved the learning environment and the overall quality of the estate. Major projects have included refurbishment of Woodhouse Building lecture theatres, Portland Building 6th, 7th and 9th floors, Portland low level cladding, new toilet provision in Calverley Building, new goods inward facility in Calverley Building, Leslie Silver Building 1st floor, Leslie Silver Building and James Graham Building IT labs, Campus Central internal refurbishment, and Headingley Hub. Investment continues in our estate with the aim of increasing space utilisation, whilst refurbishing and improving the condition of our estate and reducing carbon emissions.

Disposal of Properties - We have disposed of 11 and 18 Queen Square and currently have accepted offers on 7 and 21-25 Queen Square. This and other initiatives have reduced the estate by 1,346m² and increased the quality of our estate overall and only 0.8% of our estate is now category D, with the aim to reduce this further to 0%.

Sustainability - Work continues on increasing the sustainability of our estate and to meet the carbon reduction commitment. The Carbon Reduction Commitment (CRC) return showed our carbon footprint to be 15,582 tonnes of carbon or £182,000, a saving of 1,614 tonnes on the 2011 return and ahead of our carbon target of 17,221 tonnes.

Transport - In July 2012 we launched the revised Transport Strategy (2012-2015) which highlighted our successes in sustainable transport, mainly an overall reduction in single occupancy car usage from 35% in 2011 to 31% in 2013. Fleet vehicle tracking was installed in May 2013 to help reduce the environmental impact of our fleet. The student bike hire scheme, in partnership with the University of Leeds and Leeds City Council, benefitted from the Local Sustainable Transport Fund (LSTF) which funded an upgrade of cycle parking at our Headingley campus and a student placement to further promote the UTravel Active initiative. Our Try Cycling initiative (part of UTravel Active) supports staff who have not cycled for a long time to get back on their bikes through cycle skills courses, email support and a web based blog which they can contribute to.

Space Utilisation - A total of 481 members of staff were relocated across our campuses in 2012/13 to meet operational needs and to improve utilisation of office space.



Public benefit

Leeds Metropolitan University is an exempt charity under the terms of the Charities Act 2011. Our charitable purpose is the advancement of education for the public benefit, and our vision is “to be acknowledged for our commitment to student success, our innovation and enterprise, our global reach and strong local impact.” The University has paid due regard to the Charity Commission’s guidance on public benefit.

Our students, along with the direct and indirect recipients of our research and knowledge transfer activities, are our main beneficiaries. Undergraduate and postgraduate courses, including research programmes are open to candidates with suitable academic qualifications and there is no geographical restriction on entry.

Undergraduate tuition fees for 2012/13 were £8,750. We are committed to offering financial scholarships to allow a wide range of students to experience university education. In 2012/13, 4,418 students were recipients of the Leeds Met Bursary, which amounted to £3,885,600 and 528 students were eligible for the National Scholarship Programme, totalling £1,565,287.

We awarded 59 scholarships to students and graduates, many from lower income backgrounds, during the year 12/13. Most of these are funded through donations from alumni and other donors.

In addition to offering scholarships and bursaries, we provide a range of services to help students financially by offering advice and guidance and by providing practical support including help finding paid employment, internships and placements.

We have a strong record of raising the aspirations of young people to pursue a university education and held 319 events throughout the year with young people aimed at raising aspirations around higher education, and specifically Leeds Metropolitan. Activity reached 22,210 participants, including 12,632 young people over the age of 16.

We deliver courses in the UK and abroad enabling students to undertake Leeds Met courses in their own communities at home and abroad. In 12/13 we had partnership arrangements with 21 educational institutions in the UK, offering 525 programmes of study. Outside of the EU, we had arrangements with 14 educational institutions, and offered 44 programmes of study around the world.

Our growing research and enterprise activity facilitates economic progress in the region and beyond, helping to drive social and cultural development in line with our ambition to have a local impact and global reach.

Financial update

Our financial results for the year are summarised in the following table. They comprise the consolidated results of the university and our subsidiary companies (see note 14 to the accounts).

	2011/12	2012/13
	£m	£m
Total Income	178.0	188.9
Total Expenditure	168.8	167.0
Surplus	9.2	21.9
add Depreciation on revalued amounts and diminutions	3.3	2.7
add the effects of FRS17	0.6	2.1
Historic cost surplus before FRS17	13.1	26.7

A historic cost surplus of £26.7m before FRS17 is equivalent to 14.1% of total income. It represents a strong improvement on last year's results and helps to consolidate our financial position under the new funding and control environment. Figure 1 illustrates the changes in our surplus since 2005/6.

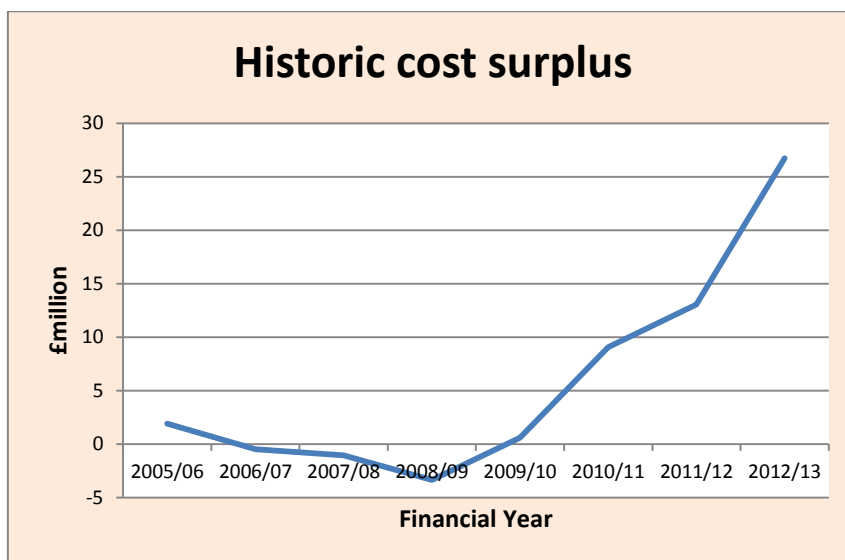


Figure 1

Our results reflect how, following the completion of major capital developments and the subsequent increase in our fee levels to sector norms in 2010/11, we have achieved our planned movement from a small deficit in 2008/9 to a level of surplus that provides us with the financial capacity to support our investment requirements as well as the resilience to potential further changes in our

funding and control environment. Figure 2 illustrates our sources of income and our expenditure profile in 2012/13 and how these have developed since 2011/12.

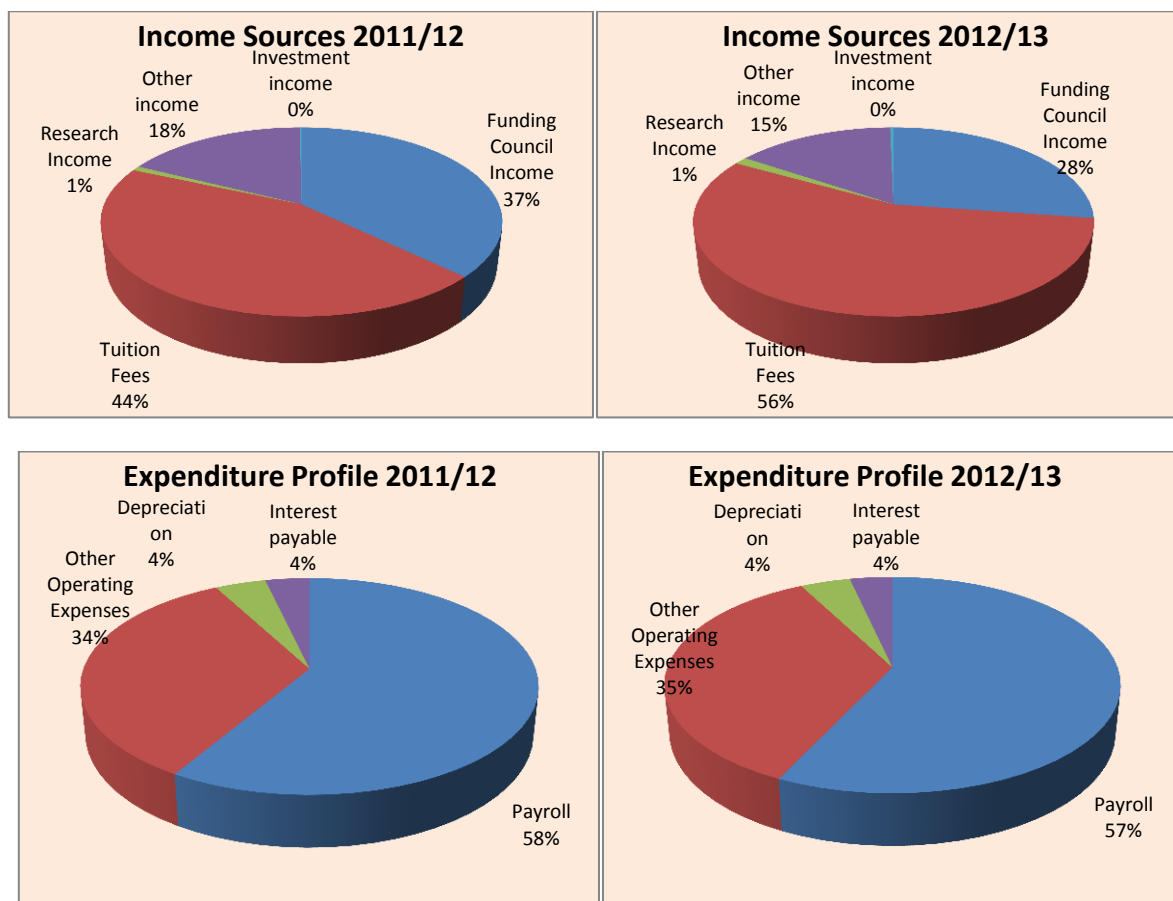


Figure 2

Given the restrictions imposed on income growth, through student number controls and general market and economic conditions, our emphasis continues to be on expenditure control. Figure 3 illustrates how our expenditure on staff costs, before the effects of FRS17, as a ratio of our total income, has reduced in recent years.

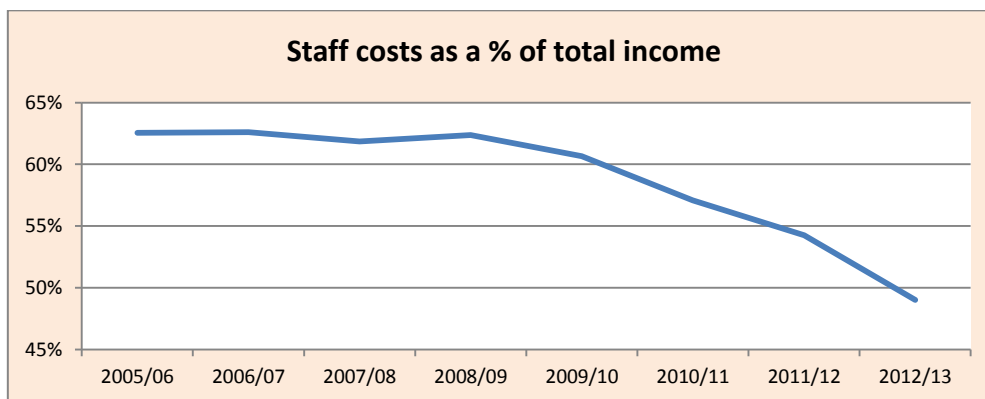


Figure 3

The improvements in our operational surplus mean that our discretionary reserves increased to over £69m, by the financial year-end. They also result in our cash inflows from operations exceeding £33m which has enabled us to grow cash and investment balances by nearly £18m to over £48m.

Our investment in capital projects increased during the year by over £2.5m and is expected to increase further as we ensure that our teaching, research and social facilities for our students and staff are excellent.

Whilst our long term borrowings (£95m) remain relatively high compared to the sector average they include £61m of loans that are directly funded from our student residences income, leaving just £34m of loans that are funded from general income. Figure 4 illustrates how our long term borrowings, both including and excluding our student residences loans, have been reducing since 2008/9 when they were increased to finance major capital development, and how our cash and short term investment balances have been increasing over recent years.

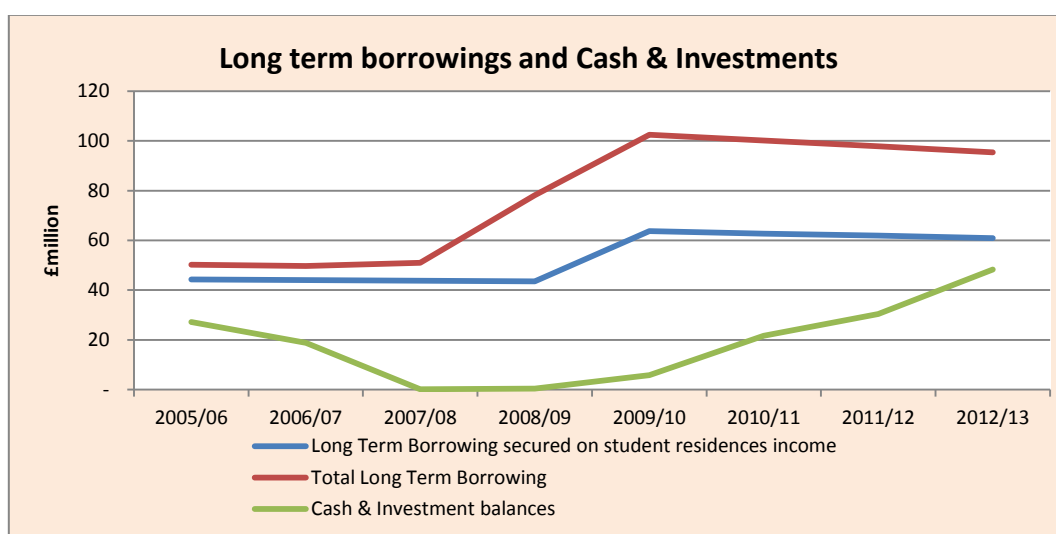


Figure 4

The effect of this is that, excluding long-term borrowings which are directly funded from our student residences income, we have moved from a position of having net borrowings in recent years to having net funds in 2012/13, as illustrated in Figure 5.

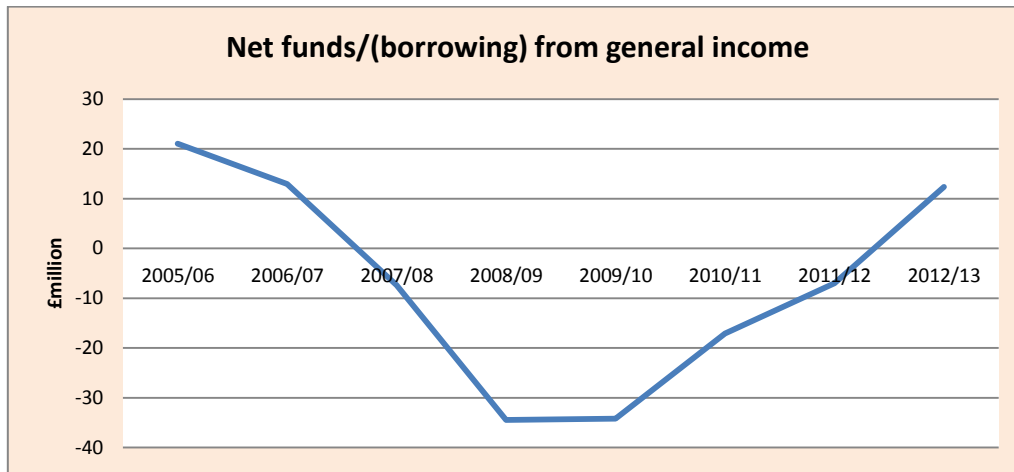


Figure 5

As planned, our financial performance and position places us well to respond to uncertainty and changes in the higher education funding and control environments, and in the markets within which we operate. Whilst our forecasts are prudent, they ensure that we achieve a level of financial performance that is necessary to sustain future investment requirements without any erosion of our financial capacity.



Corporate Governance Statement

Framework of Governance

Leeds Metropolitan University is a higher education corporation established under the Education Reform Act 1988 (“ERA”) and an exempt charity under schedule 3 of the Charities Act 2011. The university’s powers are defined in section 124(1) ERA as ‘(a) to provide higher education; (b) to provide further education; and (c) to carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the corporation think fit’. The charitable purpose of the university, as defined in the Charities Act 2011, is the advancement of education for the public benefit.

The university’s framework of governance is established in the Instrument and Articles of Government. The Board of Governors is committed to high standards of governance and complies with the Committee of University Chairs (“CUC”) Governance Code of Practice (March 2009). The university conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership).

Board of Governors

The Board of Governors is the governing body of the University. The Board’s responsibilities are set out in the university’s Articles of Government and, in accordance with CUC guidance, a Statement of Primary Responsibilities has been adopted. Responsibilities reserved for the Board’s decision include: determining the educational character and mission of the University; approving annual estimates of income and expenditure; ensuring the solvency of the institution and safeguarding its assets; appointing the Vice-Chancellor; amending the Articles of Government; and appointing the external auditors. For the purposes of charity law, the Governors are the trustees of the University and, as required, have had regard to the Charity Commission’s guidance on public benefit.

In the year ended 31 July 2013, the Board met six times and held two away days. The principal business undertaken by the Board included: approving corporate strategy and considering associated opportunities and risks; medium and longer term planning; overseeing the work of Academic Board as regards academic quality and standards; reviewing institutional performance; monitoring solvency and financial sustainability.

In accordance with the Instrument of Government, the Board comprises twenty Governors, consisting of thirteen lay members, four staff nominees, two students’ union nominees, and the Vice-Chancellor. The lay Chair, Lord Woolmer of Leeds, was responsible for running the Board and played a key role in the governance of the University until the end of his term of office on 31 August



2013. Lord Woolmer was succeeded by Phil White CBE on 1 September 2013 as Chair of the Board and was supported during the year by Bill Hartley, Deputy Chair.

During 2012/13 the Board recruited an independent governor and Chair of the Board. The principles of open advertisement and transparent recruitment for non-executive Board positions are well established as matters of good governance, as outlined in section 11 of the Committee of University Chairs Governance Code of Practice and in section B2 of the Financial Reporting Council UK Governance Code of Practice. These principles were applied to the recruitment and appointment of Phil White CBE as Chair on 1 September 2013 and to all independent governor vacancies that arose during 2012/13. This included the establishment of a Search Committee of the Board of Governors with representation from staff and student governors which was advised by independent search consultants appointed through a competitive tender process, with a role description and recruitment criteria approved by the Board of Governors.

New governors receive a personalised induction programme and all governors are eligible to take part in relevant training and development at the University's expense. The University maintains a register of interests of governors and senior managers which is available for inspection on request to the Clerk to the Board of Governors. An annual review of the effectiveness of the Board of Governors and its committees has taken place in 2012/13, comprising a questionnaire and individual meetings between the Chair and all Governors. Seven new governors joined the Board during 2012/13 including 3 independent governors.

The Chair of the Board and the chairs of committees are entitled to remuneration in accordance with the Instrument of Government. 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.

A new Secretary and Registrar, Jenny Share, took up post in November 2012 and is the Clerk to the Board of Governors.

Committees of the Board of Governors

The principal standing committees of the Board of Governors are:

- Audit Committee, which is responsible for reviewing the effectiveness of the University's system of internal control and risk management;
- Finance, Staffing & Resources Committee, which advises the Board on policy and strategy relating to financial strategy and sustainability, employment, health and safety, equality and diversity and the development and maintenance of the University's estate;
- Governance & Nominations Committee, which advises the Board on the appointment of governors and good practice in governance
- Senior Staff Remuneration Committee, which is responsible for determining salaries and monitoring performance of the Vice-Chancellor, Secretary and Registrar and other senior staff who are designated as senior post holders.



The terms of reference clearly set out the powers delegated by the Board to each committee. Committees make a full report to the Board after every meeting, including any decisions taken under delegated authority.

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. Its forty members are drawn entirely from staff and students and is chaired by the Vice-Chancellor. The Academic Board makes a full report to the Board of Governors after every meeting.

Executive management

The Vice-Chancellor, Professor Susan Price, is the chief executive officer and 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 purposes of the Financial Memorandum with the Higher Education Funding Council for England ("HEFCE") and is advised by the Corporate Management Team (CMT).

Internal control

The Board is responsible for instituting and maintaining a sound system of internal control that supports the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible. In discharging this responsibility, the Board complies with the requirements of the HEFCE Financial Memorandum. The 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 2013.

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 is provided by Deloitte LLP which operates 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.

Risk management

The Board has overall responsibility for risk management. A Risk Management Policy, which accords with HEFCE guidance, is in place. 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 integral to the University's strategic planning process. A corporate risk register is maintained, and each Faculty and service directorate also has a risk register. These are reviewed regularly by management and by Audit Committee. An annual review of risk management practice takes place and is reported to Audit Committee. An annual programme of risk management training is provided across the University aimed particularly at those involved with risk management.

Financial Control

The Board is required to secure the economical, efficient, and effective management of the University's resources and to safeguard its assets (including preventing and detecting fraud). The Board must ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the HEFCE Financial Memorandum; and that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

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 review of financial performance. The Finance, Staffing & Resources Committee undertakes detailed review 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, which clearly define the system for 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 reviewed by the internal auditor who reports its findings to the Audit Committee.

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 Education Reform Act 1988, the HEFCE Accounts Direction, the Statement of Recommended Practice: Accounting for Further and Higher Education, and applicable UK law and relevant accounting standards. Under the terms of the HEFCE Financial Memorandum, the Board, through its Accountable Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the institutional surplus or deficit and cash flows for that year.

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; and applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements).

Going concern

A comprehensive review of the University strategic and financial performance is set out in the Operating & Financial Review. The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis for the preparation of the financial statements.

The Corporate Governance Statement was approved by the Board of Governors of the Leeds Metropolitan University Higher Education Corporation on 22 November 2013 and signed on its behalf by:

JENNY SHARE

Secretary & Registrar and Clerk to the Board

Board membership from 1 August 2012 to 31 July 2013

BOARD OF GOVERNORS	
Members during 2012/13	
Lord Woolmer of Leeds	Independent Governor and Chair
David Alcorn	Student Governor (demitted office 30 June 2013)
Gabrielle Atmarow	Independent Governor
Alan Baker	Independent Governor (demitted office 31 August 2012)
Mobina Begum	Co-opted Staff Governor
Ann Bishop	Independent Governor
Andy Brown	Independent Governor
Martin Clark	Independent Governor
Susan Cooklin	Independent Governor
Millie Cooper	Student Governor (appointed 19 July 2013)
Professor Mohammad Dastbaz	Academic Board nominee
Jean Dent	Independent Governor
Annette Hall	Independent Governor (demitted office 26 October 2012)
Bill Hartley	Independent Governor and Deputy Chair
Professor Susan Price	Vice-Chancellor – ex officio
Dr Sam Marshall	Independent Governor
Professor Peter Marsh	Co-opted Governor
Jayne Mothersdale	Academic Board nominee
Keith Ramsay	Independent Governor and Deputy Chair (demitted office 31 August 2012)

Members during 2012/13 continued	
Ollie Richardson	Student Governor (appointed 19 July 2013)
Iqbal Sacranie	Independent Governor (demitted office 31 August 2012)
Sue Sherwin	Co-opted Staff Governor
Thea Stein	Independent Governor
Tashi Thornley	Student Governor (demitted office 30 June 2013)
Steven Webb	Independent Governor
Members appointed prior to approval of the accounts	
Kirsty Bashforth	Independent Governor (appointed 22 November 2013)
David Fletcher	Independent Governor (appointed 23 October 2013)
Bill Holmes	Independent Governor (appointed 23 October 2013)
Jayne Mothersdale	Academic Board nominee (appointed 23 October 2013)
Dorron Otter	Co-opted Staff Governor (appointed 23 October 2013)
Richard Walker	Independent Governor (appointed 22 November 2013)
Phil White CBE	Independent Governor and Chair (appointed 1 September 2013)
Members demitting office prior to approval of the accounts	
Lord Woolmer of Leeds	Independent Governor and Chair (demitted office 31 August 2013)
Martin Clark	Independent Governor (demitted office 31 August 2013)
Jayne Mothersdale	Academic Board nominee (demitted office 31 August 13)
Sue Sherwin	Co-opted Staff Governor (demitted office 31 August 13)
Thea Stein	Independent Governor (demitted office 31 August 2013)

INDEPENDENT AUDITORS' REPORT TO THE GOVERNING BODY OF LEEDS METROPOLITAN UNIVERSITY

We have audited the group and parent institution financial statements (the "financial statements") of Leeds Metropolitan University for the year ended 31 July 2013 which comprise the primary financial statements such as the Consolidated Income and Expenditure Account, the Consolidated and Parent Institution Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Group Total Recognised Gains and Losses, the Accounting Policies and the related notes. 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).

Respective responsibilities of the governing body and auditors

As explained more fully in the Statement of Responsibilities of the Governing Body, the governing body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the governing body as a body in accordance with the institution's Articles of Government and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Information included on the website of Leeds Metropolitan University

The maintenance and integrity of the Leeds Metropolitan University website is the responsibility of the governing body; 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 website.

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2013 and of the group's income and expenditure, recognised gains and losses 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.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

We have nothing to report in respect of where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

PRICEWATERHOUSECOOPERS LLP

Chartered Accountants and Statutory Auditors
Leeds
22 November 2013

Statement of Principal Accounting Policies

Basis of Preparation

These financial statements have been prepared in accordance with the statement of recommended practice (SORP): *Accounting for Further and Higher Education* and in accordance with applicable Accounting Standards.

Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings.

Basis of Consolidation

The consolidated financial statements include the University and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the student union have not been consolidated because the University does not control those activities.

Recognition of Income

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or service concerned. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

Non-recurrent grants from Funding Councils, or other bodies, received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

The University acts as an agent in the collection and payment of funds for various organisations, in particular Access to Learning Funds from the Higher Education Funding Council for England and in the collection and payment of Training Bursaries and Minority Ethnic Recruitment Funds from the Training and Development Agency for Schools (TDA). Related payments and disbursements, are excluded from the income and expenditure account.

Maintenance of Premises

The University has developed a planned maintenance programme plan from which maintenance priorities are derived annually. The cost of long-term and routine corrective maintenance is charged to the income and expenditure account as incurred. The current condition survey of premises feeds into the process. The University also deals with reactive maintenance.

Foreign Currency Translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year-end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

Pension Schemes

The Teachers' Pension Scheme (TPS), University Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF) provide retirement benefits for most employees of the University.

They are all defined benefit schemes, which are independently administered and contracted out of the State Earnings-Related Pension Scheme.

Contributions to the TPS and USS are charged to the income and expenditure account so as to spread the cost of pensions evenly over employees' expected years of service.

In respect of the WYPF, the University has fully adopted accounting standard FRS17: *Retirement Benefits*.

Accounting policies (continued)

The difference between the fair value of the assets held in the WYPF and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the income and expenditure account or the statement of total recognised surpluses and deficits in accordance with FRS17: *Retirement Benefits*.

Tangible Fixed Assets**Land and buildings**

In accordance with FRS15, the University's land and buildings are regularly re-valued. A full valuation is performed every five years and an interim valuation is carried out in the third year after each full valuation.

The University's buildings are specialised buildings and therefore, it is not normally appropriate to value them on the basis of open market value. The basis used for valuing land and buildings is depreciated replacement cost except where the land and buildings are being held for disposal, in which case the basis is open market value, and where buildings are located on leasehold land, in which case the valuation basis is depreciated cost.

The cost of renovating and converting buildings, together with the cost of major repairs and refurbishment, which add to the economic value of a building, are capitalised and depreciated in accordance with the depreciation policy.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as below. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Developmental interest incurred directly as a consequence of major capital developments is capitalised as part of the capital cost of the related asset.

Buildings under construction are initially accounted for at cost (until a full or interim valuation is carried out), based on the value of architects' certificates and other direct costs incurred to 31st July. These buildings are not depreciated until they are substantially brought into use.

Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets, adjusted to reflect residual values, over their estimated useful lives on a straight line basis. Freehold buildings transferred to the University on 1st April 1989 are depreciated over their remaining estimated useful lives. Freehold buildings acquired since 1st April 1989 are depreciated over their estimated useful lives. Freehold land is not depreciated.

Equipment, plant, furniture and fittings

Individual items of equipment, plant, furniture and fittings, or a group of such items, costing £5,000 or more (including VAT) and which have economic value beyond the year of acquisition, are capitalised at cost and depreciated on a straight line basis over their expected lives which will normally be five years.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Accounting policies (continued)**Software**

Costs associated with the implementation of corporate information systems are capitalised and depreciated over the expected useful life of the systems.

Leased Assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases are leasing agreements that transfer, to the University, substantially all the benefits and risks of ownership of an asset and are treated as if that asset had been purchased outright. Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and the estimated useful lives, in accordance with the University's normal depreciation policy. The corresponding liabilities are shown as obligations under finance leases. Repayments under finance leases are apportioned between the capital and interest elements (by the sum of the digits method), with the former reducing the obligations under finance leases and the latter being charged to the Income and Expenditure Account.

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, the expected cost of these dilapidations is amortised over the remaining life of the lease.

Heritage Assets

Heritage assets are valued at cost but are not depreciated as their value is not expected to decline. The University has adopted FRS 30 'Heritage Assets' but as there is only one asset the details are given in the notes to the accounts.

Stock

Stock is stated at the lower of cost and net realisable value.

Taxation

The University is an exempt charity under Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 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. All non-recoverable Value Added Tax on purchases is included within the appropriate expenditure headings.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Cash

Cash at bank and in hand includes cash in hand and deposits repayable within 24 hours without penalty at the Balance Sheet date. All other liquid deposits are included within Short Term Deposits. Cash at bank is the balance shown on the bank statements. Cheques/BACS issued or received before 31st July, but not cleared by the bank, are included in creditors and debtors respectively.

Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where ex-gratia pensions are granted, the capital cost is charged to the income and expenditure account in the year in which they are granted.

Investments

Listed investments held as fixed assets or endowment assets are stated at market value. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Consolidated Income and Expenditure Account for the Year ended 31 July 2013

	Notes	Year Ended 31 July 2013		Year Ended 31 July 2012	
		£000	£000	£000	£000
INCOME					
Funding body grants	1		51,635		66,180
Tuition fees and education contracts	2		105,424		79,041
Research grants and contracts	3		2,415		1,400
Other income	4		28,802		31,058
Endowment and investment income	5		623		292
Total Income			188,899		177,971
EXPENDITURE					
Payroll costs excluding FRS 17 adjustments		92,588		96,576	
Accrual to maintain current service costs per FRS17		2,325		1,061	
Total staff costs	6		94,913		97,637
Total other operating expenses	8		57,162		55,397
Depreciation based on historic Costs		6,727		6,934	
Depreciation of revaluations		2,670		2,690	
Diminution		-		639	
Depreciation	10		9,397		10,263
Interest payable excluding FRS17 charges		5,733		6,005	
Net pension financing charges per FRS17		(196)		(497)	
Interest and other finance costs	9		5,537		5,508
Total Expenditure	10		167,009		168,805
Surplus/(deficit) after depreciation of assets at valuation excluding associated company results			21,890		9,166
Share of operating profit/(loss) in associate	15		34		6
Surplus/(deficit) after depreciation of assets at valuation before exceptional items			21,924		9,172
Exceptional items	11		(2)		(11,492)
Surplus/(deficit) after depreciation of assets at valuation and exceptional items			21,922		(2,320)
Transfer (to)/from accumulated income within specific endowments			-		-
Transfer (to)/from accumulated income within general endowments			9		5
Surplus/(deficit) for the year retained within general reserves			21,931		(2,315)

Consolidated Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2013

	Notes	Year Ended 31 July 2013		Year Ended 31 July 2012	
		£000	£000	£000	£000
Surplus/(deficit) after depreciation of assets at valuation and exceptional items			21,922		(2,320)
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	24		2,670		2,690
Realisation of property revaluation gains of previous years	24		-		2,927
Historical cost surplus/(deficit) for the year			24,592		3,297

All amounts relate to continuing operations.

Reconciliation					
Historical cost surplus/(deficit) for the year including FRS17			24,592		3,297
less FRS17 adjustments	32		2,129		564
Impact on I&E excluding pension reserve			26,721		3,861
less: Exceptional items including realised property revaluation gains	11,24		2		8,565
less: Diminutions arising from property revaluations	12		-		639
Historical cost surplus/(deficit) for the year excluding FRS17 and exceptional items			26,723		13,065

Consolidated Statement of Total Recognised Gains and Losses for the Year ended 31 July 2013

	Notes	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation		21,922	(2,320)
Endowment fund movements	23	(3)	-
Unrealised gain/(loss) on the revaluation of land & buildings	24	112	(2,739)
Actuarial gain/(loss) in respect of pension schemes	21, 32	9,729	(34,018)
Total recognised gains/(losses) relating to the year		<u>31,760</u>	<u>(39,077)</u>
 Reconciliation			
		Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Opening endowments and reserves	23, 24, 25	107,262	146,339
Total recognised gains/(losses) for the year		31,760	(39,077)
Closing endowments and reserves		<u>139,022</u>	<u>107,262</u>

Balance Sheets as at 31 July

	Notes	Consolidated		University	
		Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Fixed Assets					
Tangible assets	12	332,414	332,686	332,414	332,686
Fixed asset investments	13	37	37	37	37
Investments in associated companies	15	41	12	41	12
Loan to associated companies	15	-	7	-	7
Total fixed assets		332,492	332,742	332,492	332,742
Endowment assets	16	190	179	190	179
Current Assets					
Stock		63	67	63	67
Debtors	17	11,916	9,464	11,592	9,339
Current investments	13	46,250	25,250	46,250	25,250
Cash at bank and in hand		2,065	5,124	2,065	5,124
Total current assets		60,294	39,905	59,970	39,780
Less: Creditors: amounts falling due within one year	18	(30,468)	(30,512)	(30,145)	(30,387)
Net current assets		29,826	9,393	29,825	9,393
Total assets less current liabilities		362,508	342,314	362,507	342,314
Less: Creditors: amounts falling due after more than one year	19	(96,281)	(98,678)	(96,281)	(98,678)
Less: Provisions for liabilities	21	(14,530)	(14,016)	(14,530)	(14,016)
Net assets excluding pension liability		251,697	229,620	251,696	229,620
Pension liability	32	(57,770)	(66,616)	(57,770)	(66,616)
Net assets including pension liability		193,927	163,004	193,926	163,004
Deferred capital grants	22	54,905	55,742	54,905	55,742
Endowments					
Expendable	23	129	97	129	97
Permanent	23	61	82	61	82
Total endowments		190	179	190	179
Reserves					
Revaluation reserve	24	127,416	129,997	132,485	135,151
Income and expenditure account excl pension reserve	25	69,186	43,702	64,116	38,548
Pension reserve	25	(57,770)	(66,616)	(57,770)	(66,616)
Income and expenditure account incl pension reserve	25	11,416	(22,914)	6,346	(28,068)
Total reserves		138,832	107,083	138,831	107,083
Total funds		193,927	163,004	193,926	163,004

The Financial Statements on pages 20 to 39 were approved by the Board of Governors on 22 November 2013 and were signed on its behalf by:

P WHITE

Chair of the Board

S PRICE

Vice Chancellor

S G WILLIS

Director of Finance and
Resources

Consolidated Cash Flow Statement for the Year Ended 31 July 2013

	Notes	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Net cash inflow/(outflow) from operating activities	26	34,820	27,048
Exceptional restructuring expenses		<u>(1,384)</u>	<u>(6,239)</u>
Net cash inflow/(outflow) after exceptional items	26	33,436	20,809
Returns on investments and servicing of finance	27	(4,946)	(4,148)
Capital expenditure and financial investment	28	(8,266)	(5,842)
Management of liquid resources	29	(21,011)	(15,232)
Financing	30	(2,272)	(2,086)
Increase/(decrease) in cash in the year		<u>(3,059)</u>	<u>(6,499)</u>

Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		(3,059)	(6,499)
Increase/(decrease) from liquid resources	29	21,011	15,232
(Increase)/decrease from borrowings	30	2,272	2,086
Movement in net debt in year	31	<u>20,224</u>	<u>10,819</u>
Net debt at 1 August		(69,570)	(80,389)
Net debt at 31 July		<u>(49,346)</u>	<u>(69,570)</u>

Notes to the Financial Statements

Note 1. Funding body grants

	Year Ended 31 July 2013			Year Ended
	HEFCE £000	NCTL £000	Total £000	31 July 2012 Total £000
Recurrent grants:				
HEFCE Teaching	36,058		36,058	50,560
HEFCE Research	2,137		2,137	1,530
HEFCE Widening participation	7,396		7,396	6,132
Other funding bodies		2,881	2,881	4,916
Higher Education Innovation Fund	1,511		1,511	1,183
Specific grants:				
Releases of deferred capital grants:				
Buildings (Note 22)	1,210		1,210	1,161
Equipment (Note 22)	47	296	47	186
	48,458	3,177	51,635	66,180

Grants are mostly received from the Higher Education Funding Council for England [HEFCE] or from the National College for Teaching and Leadership [NCTL] in respect of teacher training.

Note 2. Tuition fees and education contracts

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
HE course fees		
Home and EC domicile students		
Full-time undergraduate	80,526	55,826
Full-time postgraduate	4,301	3,514
Part-time undergraduate	2,372	2,643
Part-time postgraduate	3,174	3,048
Overseas (non-EC) domicile students		
Overseas students	11,967	10,330
Sub-total HE course fees	102,340	75,361
Short course fees	762	983
Education contracts UK	327	226
Education contracts overseas	1,995	2,471
	105,424	79,041

Note 3. Research grants and contracts

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Research councils	15	149
UK based charities	535	288
UK central government, local, health and hospital authorities	691	505
UK industry, commerce, public corporations	454	236
EU government bodies	161	78
EU other	163	37
Other overseas	381	107
Other	15	-
	2,415	1,400

Note 4. Other income

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Knowledge trading	4,268	4,024
Residences, catering and conferences	19,792	21,293
Remaining other income	4,431	5,447
Deferred capital grants released in year (Note 22)	311	294
	28,802	31,058

The following income is included within the above figures:

Operating lease rentals in respect of Woodhouse Building (Note 12)	159	159
--	-----	-----

Note 5. Endowment and investment income

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Income from permanent endowment asset investments	1	1
Income from expendable endowment asset investments	2	-
Other interest receivable	620	291
	<u>623</u>	<u>292</u>

Note 6. Staff

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Staff costs		
Wages and salaries	77,622	80,775
Social security costs	6,330	6,646
Other pension costs (Note 32)	10,961	10,216
	<u>94,913</u>	<u>97,637</u>

The highest salary paid at 31 July 2013 represented 6.4 times the median pay at that date (2012: 6.5 times).

	£000	£000
Emoluments of the Vice-Chancellor		
Basic salary	215	215
Benefits in kind	-	-
	<u>215</u>	<u>215</u>
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:	30	30
Total emoluments	<u>245</u>	<u>245</u>

The Vice-Chancellor earned nil remuneration from any other positions held.

Compensation for loss of office

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2013, paid to former higher paid employees during the year amounted to £nil (2012: £40,000).

Remuneration of other higher paid staff, excluding employer's pension contributions

	Year Ended 31 July 2013 Number	Year Ended 31 July 2012 Number
£100,000 - £109,999	1	-
£110,000 - £119,999	1	1
£120,000 - £129,999	3	3
£140,000 - £149,999	2	2
	<u>7</u>	<u>6</u>

Average full-time equivalent

	Number	Number
Academic staff	1,047	1,089
Support staff	1,127	1,233
	<u>2,174</u>	<u>2,322</u>

Note 7. Governor remuneration

In accordance with the Instrument of Government, the Board of Governors has the power to remunerate the lay Chair and Chairs of Committees for their services as Governors. Governors who are also employees or students of the University are not entitled to claim such remuneration.

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Total Remuneration	<u>23</u>	<u>19</u>

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. Nine Governors (2012: Eleven) claimed expenses in the period.

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Total reimbursement	<u>5</u>	<u>5</u>

Note 8. Other operating expenses

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Student support	5,944	4,895
Teaching support	5,817	5,527
Staff support	4,041	3,835
Facilities management	19,063	17,411
Utilities	3,639	3,265
Equipment	3,875	3,667
Communications	1,172	1,119
Catering	1,982	2,148
Travel and subsistence	2,679	2,447
Consumables	1,412	1,654
Audit, legal and other professional services	2,611	2,262
Advertising and marketing	3,127	4,847
Insurance and financial expenses	1,800	2,320
	57,162	55,397

The following costs are included within the above figures:

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
External auditors' remuneration for:		
University audit services	49	49
Subsidiaries audit services	2	4
Non-audit work	7	9
Internal auditors' remuneration for non-audit work	67	68
Operating lease rentals - buildings	10,550	9,957
Operating lease rentals - Plant & equipment	430	420
Student Union grant	796	845

Note 9. Interest and other finance costs

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Finance leases	1,322	1,343
Interest payable on Capital Release scheme	2,372	2,392
Loans secured on residential properties	3,694	3,735
Bank loans wholly repayable within 5 years	-	-
Bank loans not wholly repayable within 5 years	1,487	1,602
Other interest payable	22	1
Due on pension provisions	530	667
FRS17 pension financing costs	(196)	(497)
	5,537	5,508

Note 10. Analysis of 2012/13 expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Interest Payable £000	Total £000
Academic departments	53,568	9,570	821	-	63,959
Academic services	11,457	4,539	949	-	16,945
Research grants and contracts	4,002	1,458	73	-	5,533
Residences, catering and conferences	1,500	12,660	1,328	3,694	19,182
Premises	4,290	13,024	5,977	-	23,291
Administration	17,863	14,028	239	1,843	33,973
Other services rendered	2,233	1,883	10	-	4,126
Total	94,913	57,162	9,397	5,537	167,009

The depreciation charge has been funded by:

	£000
Deferred capital grants released (Note 22)	1,568
Revaluation reserve released (Note 24)	2,670
General income	5,170
Depreciation per fixed assets (Note 12)	9,408
Profit on disposal	(11)
	9,397

Note 11. Exceptional items

	Consolidated and University	
	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Restructuring costs - pension costs (Notes 21 and 32)	-	1,297
Restructuring costs - other costs	65	4,756
(Surplus)/deficit on disposal of fixed assets	(82)	102
Other - costs resulting from water damage to buildings	19	5,337
	2	11,492

Note 12. Tangible assets
Consolidated and University

	Assets Under Construction	Land and Buildings	Owned Equipment, Furniture and Fittings	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 August 2012				
Valuation	-	410,375	-	410,375
Cost	1,758	27,987	26,917	56,662
	<u>1,758</u>	<u>438,362</u>	<u>26,917</u>	<u>467,037</u>
Additions at cost	2,816	3,425	2,974	9,215
Assets brought into use	(1,758)	1,758	-	-
Disposals and transfers in Year	-	(340)	-	(340)
Gain/(loss) on revaluation	-	(317)	-	(317)
At 31 July 2013				
Valuation	-	409,718	-	409,718
Cost	2,816	33,170	29,891	65,877
	<u>2,816</u>	<u>442,888</u>	<u>29,891</u>	<u>475,595</u>
Accumulated depreciation				
At 1 August 2012	-	(115,927)	(18,424)	(134,351)
Charge for year	-	(6,569)	(2,839)	(9,408)
Eliminated on disposals and transfers	-	149	-	149
Gain/(loss) on revaluation	-	429	-	429
At 31 July 2013	<u>-</u>	<u>(121,918)</u>	<u>(21,263)</u>	<u>(143,181)</u>
Net book value at 31 July 2013	<u>2,816</u>	<u>320,970</u>	<u>8,628</u>	<u>332,414</u>
Net book value at 31 July 2012	<u>1,758</u>	<u>322,435</u>	<u>8,493</u>	<u>332,686</u>
Financed by capital grant	-	54,785	120	54,905
Other	2,816	266,185	8,508	277,509
Net book value at 31 July 2013	<u>2,816</u>	<u>320,970</u>	<u>8,628</u>	<u>332,414</u>

On 30 June 1997 the University entered into a lease, with CVCP Properties plc, for part of the City Site, Woodhouse Building. Under the terms of the lease, which runs for 20 years, CVCP Properties plc is permitted to use the leased premises for educational purposes. The lease has been classed as an operating lease and the rental income is disclosed in note 4, Other Income.

On 30 June 1997 the University entered into an underlease, with CVCP Properties plc, for part of the City Site, Woodhouse Building. Under the terms of the lease, which runs for 20 years (less 3 days), the University is permitted to use the leased premises for educational purposes. The lease has been classed as an operating lease and the rental payments are disclosed in note 37, Financial Commitments.

Land & Buildings assets are all on land held freehold by the group and the University, except two sites with a leasehold at a cost of £28,003,000 (2012: £27,978,000) and a Net Book Value of £25,505,000 (2012: £26,097,000). Depreciation of leasehold buildings amounted to £226,000 (2012: £217,000).

Land & Buildings includes valuation and cost of £105,437,000 (2012: £105,437,000) and net book value of £81,944,000 (2012: £83,099,000) in respect of assets subject to finance leases held by both the group and the University.

DTZ Debenham Tie Leung, Chartered Surveyors, completed a full valuation of all the University's land and buildings on 31 July 2012, the results of which are recognised in these Financial Statements. The basis of valuing land and buildings is depreciated replacement cost, except properties available for sale, which are valued at open market value, and properties where the University leases the property but does not own the freehold, which are valued at cost less accumulated depreciation. The valuations were made in accordance with the guidance notes contained in the Statement of Asset Valuation Practice published by the Royal Institution of Chartered Surveyors. During the year additions are shown at cost and a change in valuation has only been made where a more accurate value for properties held at open market valuation has been identified. This resulted in a net gain of £112,000.

During 2005/6 the University entered into lease agreements with UPP Leeds Metropolitan Limited covering three student halls of residence comprising 1,559 bedrooms, referred to as the Capital Release Scheme. 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 lease agreement with UPP Leeds Metropolitan 2 Limited to finance the building of the Carnegie Village building on the Headingley campus.

Owned Equipment, Furniture and Fittings includes one Heritage Asset, the painting "The Golden Trees" by Joash Woodrow. This is valued at £25,000 being the purchase cost and, as a heritage asset, is not depreciated.

Note 13. Investments

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Fixed asset investments				
Wholly owned subsidiary companies:				
Leeds Metropolitan University Enterprises Limited			-	-
Other:				
CVCP Properties plc	37	37	37	37
	<u>37</u>	<u>37</u>	<u>37</u>	<u>37</u>

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.

Current asset investments

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Fixed interest deposits	46,250	25,250	46,250	25,250
	<u>46,250</u>	<u>25,250</u>	<u>46,250</u>	<u>25,250</u>

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

Note 14. Subsidiary undertakings

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

Leeds Power and Construction Services Limited was a wholly owned company established to act as an energy supplier to, and property developer for, the University. During 2011/12 the decision was taken that this company had fulfilled its purpose and would cease its activities, surrendering property leased from the University at market value. The company ceased trading on 23 December 2011, all its affairs were settled by 30 April 2012 and an application made to Companies House for the company to be struck off. This was done on the 28 August 2012 and these Financial Statements are prepared on the basis that this was the effective situation at 31 July 2012.

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.

Note 15. Associated company

The University owns 30% of the 10,000 £1 Ordinary shares issued by MyPeakPotential Limited (MPP), a company registered in England & Wales. MPP provides training in leadership, personal and management development in the UK, at its base in Germany. The University uses the services of MPP, to provide relevant training to students and staff, and MPP uses the services of the University, to provide relevant teaching as part of the courses it runs. MPP prepares Financial Statements up to 31 December. The University has also made loans to MPP at commercial interest rates partly secured against the assets of the business. In 2009/10, very difficult conditions and uncertainty in the property market, led the University to take a very prudent approach and provide for the full amount advanced. More favourable prospects in 2010/11 were supported by further advances and a formal repayment plan has been implemented with regular repayments of capital and interest which will repay amounts provided for in previous years.

The University acquired 45 shares out of 90 £1 Ordinary Shares issued, a 50% holding, in MoreLife (UK) Limited (MoreLife) (formerly Carnegie Weight Management Limited), a company registered in England & Wales. MoreLife provides services to tackle childhood obesity. The University provides only accommodation and related services. No services are supplied to the University by MoreLife. MoreLife was formed on 1 February 2011 and prepares Financial Statements to 31 March. The University's share of MoreLife profits are based on the unaudited management accounts to 31 July 2013.

	Consolidated and University	
	31 July 2013	31 July 2012
	£000	£000
Associated company investment		
Share of net assets at 1 August	12	11
Share of profit/(loss) for the period	34	6
less: Dividends received	(5)	(5)
Share of net assets at 31 July	<u>41</u>	<u>12</u>
Associated company loans	£000	£000
At 1 August	7	15
Repayments made	(7)	(8)
Balance at year end	<u>-</u>	<u>7</u>

Note 16. Endowment assets

	Consolidated and University	
	31 July 2013	31 July 2012
	£000	£000
Increase/(decrease) in cash balances	11	(5)
Movement for the year	11	(5)
At 1 August	179	184
At 31 July	<u>190</u>	<u>179</u>
Represented by:		
Cash and investment balances	190	179
	<u>190</u>	<u>179</u>

Note 17. Debtors

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	9,863	7,705	9,513	7,594
Due from group companies	-	-	34	-
Due from associated companies	14	4	14	4
Prepayments and accrued income	2,039	1,755	2,031	1,741
	<u>11,916</u>	<u>9,464</u>	<u>11,592</u>	<u>9,339</u>

Note 18. Creditors: amounts falling due within one year

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Bank loans (Note 20)	1,507	1,436	1,507	1,436
Trade creditors	10,693	10,162	10,594	9,959
Due to group companies	-	-	-	182
Interest accrued	881	931	881	931
Other taxation and social security	3,614	3,698	3,614	3,698
Accruals and deferred income	12,805	13,449	12,581	13,345
Finance leases (Note 20)	147	113	147	113
UPP Capital release creditor (Note 20)	821	723	821	723
	<u>30,468</u>	<u>30,512</u>	<u>30,145</u>	<u>30,387</u>

Note 19. Creditors: amounts falling due after more than one year

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Bank loans (Note 20)	34,428	35,935	34,428	35,935
Finance leases (Note 20)	20,339	20,486	20,339	20,486
UPP Capital release creditor (Note 20)	40,609	41,430	40,609	41,430
Other creditors due after more than one year	905	827	905	827
	<u>96,281</u>	<u>98,678</u>	<u>96,281</u>	<u>98,678</u>

Note 20. Borrowings

	Consolidated and University	
	31 July 2013	31 July 2012
	£000	£000
(a) Bank loan		
The bank loan is repayable as follows:		
In one year or less	1,507	1,436
Between one and two years	1,574	1,506
Between two and five years	5,193	4,949
In five years or more	27,661	29,480
	<u>35,935</u>	<u>37,371</u>

The above bank loan includes £3.923m repayable by instalments falling due between the year end and 2019, secured on a portion of the freehold land and buildings of the University. The remaining £32.012m represents amounts drawn down under various terms repayable between the year end and 2035.

(b) UPP Capital release scheme creditor

The net obligations to which the University is committed are:

In one year or less	821	723
Between one and two years	919	821
Between two and five years	3,344	3,050
In five years or more	36,346	37,559
	<u>41,430</u>	<u>42,153</u>

(c) Finance Lease

The net obligations to which the University is committed are:

In one year or less	147	113
Between one and two years	181	147
Between two and five years	744	643
In five years or more	19,414	19,696
	<u>20,486</u>	<u>20,599</u>

Note 21. Provisions for liabilities

	Consolidated and University	
	31 July 2013	31 July 2012
Unfunded pension liabilities:	£000	£000
At 1 August	14,016	12,839
Charged under exceptional items (Note 11)	-	368
Expenditure in the period	(866)	(873)
Interest charged in I&E (Note 9)	530	667
Actuarial (gains)/losses	850	1,015
At 31 July	14,530	14,016

Note 22. Deferred capital grants

	Consolidated and University		
	HEFCE	Other Grants	Total
	£000	£000	£000
At 1 August 2012			
Land and buildings	43,536	11,950	55,486
Equipment	167	89	256
	43,703	12,039	55,742
Cash received and receivable			
Land and buildings	731	-	731
Equipment	-	-	-
	731	-	731
Released to income and expenditure account			
Land and buildings	(1,210)	(222)	(1,432)
Equipment	(47)	(89)	(136)
	(1,257)	(311)	(1,568)
At 31 July 2013			
Land and buildings	43,057	11,728	54,785
Equipment	120	-	120
	43,177	11,728	54,905

Note 23. Endowments

	Consolidated and University		
	Permanent Restricted	Expendable Restricted	Total
	£000	£000	£000
At 1 August 2012	82	97	179
Additions in year	-	6	6
Income for year	1	2	3
Direct expenditure for year	(1)	(11)	(12)
Transfers	(21)	35	14
At 31 July 2013	61	129	190

Note 24. Revaluation reserve

	Consolidated		University	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	£000	£000	£000	£000
Net revaluation amount at 1 August	129,997	138,353	135,151	131,093
Revaluations				
At 1 August	189,209	194,875	193,568	186,820
Revaluations in year	112	(2,739)	112	9,675
Write down following water damage to buildings		(2,927)		(2,927)
Eliminated on disposals	(23)	-	(22)	-
	189,298	189,209	193,658	193,568
HEFCE reimbursement of inherited capital liabilities				
At 1 August	13,325	13,325	13,325	13,325
Reimbursed in year	-	-	-	-
	13,325	13,325	13,325	13,325
Contributions to depreciation				
At 1 August	(72,537)	(69,847)	(71,742)	(69,052)
Released in year	(2,670)	(2,690)	(2,756)	(2,690)
	(75,207)	(72,537)	(74,498)	(71,742)
Net revaluation amount at 31 July	127,416	129,997	132,485	135,151

Note 25. Income and expenditure account

	Consolidated		University	
	31 July 2013 £000	31 July 2012 £000	31 July 2013 £000	31 July 2012 £000
Income and expenditure account excluding pension reserve				
Surplus/(deficit) on continuing operations	21,931	(2,315)	21,929	(10,562)
FRS17 charges to income and expenditure account	2,129	564	2,129	564
Additional pension contributions made	(396)	(468)	(396)	(468)
Actuarial gain/(loss) on pension provision	(850)	(1,015)	(850)	(1,015)
Transfer unfunded pensions from pension reserve	-	-	-	4
Transfer from revaluation reserve	2,670	5,617	2,756	5,617
	25,484	2,383	25,568	(5,860)
At 1 August	43,702	41,319	38,548	44,408
At 31 July	69,186	43,702	64,116	38,548
Pension reserves (Note 32)				
FRS17 charges to income and expenditure account	(2,129)	(564)	(2,129)	(564)
Actuarial gain/(loss) on pension scheme	10,579	(33,003)	10,579	(33,003)
Additional contributions made	396	468	396	468
Transfer unfunded pensions to I&E reserve	-	-	-	-
	8,846	(33,099)	8,846	(33,099)
At 1 August	(66,616)	(33,517)	(66,616)	(33,517)
At 31 July	(57,770)	(66,616)	(57,770)	(66,616)
Total income and expenditure reserves:				
Income and expenditure account excluding pension reserve	69,186	43,702	64,116	38,548
Pension reserve	(57,770)	(66,616)	(57,770)	(66,616)
	11,416	(22,914)	6,346	(28,068)

Note 26. Reconciliation of consolidated operating surplus/(deficit) to net cash flow from operating activities

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Surplus/(deficit) on continuing operations after depreciation of assets at valuation	21,922	(2,320)
Depreciation and diminution in the value of fixed assets	9,408	9,624
(Surplus)/deficit on the disposal of fixed assets	(103)	4,369
Diminution (gain)/loss in value of land & buildings	-	639
Deferred capital grants released to income	(1,568)	(1,641)
Interest receivable	(623)	(292)
Interest payable	5,537	5,508
(Increase)/decrease in stock	4	33
(Increase)/decrease in operating debtors	(2,190)	1,254
Increase/(decrease) in operating creditors	(23)	3,547
Increase/(decrease) in provisions	(866)	(505)
Increase/(decrease) in pensions liability	1,929	593
Endowment fund transfers	9	-
Exceptional restructuring expenses	1,384	6,239
Net cash inflow/(outflow) from operating activities before exceptional items	34,820	27,048
Exceptional restructuring expenses	(1,384)	(6,239)
Net cash inflow/(outflow) from operating activities after exceptional items	33,436	20,809

Note 27. Returns on investments and servicing of finance

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Interest received	278	241
Interest element of finance lease rental payments	(1,322)	(1,343)
Other interest paid	(1,530)	(654)
UPP Capital release scheme interest	(2,372)	(2,392)
Net cash inflow/(outflow) from returns on investments and servicing of finance	(4,946)	(4,148)

Note 28. Capital expenditure and financial investment

	Year Ended 31 July 2013 £000	Year Ended 31 July 2012 £000
Purchase of tangible fixed assets	(9,300)	(6,759)
Proceeds from disposal of assets	325	354
Deferred capital grants received	731	556
Additions to investments	(34)	-
Repayment of investment	12	7
Net cash inflow/(outflow) from capital expenditure and financial investment	(8,266)	(5,842)

Note 29. Management of liquid resources

	Year Ended 31 July 2013	Year Ended 31 July 2012
	£000	£000
Deposits to investments	(21,000)	(15,237)
Movement on endowment assets	(11)	5
Net cash inflow/(outflow) from management of liquid resources	<u>(21,011)</u>	<u>(15,232)</u>

Note 30. Financing

	Year Ended 31 July 2013	Year Ended 31 July 2012
	£000	£000
Bank loan repaid	(1,436)	(1,380)
Capital element of finance lease rental payments	(113)	(81)
Other loans repaid	-	-
Movement in UPP Capital release creditor	(723)	(625)
Net cash inflow from financing	<u>(2,272)</u>	<u>(2,086)</u>

Note 31. Analysis of movement in net debt

	At 31 July 2013	Cash flows	At 31 July 2012
	£000	£000	£000
Liquid assets			
Cash in hand and at bank	2,065	(3,059)	5,124
Endowment assets	190	11	179
Short-term deposits	46,250	21,000	25,250
Debt due within one year			
Mortgages and unsecured loans	(1,507)	(71)	(1,436)
Obligations under finance leases	(147)	(34)	(113)
UPP Capital release scheme	(821)	(98)	(723)
	<u>(2,475)</u>	<u>(203)</u>	<u>(2,272)</u>
Debt due after one year			
Mortgages and unsecured loans	(34,428)	1,507	(35,935)
Obligations under finance leases	(20,339)	147	(20,486)
UPP Capital release scheme	(40,609)	821	(41,430)
	<u>(95,376)</u>	<u>2,475</u>	<u>(97,851)</u>
Total	<u>(49,346)</u>	<u>20,224</u>	<u>(69,570)</u>

Note 32. Pension and similar obligations

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 and contracted out of the State Earnings-Related Pension Scheme.

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 meet 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 17 (FRS17): 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 2013	Year Ended 31 July 2012
	£000	£000
Costs of TPS	(4,966)	(5,277)
Costs of USS	(238)	(152)
Costs of WYPF (See below)	(5,757)	(4,725)
Other pension costs and accruals	-	(62)
Total pension cost (Note 6)	<u>(10,961)</u>	<u>(10,216)</u>
Exceptional pension cost for early retirements (Note 11)	-	(1,297)
Total pension cost	<u>(10,961)</u>	<u>(11,513)</u>
The costs of WYPF are made up as follows:		
Current service cost	(5,757)	(4,725)
Past service costs	-	-
	<u>(5,757)</u>	<u>(4,725)</u>

As at 31 July 2013, there were 2,213 [2012: 2,174] staff members contributing to pension schemes, 1,034 [2012: 915] in the Teachers' Pension Scheme, 34 [2012: 24] in the Universities Superannuation Scheme and 1,136 [2012: 1,035] in the West Yorkshire Pension Fund.

Note 32. Pension and similar obligations continued**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. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

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 2012 employee contributions are changed to a tiered structure where contributions vary between 6.4% on salaries up to £14,000pa and 8.8% on salaries up to £112,000pa. The employers contribution is unchanged at 14.1% for 2012/13

On 9th March 2012, following the Independent Public Services Pensions Commission report (the 'Hutton Report'), a proposed final agreement has been published which will change the scheme to pay pensions based on career average rather than final salaries, together with other modifications to the scheme, to take effect in 2015.

There was a balance of £700,000 owing by the University as at 31 July 2013 (2012: £698,000 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.

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 next valuation at March 2008 has been suspended by HM Treasury while the revised scheme to be introduced in 2015 is agreed.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. A copy of this report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%. A valuation of the fund at 31 July 2008 was being undertaken but work has been suspended while the implications of the "Hutton Report" and the Government Spending Review are being considered.

Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme (USS) is a defined benefit scheme which is contracted out of the States Second Pension (S2P). 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, as required by FRS 17 "Retirement benefits", 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 period.

During the year, the University's contribution rate was 16.0% and the employees' contribution rate was 6.35% up to 1 October 2011 and then 7.5% from that date for members who joined before 1 October 2011 or 6.5% for members who joined after that date. There was a balance of nil owing by the University as at 31 July 2013 (2012: nil).

West Yorkshire Pension Fund (WYPF)

The actuaries to the WYPF completed a valuation of the Fund as at 31 March 2010 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 2011. Based on that valuation, the required employer contribution rate for the University was set at 11.5% of pensionable remuneration per annum, from 1 April 2011 to 31 March 2014. In addition an additional sum of £371,000 in 2011/12, increasing annually to £411,000 in 2013/14, 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 2010 valuation was carried out using the projected unit actuarial method.

During the year, the University's contribution rate was 11.5% and the employees' contribution rate ranged from 5.5% to 7.5%. The expected contribution for 2013/14 is £6.035m. There was a balance of £470,000 owing by the University as at 31 July 2013 (2012: £501,000).

Reconciliation of funded status to balance sheet		
	Value as at 31 July 2013 £m	Value as at 31 July 2012 £m
Fair value of assets	158.623	133.931
Present value of liabilities	(216.393)	(200.547)
Net pension asset / (liability) (Note 25)	<u>(57.770)</u>	<u>(66.616)</u>

Analysis of income and expenditure charge		
	Period ending 31 July 2013 £m	Period ending 31 July 2012 £m
Current service cost	(5.757)	(4.725)
less contributions already charged	3.432	3.664
Accrual to maintain current service costs per FRS17	(2.325)	(1.061)
Past service cost charged in staff costs	-	-
Total WYPF charges in staff costs	<u>(2.325)</u>	<u>(1.061)</u>
Interest cost	(8.277)	(8.708)
Expected return on assets	8.473	9.205
Expense recognised	<u>0.196</u>	<u>0.497</u>
Credit/(charge) to I&E excluding exceptional costs (Note 25)	(2.129)	(0.564)
Past service cost for early retirements charged as exceptional reorganisation costs	-	(0.929)
Total credit/(charge) including exceptional costs	<u>(2.129)</u>	<u>(1.493)</u>

Note 32. Pension and similar obligations continued

Analysis of amount recognised in Statement of Total Recognised Gains and Losses		
	Period ending 31 July 2013 £m	Period ending 31 July 2012 £m
Total actuarial gains/(losses)	10.579	(33.003)
Total gain/(loss) in STRGL (Note 25)	10.579	(33.003)

Changes to the present value of liabilities during the accounting period		
	Period ending 31 July 2013 £m	Period ending 31 July 2012 £m
Current service cost	5.757	4.725
Interest cost	8.277	8.708
Contributions by participants	2.000	2.158
Actuarial (gains) / losses on liabilities	4.868	25.959
Net benefits paid out	(5.056)	(4.713)
Past service cost charged to exceptional costs	-	0.929
Transfer liabilities to provisions (see Note 21)	-	-
Net increase/(decrease) in liabilities	15.846	37.766
Opening present value of liabilities	200.547	162.781
Closing present value of liabilities	216.393	200.547

Changes to the fair value of assets during the accounting period		
	Period ending 31 July 2013 £m	Period ending 31 July 2012 £m
Expected return on assets	8.473	9.205
Actuarial gains / (losses) on assets	15.447	(7.044)
Actual return on assets	23.920	2.161
Contributions by the employer	3.828	5.061
Contributions by participants	2.000	2.158
Net benefits paid out	(5.056)	(4.713)
Net increase/(decrease) in assets	24.692	4.667
Opening fair value of assets	133.931	129.264
Closing fair value of assets	158.623	133.931

Assumptions

The latest actuarial valuation of Leeds Metropolitan University's liabilities took place as at 31 March 2010. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS17 purposes were:

Principal financial assumptions		
	31 July 2013	31 July 2012
Percentage rates per annum:		
Discount rate	4.50%	4.10%
RPI inflation	3.60%	3.10%
CPI inflation	2.70%	2.10%
Rate of increase to pensions in payment	2.70%	2.10%
Rate of increase to deferred pensions	2.70%	2.10%
Rate of general increase in salaries *	4.05%	4.11%
* A detailed forecast has been made that averaged 4.05% at 31 July 2013 (2012: 4.11%) over the expected working life of members at that date.		
The assumed life expectations on retirement at age 65 are as follows:		
Retiring today:		
Males	22.1	22.0
Females	24.3	24.1
Retiring in 20 years:		
Males	23.9	23.8
Females	26.2	26.1
Commutation	50% take maximum pre 1 April 2010 entitlement, 75% take maximum post 31 March 2010 entitlement	

Expected return on assets						
	Long-term expected rate of return at 31 July 2013 (%pa)	Asset split at 31 July 2013 (%)	Long-term expected rate of return at 31 July 2012	Asset split at 31 July 2012 (%)	Long-term expected rate of return at 31 July 2011	Asset split at 31 July 2011 (%)
Equities	7.80	73.1	7.50	69.9	7.90	73.1
Property	7.30	3.0	7.00	3.6	7.40	3.6
Government bonds	3.30	11.4	2.50	13.3	3.90	11.6
Corporate bonds	4.00	5.7	3.20	5.7	4.70	4.0
Cash	0.90	3.8	1.40	2.8	1.50	2.1
Other	7.80	3.0	7.50	4.7	7.90	5.6
Total	6.80	100.0	6.40	100.0	7.20	100.0

Leeds Metropolitan University employs a building block approach in determining the rate of return on Fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 July 2013.

Note 32. Pension and similar obligations continued

History of experience gains and losses					
	As at 31 July 2013 £m	As at 31 July 2012 £m	As at 31 July 2011 £m	As at 31 July 2010 £m	As at 31 July 2009 £m
Fair value of assets	158.623	133.931	129.264	117.089	94.609
Present value of liabilities funded	216.393	200.547	162.781	167.253	170.032
Present value of liabilities unfunded				1.580	1.774
Surplus / (deficit)	(57.770)	(66.616)	(33.517)	(51.744)	(77.197)
Experience gains / (losses) on assets	15.447	(7.044)	0.587	8.036	(11.148)
- as a percentage of assets	9.7%	-5.3%	0.5%	6.9%	-11.8%
Experience gains / (losses) on liabilities	(0.071)	(0.991)	18.777	1.494	(0.439)
- as a percentage of liabilities	0.0%	-0.5%	11.5%	0.9%	-0.3%

Note 33. Related Party Disclosures

The University has taken advantage of the disclosure exemption under FRS8, which applies to transactions and balances between group entities that have been eliminated on consolidation.

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 may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations. All transactions totalling more than £1,000 are listed below:

Organisation	Name and position	Income		Expenditure		Balance owed/ (owing)
		£'000	in respect of	£'000	in respect of	
Association of University Administrators	Ms S Holmes - Board member			3	Subscriptions, training	-
Genesis Leeds	Mr W Hartley - Trustee			2	Social work practise learning	-
Horsforth School	Ms J Share - Governor	0	Course fees	1	Franchising fees	-
Kier Group	Mr Phil White - Director			210	Construction services	(210)
Leeds Carnegie Rugby Club	Dr P Smith - Board member Mr G Davies - Board member	5	Course fees, events	1,083	Facilities, hospitality, advertising	5
Leeds City College	Mr S Willis - Governor	162	Educational services	1	Consultancy, course fees, events	12
Leeds Community Healthcare NHS Trust	Professor S Glen - Non-Executive Director	15	Educational services	3	Staff secondment	(5)
Leeds Metropolitan Students Union	Ms M Cooper - Trustee Mr O Richardson - Trustee	11	Facilities services	845	Grants	(3)
Leeds York and North Yorkshire Chamber of Commerce	Mr S Willis - Director			6	Subscriptions	-
MoreLife (UK) Limited	Professor A Slade - Director	58	Facilities services	120	Research contract work	14
North Eastern Universities Purchasing Consortium (NEUPC)	Ms S Holmes - Trustee	0	Events	12	Subscriptions, training	-
NCUK	Mr A Disbury - Trustee			42	Student recruitment	-
Opera North	Ms A Bishop - Trustee	2			Course fees	0
Quality Assurance Agency for Higher Education	Dr P Smith - Auditor			80	Subscriptions	(40)
SCONUL	Ms J Norry - Committee Member			3	Subscriptions, training	-
UCISA	Mr H Lavery - Committee Member			6	Subscriptions, training	(0)
UK Council Deans Health	Mr I Ellis - Chair			4	Subscriptions, travel	-
Unipol	Mr A Didsbury - Trustee Ms J Share - Trustee	0	Events	435	Accommodation services	(58)
Unison Leeds Metropolitan branch	Ms M Begum - Chair			76	Staff contributions	-
Universities Chaplaincy in Leeds Trust	Professor S Glen - Trustee			17	Subscriptions	-
University of Bolton	Professor P Marsh - Unpaid Emeritus Professor	10	Course fees	0	Commissions	-
UPP Leeds Metropolitan University Limited	Mr M McClelland - Director	2	Donations	7,347	Facilities, facilities management, interest	-

Note 33. Related Party Disclosures continued

Organisation	Name and position	Income		Expenditure		Balance owed/ (owing)
		£'000	in respect of	£'000	in respect of	
Yorkshire County Cricket Club	Mr S Willis - Director	386	Facilities, facilities services	1	Publicity, facilities	37
	Mr G Davies - Director					
Yorkshire Universities	Professor S Price - Director			33	Subscriptions, recruitment	-

Members of the Board of Governors are required to declare any outside interests. 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.

Note 34. Access funds

During the year the Department for Business & Skills made Access to Learning Funds available in order to provide financial help to students whose access to higher and further education might be inhibited by financial considerations. During the year the University made a total of 1,028 awards (2012: 1,213) to students, helping with general hardship, accommodation, travel, childcare, disability and part time fees. The movements on the University's Access to Learning Funds can be summarised as follows:

	31 July 2013 £	31 July 2012 £
Amount held in creditors due within one year at 1 August	4,689	8,254
Funding body grants	430,272	466,240
Interest earned	2,931	2,155
Additional Contributions	21,135	-
	454,338	468,395
Disbursed to students	(457,347)	(470,325)
Audit fees	(1,680)	(1,635)
	(459,027)	(471,960)
Amount held in creditors due within one year at 31 July	-	4,689

Note 35. 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.

	31 July 2013 £	31 July 2012 £
Amount held in creditors due within one year at 1 August	14,700	14,700
Funding body grants		
Training bursaries	457,000	-
	457,000	-
Expenditure		
Training bursaries	(436,500)	-
	(436,500)	-
Amount held in Creditors due within one year at 31 July	35,200	14,700

Note 36. Capital commitments

	Consolidated and University	
	31 July 2013 £000	31 July 2012 £000
Commitments contracted and authorised at 31 July	9,785	1,317

Note 37. Financial commitments

	Consolidated and University	
	31 July 2013 £000	31 July 2012 £000
At 31 July the University had annual commitments under non-cancellable operating leases as follows:		
Land and buildings		
Expiring within one year	63	27
Expiring between two and five years	6,775	6,131
Expiring after 5 years	3,760	3,766
	10,598	9,924
Other		
Expiring within one year	35	79
Expiring between two and five years	235	235
Expiring after 5 years	-	-
	270	314

At 31 July the University was due to receive annual rent under a non-cancellable operating lease as follows:

	31 July 2013 £000	31 July 2012 £000
Land and buildings		
Expiring within one year	-	-
Expiring between two and five years	200	24
Expiring after 5 years	129	320
	329	344