LEEDS METROPOLITAN UNIVERSITY

FINANCIAL STATEMENTS

For the year ended 31st July 2011

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Operating and Financial Review

Introduction

Over the past year the higher education sector has witnessed fundamental change to the way it will be funded in the future. In October 2010, Lord Browne reported on university funding and made a number of recommendations which would change the way we – and our potential students – would operate and view higher education. A week later the Coalition Government announced the outcomes of the Comprehensive Spending Review and gave its initial response to the Browne review. A more detailed response was given on 3 November 2010 and, while uncertainties remained, it was clear that direct government funding to universities for teaching would be very significantly cut to be replaced by higher fees paid by students through government-backed loans. The new fees will apply from 2012–13 and will take our institution into uncharted waters and a new and uncertain environment for UK higher education.

Faced with this level of change, it is essential for quality, relevance and sustainability to remain our watchwords and for our strategic plan (of this title) to be at the heart of everything we do as we respond to these key challenges. The impact of higher tuition fees on demand for places will need to be carefully managed and will require flexible responses, as will the impact of student number controls, following the introduction of the core versus margin approach to the allocation of student quotas. We can also expect pressure on the value of our education contracts with other funding bodies. Maintaining an appropriate level of management and adaptive capacity will be a priority. We are also aware that the variability in fee levels across the sector may affect student demand and we are taking action to ensure that we are able to provide a significantly enhanced offer, and valuable student experience, in order to ensure the sustainability of our student numbers.

We expect that the shift in funding from government to student will raise students' expectations and place even greater emphasis on investment in quality. At the same time, the drive for more standardised information for students, for example the key information set, together with the introduction of new providers to the sector, will see an increase in competition. Balancing the delivery of value for money with investment in quality will continue to be essential. We will be seeking to further improve our offering in this area to ensure that we are able to offer more innovative teaching and learning and student support mechanisms, particularly on-line support and technology enhanced learning.

Key areas for growth will be in the markets which are unrestricted by Government, including postgraduate study and professional development. Another growth area remains in the recruitment of international students, although immigration controls may restrict opportunities. We have substantial pockets of success in research and enterprise activity; we intend to grow in this area. Increased commercialisation of research and enterprise activities and a greater focus on marketing, promotion and branding in this more competitive environment will be essential to ensure we are well positioned to develop new opportunities.

We remain confident that we are well-placed to meet the challenges now facing the sector and that our strategic plan will remain a crucial route map to guide us through the changed environment.

Operating and Financial Review (continued)

Our University

Based in Leeds, the largest financial district outside of the capital, we are a key financial player in the region, turning over around £170m per year, and contributing around £350m to the regional economy.

We are one of the most popular universities in the country and provide a relevant and innovative portfolio of undergraduate and postgraduate courses, as well as short courses, which we believe gives our students an excellent preparation for further study or the workplace.

We have almost 15,000 students based on our Leeds Campus with a further 14,500 studying offsite with partner organisations. Over 9,000 students study part time, and around 3,100 are on postgraduate programmes. Over 1,500 international students are studying with us in Leeds from around the globe and we have a world-leading reputation for international student support. We also deliver courses in communities around the world including in Zambia, The Gambia and Hong Kong.
Our heritage can be traced back to 1824 with the founding of one of our predecessor institutions, the Leeds Mechanics Institute. We achieved university status in 1992 after the amalgamation of a number of colleges, and since then have undergone a massive transformation to enable us to succeed in a competitive marketplace.

We continue to invest in our facilities and have inspirational learning environments which span two campuses. At our City Campus, our award-winning buildings have become landmarks within Leeds. Broadcasting Place, the home of our Faculty of Arts, Environment & Technology, was named the Best Tall Building in world 2010 by a council for global architects, best new building at the Leeds Architecture Awards and Best Commercial Development at the Yorkshire Property awards. The Rose Bowl, home of our Business School, was awarded the design excellence award at the Yorkshire Property Industry Awards 2010 and the Design and Innovation award at the RICS Pro Yorkshire Awards 2010. Our 100 acre Headingley Campus is just a few miles outside the city centre and is home to our Carnegie Sports Centre and facilities, as well as our sustainable Carnegie Village student accommodation.

Strategies and planning

Our University continues to work towards the targets we have set ourselves in our strategic plan. A number of strategies have been developed which underpin our overall University strategic plan which are critical in enabling staff to contribute and to meet our objectives. Our strategy map includes six secondary strategies which underpin our University's strategic plan:

- learning and teaching
- partnerships and collaborations
- research and enterprise
- human resources
- financial
- estates

Our supporting strategies include:

- quality enhancement
- e-learning
- schools partnerships
- widening participation
- employability

These are then supported by faculty and service annual plans. Good planning is the cornerstone of effective performance; it is a fundamental aspect of the thread which links our corporate objectives to team plans and, in turn, to the setting of individual personal goals through our Performance and Development Review (PDR) process which enables all colleagues to identify and demonstrate their contribution to our continuing development. A new annual planning process was initiated in 2010/11 and aims to embed our institutional Strategic Plan 2010-2015 at every level of our University. During the last year a number of revisions to the way we undertake our strategic planning process have taken place in order to both enhance and consolidate our annual planning cycle.

These have included:

- the alignment of our strategic planning, financial planning and student recruitment planning cycles;
- the derivation of core data sets to enable appropriate analysis, market research and performance monitoring to take place;
- the establishment of reporting cycles to monitor progress against agreed targets at an institutional level; and
- establishing baseline performance for each of the KPIs and the trajectory for completion.

In November 2010 our Board of Governors approved a series of Key Performance Indicators (KPIs) which were defined in our Strategic Plan 2010-2015. The KPI baseline performance is from 2012 agreed targets and has been projected to the end of the plan in 2015. Achievement of the KPIs is not only key to the success of our University but also to providing the high quality learning and teaching and the responsive research and enterprise environment we need for the future. As we move forward these will be regularly monitored by our Corporate Management Team and our Board of Governors to ensure we achieve our goals.

Strategic plan - our progress

Our University's vision is to be acknowledged for our commitment to student success, our innovation and enterprise, our global reach and strong local impact. We believe that we have made significant progress in 2010/11 and that there is potential for further progress.

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

Our academic development has been a major area of progress for us involving the refocusing of our undergraduate curriculum – including the development of a new undergraduate framework – which was agreed by our Academic Board. This project has directly acted on feedback from students and employers and will see students undertaking deeper learning, with our new graduate attributes embedded across the curriculum, to ensure our students' employment prospects are enhanced. Our future graduates will be enterprising, digitally literate and have a global outlook. Streamlining our quality and course approvals processes are also seen as positive steps towards the overall development of our academic portfolio and we are sure these changes will provide many opportunities for our students in the future. We have also improved our Careers Service area to enable our students to benefit from their wide experience and employer contacts.

Operating and Financial Review (continued)

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

We have consolidated our NSS position this year and have put in place a robust action planning process to ensure improvements in the student experience across all of our provision. A number of our courses achieved exceptional scores for overall satisfaction including:

- BA Psychology & Society 100%
- BA Human Geography 100%
- FD Sports Performance 100%
- BA Entertainment Management 97%
- BSc Nursing – Adult Health 97%

We also scored very highly in questions related to provision of resources such as our library which was very highly rated exceeding the sector average.

We intend to harness this success and share good practice across our University. Our overall position for satisfaction at our University remained relatively static at 77%, but we are committed to improving this to at least 85% within a short period.

The Centre for Learning and Teaching has been established, and works closely with faculties in particular to enhance the student experience.

Our University has established a widening participation sub-group of the university's Quality Enhancement Group, to assess progress and to advise on action to improve our position in this area. Our Higher Education Statistics Agency (HESA) indicators show that students from a Widening Participation (WP) background that enter the University are more likely to progress through their degree as we exceed most of the performance indicators for retention in this area. Progress has also been made in ensuring that our reputation for employability is borne out in the statistics and we are working on ways to improve our delivery of the DLHE survey in future; in 2009/10, 88.9% leavers obtaining first degrees from full-time courses and 94.0% of leavers obtaining first degrees from part-time courses went on to employment or further study. We have also published a new Employability Strategy to support us in this work.

International students enjoy their experience here. In the Autumn Wave of the International Student Barometer, which tracks the opinions of international students at 203 institutions worldwide, Leeds Met's international students rated us second overall in the United Kingdom, out of 59 participating institutions. Our University was rated first for learning spaces, accommodation quality and language support. The survey also reported that 87 per cent of our international students asked would strongly encourage friends and family from home to apply to study at Leeds Metropolitan.

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

We have continued to grow our outputs in this area, with more academic staff engaging in research and enterprise activity, and our many pockets of excellence across the University continuing to shine. Working with well-known internationally recognized organizations we are making an impact on businesses in the region and beyond. In total, we produced 1,268 research outputs, including conference papers and journal articles. We submitted a total 208 of grant applications, generating £1.8

million in income to supplement the funding we receive as a result of our successful performance in the Research Assessment Exercise 2008. We are now looking ahead and preparing for REF 2014 through which we plan to grow our income and impact in our areas of research expertise.

Our performance in securing HEIF income was also ahead of all of our benchmark institutions; we will receive just over £1.5m per annum over the four year period 2011-2015, making us the most successful of all post-1992 universities in Yorkshire in securing this funding stream.

Going forward our new Research Institutes will provide focal points for research and innovation excellence across our University and reinvigorate interest in our work from colleagues and partners from within industry and across academia.

We are also working to reduce the average time for the completion of a research doctorate from 4.17 to less than 4 years.

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

Our people are critical to our success, and a major achievement of the previous year has been to continue to recruit senior staff with the skills and experience to lead our University in strategically important areas. Three new Deputy Vice Chancellors joined our University during 2010/11:

- Professor Sally Glen, Deputy Vice Chancellor, Student Experience;
- Professor Andrew Slade, Deputy Vice Chancellor, Research & Enterprise; and
- Dr Paul Smith, Deputy Vice Chancellor, Strategic Development.

We also welcomed a new Director of the International Office, Andrew Disbury, to manage the recruitment of our international students and a new Dean of Arts, Environment & Technology, Professor Mohammad Dastbaz.

In our staff survey, we increased the participation rate to 65%, and 77% of our colleagues who participated in the recent staff survey said that they were proud to work for our University (up from 64% at the last survey). These important staff engagement indicators continue to be priorities for action, especially as we approach our next full staff survey in spring 2012.

How we work together across our University has also been an area of focus for us as we move towards a more customer-focused approach throughout our operations. We are committed to achieving the Customer Service Excellence standard for our University and a project team, with champions on board from across our University, has been established. We have commissioned an external provider to deliver a bespoke customer service training programme which will start with the Corporate Management Team in November and this will be rolled out to all staff over the coming year.

A new suite of management training has been launched for colleagues and we continue to work towards ensuring that there are opportunities for promotion and progression for our colleagues. A significant number of our staff took part in development activities provided by the People Development Team in addition to the range of other personal and professional development activities across our University and we will further improve this year-on-year.

Operating and Financial Review (continued)

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

We have seen encouraging progress in this area over the past year, not least by increasing our operating surplus and exceeding our original 2015 target, and so will revise our targets in this area. Great steps forward have been made in space management and our auto timetabling, brought in this year, has seen positive results. Steady progress is being made to increase the number of our buildings in categories A and B and this year our Carnegie Pavilion came online as a cutting edge new teaching and learning space for our students.

Recruitment

Our application figures for undergraduate recruitment have remained strong, and we were the 6th most popular university in terms of undergraduate applications through the UCAS system in the UK for 2010/11, with 45,806 applications through UCAS for home students. 28,426 students enrolled with us in 2010/11.

Undergraduate Applicants

Faculty	UK	EU Fundable	Onsite Overseas	Total
Arts, Environment & Technology	10,866	469	447	11,782
Carnegie	14,688	647	432	15,767
Finance, Business & Law	8,619	437	825	9,881
Health & Social Sciences	11,633	435	268	12,336
Total	45,806	1,988	1,972	49,766

Our postgraduate recruitment recorded 5,055 applications and we held our first dedicated postgraduate open evenings, part of a campaign to boost numbers in this area, across the span of our strategic plan. Postgraduate taught and research students remain areas in which we can grow our student numbers - and income - without restriction.

Sustainability

The key to our sustainability is being flexible and adaptable to market trends. We therefore keep under regular review the courses and other activities on offer, to identify areas for investment as well as divestment. As well as financial performance we pay particular attention to employability, student feedback, competitor analysis and strategic fit. Understanding our costs and ensuring their recovery, as well as a margin for future investment, is a priority.

We also keep our internal processes and organisation under continuous review, not only to ensure they are effective but also efficient so to liberate resource that can be invested in the quality of the student experience in the short and longer term.

We will continue to explore alternative methods for delivery of our academic portfolio, including accelerated two year degrees, to ensure a high quality and valued experience at an affordable price for all our students. We believe that through maintaining a flexible university with the appropriate academic, financial and managerial capacity, we can respond to changing demands and needs of our existing and new customer base.

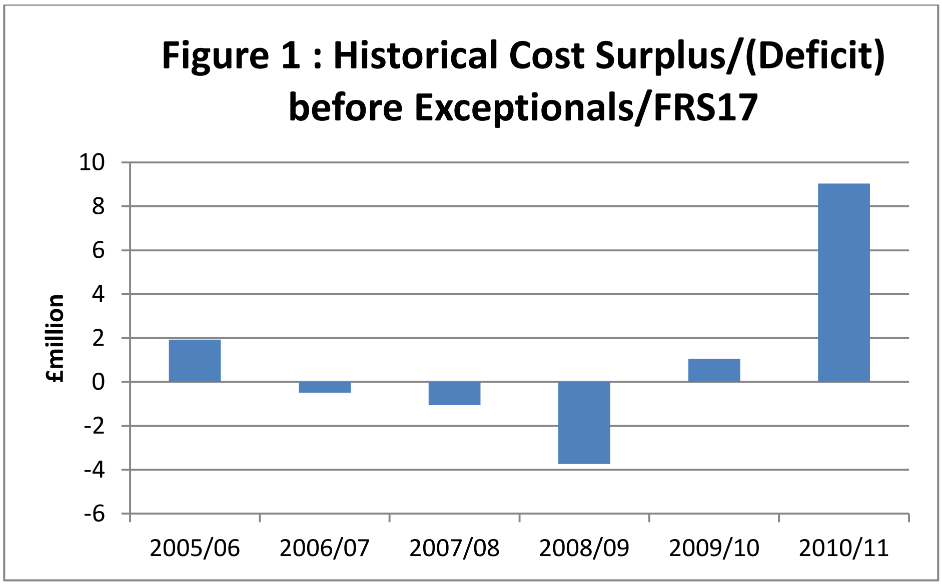
Operating and Financial Review (continued)

Financial update

Financial performance
Our historic cost surplus before exceptional items, FRS17 (accounting for retirement benefits) and the realisation of property revaluations in 2010/11 was £9.0m *[2009/10: £1.1m]* and is equivalent to 5.3% of our total income. It represents a £7.9m improvement from the results for 2009/10, reflecting a £7.3m increase in income together with a £0.6m reduction in expenditure which is significantly ahead of our planned performance for that year. After exceptional items and the realisation of property revaluations, the surplus translates into a surplus of £11.1m *[2009/10: £0.2m deficit]* before the effects of FRS17.

Whilst our funding council grants fell by over the year by £2.0m following the introduction of further efficiency improvements sought by the government, our tuition fee income increased by £8.3m reflecting the first year of the increase in our tuition fee for first year home undergraduate students from £2,000 to £3,290, in line with the vast majority of other universities. Income from research grants and contracts fell slightly during the year, reflecting our largely publicly funded research base, whilst other income increased by over £2m, predominantly due to growth in our catering and student residence operations.

Despite continuing inflationary pressures through the year, total expenditure fell by £0.6m. Excluding the effects of FRS17, staff costs fell by £1.1m reflecting how we are effectively refocusing our internal operations. Other operating expenses fell by £1.3m as a result of continuing value for money and other measures designed to reduce the University's overall cost base. Depreciation charges increased following the completion of our new Carnegie Pavilion and following an adjustment to the residual lives of our synthetic sports pitches, which are now being renewed. Interest payable, excluding the effects of FRS17, increased during the year reflecting how 2010/11 is the first full year following a restructuring of our loan facilities in May 2010. Figure 1 illustrates how our historic cost surplus before exceptional items and the realisation of property revaluations compares to previous years.



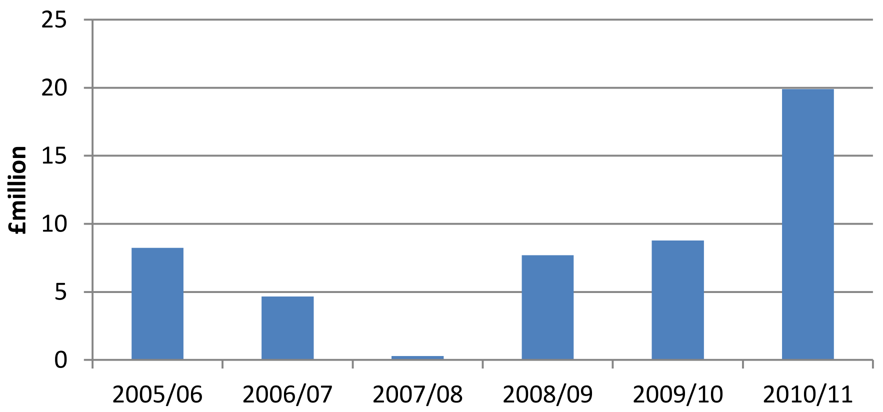
Exceptional items include restructuring costs that will deliver equivalent annual savings within 12 months and gains from the realisation of property revaluations following the disposal of buildings at our City Campus and at Harrogate.

Operating and Financial Review (continued)

A valuation of our share of the West Yorkshire Pension scheme liability reduces our reported surplus for the year by £1.0m *[2009/10: £6.7m]*. The valuation reflects the accrual of current service costs of £0.5m *[2009/10: £2.7m]* together with net interest charges on the University's liability of £0.5m *[2009/10: £4m]*. Taking into account the effects of FRS17, our historic cost surplus after exceptional items and the realisation of property revaluations, increases to £10.1m *[2009/10: £6.8m deficit]*. The actuaries also reported that our liabilities were lower than previously estimated resulting in a reduction in liabilities of £18.2m.

Cash inflows from operating activities before exceptional items amounted to £19.9m during the year *[2009/10: £8.8m]* which was equivalent to 11.6% of our total income and was sufficient to provide 3.7 times cover on our interest payable (excluding the effects of FRS17). After exceptional items our cash inflow amounted to £19.5m *[2009/10: £6.7m]*. Figure 2 illustrates how our cash inflows from operating activities (before exceptional items) compares to previous years.

Figure 2 : Cash Inflow from operating activity before Exceptionals



Capital expenditure amounted to £4.0m *[2009/10: 39.3m]* during the year, reflecting how we have now completed our major redevelopment of premises and facilities at both our City and Headingley campuses. This was funded through capital grants received during the year amounting to £2.8m and proceeds from the disposal of property of £5.3m.

Liquidity levels at the end of the year (cash and short term investment balances) amounted to £21.6m [2009/10: £5.9m] representing 50.8 liquidity days. We also continue to have access, if required, to £15m of short term loans through a short term revolving credit facility provided by Lloyds Bank PLC until March 2020. Taking this facility into account, the amount of cash available to the University at the 31st of July amounted to £36.6m, representing 86.1 liquidity days.

We reduced our long term borrowings by over £2.3m during the year to £100.9m, of which £62.8m relates to the development of, and is directly funded by, our student residences. Our long term borrowings will continue to reduce steadily over the medium term as we make repayments in accordance with agreed repayment plans. Resulting total net assets, before the FRS17 pension liability, increased by £5m (2.2%) during the year.

Operating and Financial Review (continued)

The table below summarises our key financial data for the last 6 years.

	2005/06 £m	2006/07 £m	2007/08 £m	2008/09 £m	2009/10 £m	2010/11 £m
Total Income	137.9	146.0	160.8	164.5	164.8	172.1
Total Expenditure adjusted for historic cost expenditure (before FRS17)	(136.0)	(146.5)	(161.8)	(168.2)	(163.8)	(163.1)
Historical cost surplus/(deficit) before exceptional items and FRS17	1.9	(0.5)	(1.1)	(3.7)	1.1	9.0
Exceptional gains/(losses)	(0.8)	2.7	(3.7)	3.1	(1.2)	2.1
Historical cost surplus/(deficit) after exceptional items and FRS17	1.1	2.3	(4.7)	(0.6)	(0.2)	11.1
Staff costs as % Income	62.4%	63.4%	61.8%	63.7%	61.9%	57.3%
Cash inflows from operating activities before exceptional Items	8.2	4.7	0.3	7.7	8.8	19.9
Cash and short term investment balances	27.2	18.9	0.1	0.5	5.9	21.6
Long term borrowings funded from student residences income	44.3	44.1	43.7	43.3	63.7	62.8
Other long-term borrowings	5.9	5.7	7.2	34.9	38.8	37.4
Total fixed assets	244.1	281.4	287.7	325.4	358.4	345.0
Total net assets before pension liability	195.3	228.5	208.2	222.2	231.6	236.7

Going forward, our target key performance indicators reflect our intention to be self-sufficient, through balancing our generation of cash between the need to deliver value for money and the need to invest in quality in order to retain our competitive advantage. Our plans are to return annual historic cost surpluses equivalent to 5% of our turnover, which will yield cash inflows from operations equivalent to c.10%. Our performance in 2010/11 has already met these targets. After loan capital and interest repayments, the balance of cash available for reinvestment will be equivalent to c.5% of turnover, which currently we believe will provide us the necessary investment capacity to remain competitive. We plan to keep this under close review as our external funding and control environment continues to develop over comings months and years.

Our plans also provide for us to maintain cash balances at current levels so to provide the working capital necessary to cover changes in grant and tuition fee payment profiles. Long term loans will be reduced in accordance with agreed repayment plans. With currently only £17m of our loans subject to variable interest rates our exposure to rate changes will be balanced by interest receivable on the cash and investment balances mentioned above. In the event of exceptional cash generation then we retain the option of reducing our interest payments through making additional capital repayments.

Operating and Financial Review (continued)

Achieving our academic objectives in recruiting and retaining students and our research and enterprise objectives are integral to the achievement of our financial plans. In the event these prove to be out of reach we will make appropriate compensating adjustments, to expenditure and other areas of business, but our overall financial objectives described above will remain.

Financial risk
We model and plan a variety of scenarios to ensure that we understand the impact of potential changes and in order to identify mitigating actions where necessary. We ensure that our plans contain sufficient flexibility to enable us to respond quickly and appropriately. We also include contingency within our plans.

Reduction in public funding over the coming years is now certain and is included within all of our strategic plans. The key risk we face concerns the recruitment of full-time undergraduate students from 2012 following the introduction of higher tuition fees and the core versus margin approach to the allocation of student numbers. Whilst we remain popular and have the capacity to grow, there remains the risk that our student population may be constrained by government imposed limits. Of course there remain opportunities to grow our income in other areas mentioned, such as postgraduate, Continuing Professional Development and research & enterprise.

Increasing pension costs, pay and non-pay inflation and interest rate movements are a continual threat. Performance is continually monitored and financial risks are regularly reviewed through our University's risk management processes.

Public benefit statement
Our University's charitable purpose is the advancement of education for the public benefit. Our students and the recipients of our research and knowledge transfer activities are our primary beneficiaries and, through them, we contribute to the cultural and economic enrichment of our region and beyond. The Board has had regard to the Charity Commission's guidance on public benefit.

In 2010/11, our undergraduates were studying on 432 courses. We also delivered 224 postgraduate taught courses, and supervised 450 individual research programmes. Over 7,000 of our undergraduate students graduated during the year. Entry to our courses and research programmes is open to candidates with a wide variety of academic qualifications. There is no geographical restriction on entry and we currently have students from 122 countries studying on our Leeds based campuses, and courses being delivered in 23 countries around the world.

Many of our courses are professionally oriented and in total we maintain accreditation with 77 professional, statutory, and regulatory bodies. The results of the Destinations of Leavers of Higher Education survey demonstrate our students' sound record in employability: in 2009/10, 88.9% leavers obtaining first degrees from full-time courses and 94.0% of leavers obtaining first degrees from part-time courses went on to employment or further study.

Through our college partnerships we have extended the reach of higher education into areas with traditionally low participation. In 2010/11, the partner colleges delivered 449 courses to 13,084 students.

Like all other English universities, Leeds Metropolitan charges tuition fees to students. Government support is available through the student loans system and

Operating and Financial Review (continued)

additional support for students on low income families. The University has an access agreement with OFFA and provides additional bursaries to students as well as the Access to Learning Fund and hardship fund. In 2010/11 we paid £1,087,000 in bursaries to 2,174 students. In 2009/10, 93.3% of our young full-time undergraduates were from state schools or colleges, 32.7% from NS-SEC classes 4, 5, 6 & 7, and 14.6% from low participation neighbourhoods. We have a strong track record in raising aspirations and widening participation through our participation in Aim Higher and other activities. In 2010/11, 15,000 young people took part in our programme of one-day events, targeted projects, and summer schools.

In 2010/11, 30% of our academic employees were classed as research active and this is an area in which we continue to develop. In total, we produced 1,268 research outputs, including conference papers and journal articles. We submitted a total 208 of grant applications, generating £1.8 million in income to supplement the funding we receive as a result of our successful performance in the Research Assessment Exercise 2008. We have two knowledge transfer partnerships which enable us to translate our expertise directly into the business environment.

Corporate Governance Statement

Leeds Metropolitan University is a higher education corporation established under the Education Reform Act 1988 ("ERA"). 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'. These powers constitute the objects of the University. The charitable purpose of the University, as defined in the Charities Act 1993, is the advancement of education for the public benefit. The University is an exempt charity under schedule 2 of the Charities Act 1993.

The University's framework of governance is established in the Instrument and Articles of Government, amendments to which are subject to the consent of the Privy Council. The Board of Governors is committed to high standards of corporate governance and is satisfied that the University has complied with the Committee of University Chairs ("CUC") Governance Code of Practice (March 2009). The University continues to conduct 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).

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.

Structure of governance

The Board of Governors is the governing body of the University. For the purposes of charity law, the members of the Board of Governors are the trustees of the University. The Board's responsibilities are set out in the University's Articles of Government and the Financial Memorandum with HEFCE, and, in accordance with CUC guidance, a Statement of Primary Responsibilities has been adopted. The Board is responsible for determining the educational character and mission of the University; safeguarding its good name and values; the effective and efficient use of resources, the solvency of the institution and for safeguarding its assets; approving annual estimates of income and expenditure; setting and monitoring corporate strategies, policies, and regulations; putting in place effective systems of control and accountability; being the employing authority for all staff.

The matters 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; appointing the external auditors.

In the year ended 31 July 2011, the Board met six times and held two away days. It considered, amongst other things, the strategic development of the University, medium and longer-term planning, the solvency and financial sustainability of the institution, oversight of academic quality and standards, and the opportunities and risks associated with institutional strategy.

Lord Woolmer of Leeds was appointed Chair of the Board on 5 October 2010. Keith Ramsay was interim Chair in the period from the start of the financial year until Lord Woolmer's appointment, and resumed office as Deputy Chair thereafter. The Chair is responsible for running the Board. The Vice Chancellor Professor Susan Price is the Chief Executive Officer and is responsible for the organization, direction, and

Corporate Governance Statement (continued)

executive management of the University. This represents a clear division of responsibilities and accountabilities. The Vice Chancellor is the 'Accountable Officer' for the purposes of the Financial Memorandum with HEFCE.

During the year, the Board of Governors comprised nine independent governors, four co-opted lay governors, two co-opted staff governors, two co-opted student governors, two nominees of the Academic Board, and the Vice Chancellor. The majority of governors are lay members of the Board, being neither students nor staff of the University. The composition of the Board accords with the Instrument of Government. From 01 August 2010, Carley Birkin and Liam Challenger replaced Lewis Coakley and Will Watson as the Students' Union nominees on the Board.

During 2010/11 the Board conducted a rigorous recruitment process to replace lay Governors Judy Atchison, Brian Bouttell, Tony Longworth, and Maurice Miller who retired from the Board at the end of August 2011. The Board is delighted to welcome the following new lay Governors who take office on 01 September 2011 bringing with them substantial and complementary managerial and technical experience of different sectors:

- Ann Bishop, managing director of a consultancy firm;
- Susan Cooklin, chief information officer for a national infrastructure company;
- Jean Dent, until recently Director of City Development at a major city council; and
- Thea Stein, chief executive of a major regional development agency.

New Governors receive a personalized induction programme and all Governors are eligible to take part in relevant development at the University's expense. 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.

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 and for general issues relating to teaching and research. Its membership of 40 is drawn entirely from staff and students.

The Board of Governors undertook a major review of its effectiveness in 2009/10 and has implemented all recommendations in 2010/11. An annual review of effectiveness in 2010/11 has taken place comprising a questionnaire and individual meetings between the Chair and all Governors.

Committees of the Board of Governors

The Board discharges its responsibilities through formally constituted committees. The Board has established terms of reference for each committee which clearly set out the powers delegated by the Board and the committee's authority to take decisions and act on behalf of the Board. Committees are required to make a full report to the Board of their activities, including any decisions taken under delegated authority. The composition of committees is designed to ensure an appropriate balance of lay members of the Board. The roles of committees are summarized below and a table indicates their membership in the year ended 31 July 2011.

The **Audit Committee** is responsible for scrutinizing the financial statements, reviewing the internal control environment, overseeing risk management processes and advising the Board on risk management policy, overseeing the internal audit

Corporate Governance Statement (continued)

activities, and recommending the appointment of internal and external auditors. This year, the Audit Committee met four times. Senior executives, including the Vice Chancellor, attended meetings as required, but are not members of the Committee. The internal and external auditors are entitled to attend the Audit Committee's meetings; there are opportunities for members of the Committee to meet the internal and external auditors for discussions independently of the executives.

The **Chairs' Committee** has delegated authority to take decisions on matters of importance which would normally be referred to the Board of Governors but which are agreed by the Chair, the Clerk, and the Vice Chancellor to require urgent decision outside the ordinary cycle of meetings. The Committee did not meet in 2010/11. One matter was determined by correspondence.

The **Employment & Staffing Committee** advises the Board on policy and strategy relating to employment, health and safety, and diversity. The Committee met three times in 2010/11.

The **Estates Strategy Committee** advises the Board on estates development matters and has delegated authority to authorize expenditure and the acquisition and disposal of property within limits established by the Board. The Estates Strategy Committee met three times in 2010/11.

The **Finance & General Purposes Committee** is responsible for advising the Board on the financial health and solvency of the University, financial strategy, annual financial plan, and financial forecasts. It has delegated authority to approve income and expenditure contracts within limits established by the Board. The Committee met three times in 2010/11.

The **Governance & Nominations Committee** is responsible for advising the Board on the appointment and reappointment of lay governors and the Chair and Deputy Chair of the Board. It also advises the Board on developments and good practice in governance and the conduct of the Board's business. The Committee met four times in 2010/11. In accordance with CUC guidance, the Committee has co-opted a senior member of academic staff to complement the expertise of its governor members.

The **Senior Staff Remuneration Committee** is responsible for determining and reviewing the salaries and terms and conditions of the Vice Chancellor and Clerk to the Board. The Vice Chancellor and Clerk withdraw from meetings when their own remuneration and / or terms and conditions are under discussion. The Committee met three times in 2010/11.

Corporate Governance Statement (continued)

	Membership category	Board of Governors	Audit Committee	Chairs' Committee	Employment & Staffing Committee	Estates Committee	Finance & General Purposes Committee	Governance & Nominations Committee	Senior Staff Remuneration Committee
Lord Woolmer of Leeds	I	C		C			M	C	C
Keith Ramsay	I	DC		M	C	M	M	M	M
Judy Atchison	I	M					M		M
Gabrielle Atmarow	I	M	M		M				
Alan Baker	I	M		M		C	M	M	
Carley Birkin	SU	M				M			
Brian Bouttell	C	M		M		M	C		M
Janet Carr	S	M				M			
Liam Challenger	SU	M				M		M	
David Chiddick	C	M							
Ieuan Ellis	A	M				M			
Annette Hall	I	M							
Bill Hartley	I	M	M			M			
Susan Price	VC	M		M	M	M	M	M	M
Tony Longworth	C	M	M						
Sam Marshall	I	M	C	M	M			M	
Maurice Miller	I	M	M		M				
Jayne Mothersdale	A	M							
Iqbal Sacranie	C	M					M		
Sue Sherwin	S	M				M		M	
Paul Smith	X							M	
Category:	A=Academic Board nominee; C=Co-opted lay; I=Independent; S=Co-opted staff; SU=Co-opted student; VC=Vice Chancellor; X=Co-opted committee member								
Committee:	C = Chair; M = Member								

Internal control and risk management

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 Financial Memorandum with HEFCE. The Vice Chancellor is responsible for implementing the system of internal control agreed by the Board.

The system of internal control which the Board has adopted is designed to manage rather than eliminate risk and to provide reasonable, but not absolute, assurance of effectiveness. Governors recognise that some risks will always exist; the Board's approach is to ensure that risks can be managed effectively in a manner which does not diminish the entrepreneurial spirit and dynamism which are central to the University's strategic direction. To that end, the system of internal control consists of an ongoing process designed to identify the principal risks to the achievement of our aims and objectives, evaluate the nature and extent of those risks, and to manage them efficiently, effectively, and economically. The Board is satisfied that this system has been in place for the year ended 31 July 2011 and up to the date of approval of the financial statements, and that it accords with HEFCE guidance.

Risk management is carried out in accordance with the Risk Management Policy which was approved by the Board in the year ended 31 July 2009. The steps taken in the year ended 31 July 2011 to implement and embed the Risk Management Policy include:

- charging the Registrar & Secretary with principal management responsibility for risk management and business continuity planning, supported by the Head of Governance & Legal Affairs;
- holding four meetings of the Risk Advisory Group, chaired by the Head of Governance & Legal Affairs, to advise the Corporate Management Team and the Audit Committee of the management and reporting of risks;
- nominating individuals in each Faculty and service directorate to lead on risk management and reporting;
- putting in place a corporate register of strategic risks which is reviewed monthly by the Corporate Management Team and quarterly by the Risk Advisory Group and the Audit Committee;
- putting in place risk registers for each Faculty and service directorate which are aligned to the corporate risk register and reviewed regularly by the local management team, quarterly by the Risk Advisory Group, and twice yearly by the Audit Committee;
- providing risk management training for members of the Risk Advisory Group and the Corporate Management Team;
- regular review of risk management and internal control systems by the Audit Committee, reporting to each meeting of the Board;
- conducting an annual review of risk management which is reported through the Risk Advisory Group and the Corporate Management Team to the Audit Committee.

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 Board's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the University's senior executives, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Corporate Governance Statement (continued)

Statement of the Board's Responsibilities for the Financial Statements

In accordance with the University's Instrument and Articles of Government, the Board of Governors is responsible for the financial health and solvency of the University, including approving financial plans and presenting audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the University and which enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Accounts Direction issued by HEFCE, the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP), and applicable UK law and relevant accounting standards. In addition, under the terms of the Financial Memorandum with HEFCE, 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 causing the financial statements to be prepared, the Board ensured that:

- suitable accounting policies are selected and applied consistently;
- judgments and estimates are made that are reasonable and prudent;
- applicable UK law and accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Board has taken reasonable steps to ensure that:

- in all material respects, funds from HEFCE and other similar funding bodies are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with HEFCE and any other terms and conditions which HEFCE may from time to time prescribe;
- there are appropriate financial and management controls in place to safeguard public and other funds and to ensure that they are used properly;
- the assets of the University are safeguarded and that reasonable steps are taken to prevent and detect fraud; and
- the economical, efficient, and effective management of the University's resources are secured.

Approved by the Board of Governors of the Leeds Metropolitan University Higher Education Corporation on 25 November 2011 and signed on its behalf by:

Matthew McClelland
Acting Secretary & Clerk to the Board of Governors

Independent auditors' report to the governing body of Leeds Metropolitan University

We have audited the group financial statements (the ''financial statements'') of Leeds Metropolitan University for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Historical Cost Surpluses and Deficits, the Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Principal 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 the Board's Responsibilities for the Financial Statements 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.

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.

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 Financial Statements 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. This other information comprises the Operating and Financial Review and Corporate Governance Statement.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and with the HEFCE Accountability and Audit Code of Practice contained in the Financial Memorandum 2008/19. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the governing body in the preparation of the financial statements, and of

Accounting policies (continued)

whether the accounting policies are appropriate to the institution's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

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 2011 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 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 instruments and 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 the following matter 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 institution and group.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
25 November 2011

Accounting policies (continued)

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 for the financial year to 31st July 2010include 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.

Accounting policies (continued)

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*.

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

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.

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 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.

Accounting policies (continued)

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.

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 within the meaning of Schedule 2 of the Charities Act 1993 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.

Accounting policies (continued)

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.

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Consolidated Income and Expenditure Account for the Year ended 31 July 2011

	Notes	Year Ended 31 July 2011 £000	£000	Year Ended 31 July 2010 £000	£000
INCOME					
Funding Council Grants	1		72,294		74,303
Tuition Fees and Education Contracts	2		67,390		59,048
Research Grants and Contracts	3		1,742		2,368
Other Income	4		30,552		28,529
Endowment and Investment Income	5		140		582
Total Income			**172,118**		**164,830**
EXPENDITURE					
Payroll Costs excluding FRS 17 adjustments		98,250		99,357	
Accrual to maintain Current Service costs per FRS17		453		2,712	
Total Staff costs	6		98,703		102,069
Total Other Operating Expenses	8		51,089		52,425
Depreciation based on Historic Costs		7,606		6,962	
Depreciation of Revaluations		2,956		2,707	
Diminution		25		(445)	
Depreciation	10		10,587		9,224
Interest payable excluding FRS17 charges		6,122		5,446	
Net Pension financing charges per FRS17		541		3,960	
Interest Payable	9		6,663		9,406
Total Expenditure	10		**167,042**		**173,124**
Surplus/(Deficit) after depreciation of assets at valuation excluding associated company results			**5,076**		**(8,294)**
Share of Associated company profit/(loss)	15		11		(28)
Surplus/(Deficit) after depreciation of assets at valuation before exceptional items			**5,087**		**(8,322)**
Exceptional Items	11		(1,095)		(1,667)
Surplus/(Deficit) after depreciation of assets at valuation and exceptional items			**3,992**		**(9,989)**
Transfer (to)/from accumulated income within specific endowments			-		-
Transfer (to)/from accumulated income within general endowments			-		-
Surplus/(Deficit) for the year retained within general reserves			**3,992**		**(9,989)**

Consolidated Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2011

	Notes	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Surplus/(Deficit) after depreciation of assets at valuation and exceptional items		3,992	(9,989)
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	24	2,956	2,707
Realisation of Property Revaluation Gains of Previous Years	24	3,207	443
Historical cost surplus/(deficit) for the year		**10,155**	**(6,839)**

All amounts relate to continuing operations.

Historical cost surplus/(deficit) for the year including FRS17		10,155	(6,839)
less FRS17 adjustments	32	994	6,672
Impact on I&E excluding Pension Reserve		11,149	(167)
less Exceptional Items including realised Property Revaluation gains	11,24	(2,112)	1,224
Historical cost surplus/(deficit) for the year excluding FRS17 and Exceptional Items		**9,037**	**1,057**

Consolidated Statement of Total Recognised Gains and Losses for the Year ended 31 July 2011

	Notes	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Surplus/(Deficit) after depreciation of assets at valuation		3,992	(9,989)
Endowment fund additions/(transfers)	16, 23	21	23
Unrealised gain/(loss) on the revaluation of land & buildings	24	(32)	3,207
Past service cost re change of assumptions re inflation	32	-	15,796
Actuarial gain/(loss) on pension scheme	21, 32	18,188	16,329
Total recognised gains/(losses)		**22,169**	**25,366**

Reconciliation

		Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Opening endowments and reserves	23, 24, 25	124,170	98,804
Total recognised gains/(losses) for the year		22,169	25,366
Closing Endowments and Reserves		**146,339**	**124,170**

Balance Sheets as at 31 July

	Notes	Consolidated		University	
		Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Fixed Assets					
Tangible Assets	12	344,965	358,365	325,137	338,289
Fixed Asset Investments	13	37	37	14,187	14,187
Investments in associated companies	15	11	-	11	-
Loan to associated companies	15	15	-	15	-
Total fixed assets		**345,028**	**358,402**	**339,350**	**352,476**
Endowment assets	16	**184**	**163**	**184**	**163**
Current Assets					
Stock		100	147	100	147
Debtors	17	10,667	12,401	11,191	15,573
Current Investments	13	10,013	-	10,013	-
Cash at bank and in hand		11,623	5,899	11,623	5,899
Total current assets		**32,403**	**18,447**	**32,927**	**21,619**
Creditors: amounts falling due within one year	18	(27,192)	(30,522)	(26,739)	(32,163)
Net current assets		**5,211**	**(12,075)**	**6,188**	**(10,544)**
Total assets less current liabilities		**350,423**	**346,490**	**345,722**	**342,095**
Creditors: amounts falling due after more than one year	19	(100,901)	(103,030)	(100,371)	(102,473)
Provisions for liabilities and charges	21	(12,839)	(11,897)	(12,839)	(11,897)
Net assets excluding pension liability		**236,683**	**231,563**	**232,512**	**227,725**
Pension liability	32	**(33,517)**	**(51,744)**	**(33,517)**	**(51,744)**
Net assets including pension liability		**203,166**	**179,819**	**198,995**	**175,981**
Deferred capital grants	22	56,827	55,649	56,827	55,649
Expendable endowments	23	102	81	102	81
Permanent endowments	23	82	82	82	82
Total endowments		184	163	184	163
Capital & Reserves					
Revaluation Reserve	24	138,353	144,548	131,093	137,174
Income and Expenditure Account excl Pension Reserve	25	41,319	31,203	44,408	34,739
Pension Reserve	25	(33,517)	(51,744)	(33,517)	(51,744)
Income and Expenditure Account incl Pension Reserve	25	7,802	(20,541)	10,891	(17,005)
Total Reserves		**146,155**	**124,007**	**141,984**	**120,169**
TOTAL		**203,166**	**179,819**	**198,995**	**175,981**

The financial statements on pages 22 to 46 were approved by the Board of Governors on 25 November 2011 and were signed on its behalf by:

Lord Woolmer of Leeds
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 2011

	Notes	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Net cash inflow/(outflow) from operating activities	26	19,899	8,781
Exceptional Restructuring Expenses		(387)	(2,107)
Net cash inflow/(outflow) after exceptional items	26	19,512	6,674
Returns on investments and servicing of finance	27	(5,337)	(3,842)
Capital expenditure and financial investment	28	4,069	(22,832)
Management of liquid resources	29	(10,034)	(16)
Financing	30	(2,486)	25,450
Increase/(Decrease) in cash in the year		**5,724**	**5,434**

Reconciliation of net cash flow to movement in net debt

	Notes	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Increase/(Decrease) in cash in the year		5,724	5,434
Increase/(decrease) from liquid resources	29	10,034	16
(Increase)/Decrease from borrowings	30	2,486	(25,450)
Movement in net debt in year	31	18,244	(20,000)
Net debt at 1 August		(98,633)	(78,633)
Net debt at 31 July		**(80,389)**	**(98,633)**

Notes to the Accounts

Note 1. Funding Council Grants

	Year Ended 31 July 2011			Year Ended 31 July 2010
	HEFCE	TDA	Total	Total
	£000	£000	£000	£000
Recurrent Grants:				
HEFCE Teaching	56,040		56,040	57,879
HEFCE Research	2,112		2,112	2,521
HEFCE Widening participation	6,432		6,432	6,002
Other Funding Councils		3,688	3,688	3,923
Higher Education Innovation Fund	1,626		1,626	1,207
Specific Grants:				
Revenue CETL	68		68	396
Other	524	452	976	889
Releases of deferred capital grants:				
Buildings (Note 22)	1,080		1,080	1,156
Equipment (Note 22)	272		272	330
	68,154	**4,140**	**72,294**	**74,303**

Note 2. Tuition Fees and Education Contracts

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£000	£000
HE Course fees		
Home and EC domicile students		
Full-time undergraduate	44,798	37,442
Full-time postgraduate	3,274	3,106
Part-time undergraduate	2,971	3,417
Part-time postgraduate	2,972	2,737
Overseas (non-EC) domicile students		
Overseas students	9,617	8,443
Sub-total HE course fees	63,632	55,145
Short course fees	1,209	1,342
FE course fees	-	116
Education contracts UK	201	244
Education contracts overseas	2,348	2,201
	67,390	**59,048**

Note 3. Research Grants and Contracts

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£000	£000
Research Councils	181	293
UK based charities	392	685
UK central government, local, health and hospital authorities	423	951
UK industry, commerce, public corporations	425	321
EU government bodies	142	43
EU other	48	17
Other overseas	4	19
Other	127	39
	1,742	**2,368**

Note 4. Other Income

	Year Ended 31 July 2011	Year Ended 31 July 2010
	£000	£000
Knowledge Trading	3,350	3,056
Residences, catering and conferences	20,659	19,207
Remaining Other income	6,247	6,073
Deferred capital grants released in year (Note 22)	296	193
	30,552	**28,529**

The following income is included within the above figures:

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

Note 5. Endowment and Investment Income

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Income from permanent endowment asset investments	1	1
Income from expendable endowment asset investments	-	-
Other interest receivable	139	581
	140	**582**

Note 6. Staff

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Staff Costs		
Wages and salaries	82,042	82,760
Social security costs	6,517	6,536
Other pension costs (Note 32)	10,144	12,773
	98,703	**102,069**

In 2009/10 the pensions cost above included a charge of £0.620m which should have been shown as interest relating to unfunded pension provisions. This has now been corrected and the comparatives changed accordingly.

	£000	£000
Emoluments of the current Vice-Chancellor		
Basic salary	215	125
Benefits in kind	-	-
	215	125
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:	30	18
Total emoluments		
	245	143

The above relates to Professor Susan Price who took office on 1 January 2010.

Emoluments of the previous Vice-Chancellor		
Basic salary		23
Benefits in kind		1
	-	24
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:		3
Total emoluments		
	-	27

The above relates to Professor Simon Lee who left office on 31 August 2009.

	£000	£000
Emoluments of the Chief Executive		
Basic salary and bonuses		31
Benefits in kind		1
	-	32
University's pension contributions to the Teachers' Pensions Agency, in respect of the Chief Executive:		4
Total emoluments	-	36

The above relates to Dr Geoff Hitchins who was appointed from 28 January 2009 to take over the executive responsibilities of the Vice-Chancellor. These responsibilities were relinquished on 31 December 2009 as the new Vice-Chancellor took up her appointment.

Compensation for loss of office

There were no costs in respect of compensation for loss of office to the Vice-Chancellor during either year. There were no costs in respect of compensation for loss of office to the Chief Executive during either year.

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2011, paid to former higher paid employees during the year amounted to £40,000 [2010: £nil].

Remuneration of other higher paid staff, excluding employer's pension contributions	Year Ended 31 July 2011 Number	Year Ended 31 July 2010 Number
£110,000 - £119,999	1	3
£120,000 - £129,999	3	-
£130,000 - £139,999	-	1
£140,000 - £149,999	3	3

	Number	Number
Average full-time equivalent		
Academic Staff	1,088	927
Support Staff	1,103	1,312
Operational Staff	197	213
	2,388	2,452

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 2011 £000	Year Ended 31 July 2010 £000
Actual Remuneration	19	27
Credited to Endowment Funds (Note 16)	-	41
Total Remuneration	19	68

No individual claimed payments in excess of £7,500. Five Governors were entitled to claim remuneration some of which was partly or wholly waived.

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. Twelve Governors [2010: Seven] claimed expenses in the period.

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Total reimbursement	6	5

Note 8. Other Operating Expenses

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Student Support	3,142	3,366
Teaching Support	5,571	5,482
Staff Support	2,677	3,040
Facilities Management	17,945	17,244
Utilities	2,792	3,380
Equipment	4,039	4,066
Communications	1,165	1,139
Catering	1,994	1,971
Travel and Subsistence	2,408	2,496
Consumables	1,612	1,656
Audit, Legal & other professional services	1,876	2,340
Advertising & Marketing	4,212	4,051
Insurance and Financial Expenses	1,656	2,194
	51,089	**52,425**

The following costs are included within the above figures:	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
External auditors' remuneration for:		
University audit services	44	41
Subsidiaries audit services	2	2
Non-audit work	9	6
Internal auditors' remuneration for non-audit work	64	18
Operating lease rentals - buildings	10,468	9,993
Operating lease rentals - equipment	387	218
Student Union grant	845	854

Note 9. Interest Payable

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Finance leases	1,355	1,208
Interest payable on Capital Release scheme	2,417	2,442
Loans secured on residential properties	3,772	3,650
Bank Loans wholly repayable within 5 years	47	133
Bank Loans not wholly repayable within 5 years	1,631	979
Other interest payable	1	64
Due on pension provisions	671	620
FRS17 Pension financing costs	541	3,960
	6,663	**9,406**

In 2009/10 the interest charge of £0.620m regarding pension provisions was shown as part of the pensions cost in payroll. This has now been corrected and the comparatives changed accordingly.

Note 10. Analysis of 2010/11 Expenditure by Activity

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Interest Payable £000	Total £000
Academic departments	60,142	10,669	846	-	**71,657**
Academic services	8,749	2,925	840	-	**12,514**
Research grants and contracts	3,653	874	159	-	**4,686**
Residences, catering and conferences	1,962	11,530	1,451	3,760	**18,703**
Premises	5,178	11,210	6,883	-	**23,271**
Administration	17,837	13,053	397	2,903	**34,190**
Other services rendered	1,182	828	11	-	**2,021**
Total	**98,703**	**51,089**	**10,587**	**6,663**	**167,042**

The depreciation charge has been funded by:

	£000
Deferred capital grants released (Note 22)	1,648
Revaluation reserve released (Note 24)	2,956
General income	5,958
Depreciation per Fixed Assets (Note 12)	**10,562**
Diminution charge [Note 12 £nil Cost less £-0.025m Accumulated Depreciation]	25
	10,587

Note 11. Exceptional Items

	Consolidated and University	
	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Restructuring costs - pension costs (Notes 21 and 32)	252	1,272
Restructuring costs - Other costs	1,019	395
(Surplus)/Deficit on disposal of fixed assets	(176)	-
	1,095	**1,667**

Note 12. Tangible Fixed Assets

CONSOLIDATED

	Assets Under Construction	Freehold Land and Buildings	Owned Equipment, Furniture and Fittings	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 August 2010				
Valuation	-	398,206	-	**398,206**
Cost	20,940	31,144	24,428	**76,512**
	20,940	429,350	24,428	**474,718**
Additions at cost	506	752	1,410	**2,668**
Assets brought into use	(21,148)	21,148	-	**-**
Disposals and Transfers in Year	-	(6,351)	(183)	**(6,534)**
Gain/(Loss) on revaluation	-	-	-	**-**
Recovery/(Loss) on diminution	-	-	-	**-**
At 31 July 2011				
Valuation	-	392,683	-	**392,683**
Cost	298	52,216	25,655	**78,169**
	298	444,899	25,655	**470,852**
Depreciation				
At 1 August 2010	-	(103,524)	(12,829)	**(116,353)**
Charge for year	-	(6,994)	(3,568)	**(10,562)**
Eliminated on disposals and transfers	-	1,007	78	**1,085**
Gain/(Loss) on revaluation	-	(32)	-	**(32)**
Recovery/(Loss) on diminution	-	(25)	-	**(25)**
At 31 July 2011	-	(109,568)	(16,319)	**(125,887)**
Net book value at 31 July 2011	**298**	**335,331**	**9,336**	**344,965**
Net book value at 1 August 2010	20,940	325,826	11,599	**358,365**
Financed by capital grant	-	56,475	352	**56,827**
Other	298	278,856	8,984	**288,138**
Net book value at 31 July 2011	**298**	**335,331**	**9,336**	**344,965**

UNIVERSITY

	Assets Under Construction	Freehold Land and Buildings	Owned Equipment, Furniture and Fittings	Total
	£000	£000	£000	£000
Cost or Valuation				
At 1 August 2010				
Valuation	-	373,497	-	**373,497**
Cost	20,940	31,144	24,428	**76,512**
	20,940	404,641	24,428	**450,009**
Additions at cost	506	690	1,410	**2,606**
Assets brought into use	(21,148)	21,148	-	**-**
Disposals in Year	-	(6,351)	(183)	**(6,534)**
Gain/(Loss) on revaluation	-	-	-	**-**
Recovery/(Loss) on diminution	-	-	-	**-**
At 31 July 2011				
Valuation	-	367,974	-	**367,974**
Cost	298	52,154	25,655	**78,107**
	298	420,128	25,655	**446,081**
Depreciation				
At 1 August 2010	-	(98,891)	(12,829)	**(111,720)**
Charge for year	-	(6,684)	(3,568)	**(10,252)**
Eliminated on disposals	-	1,007	78	**1,085**
Gain/(Loss) on revaluation	-	(32)	-	**(32)**
Recovery/(Loss) on diminution	-	(25)	-	**(25)**
At 31 July 2011	-	(104,625)	(16,319)	**(120,944)**
Net book value at 31 July 2011	**298**	**315,503**	**9,336**	**325,137**
Net book value at 1 August 2010	20,940	305,750	11,599	**338,289**
Financed by capital grant	-	56,475	352	**56,827**
Other	298	259,028	8,984	**268,310**
Net book value at 31 July 2011	**298**	**315,503**	**9,336**	**325,137**

Note 12. Tangible Fixed Assets continued

On 30 June 1997 the University entered into a lease, with CVCP Properties plc, for part of the City Site, B 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 38, Financial Commitments.

On 30 June 1997 the University entered into an underlease, with CVCP Properties plc, for part of the City Site, B 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 38, Financial Commitments.

DTZ Debenham Tie Leung, Chartered Surveyors, completed a full valuation of all the University's land and buildings on 31 July 2009, 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 vale. 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 a change in valuation has been made where a more accurate value for properties held at open market valuation has been identified. This resulted in a total write-down of £57,000.

During 2005/6 the University entered into lease agreements with UPP Leeds Metropolitan Ltd 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.

Freehold Land & Buildings includes costs of £118,897,000 [2010: £118,798,000] and net book value of £88,871,000 [2010: £90,112,000] in respect of assets subject to finance leases.

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 2011	**31 July 2010**	**31 July 2011**	**31 July 2010**
	£000	**£000**	**£000**	**£000**
Fixed Asset Investments				
Wholly owned subsidiary companies:				
Leeds Power and Construction Services Limited	-	-	14,150	14,150
Other subsidiaries	-	-	-	-
Other:				
CVCP Properties plc	37	37	37	37
	37	**37**	**14,187**	**14,187**

Current Asset investments

	Consolidated		University	
	31 July 2011	**31 July 2010**	**31 July 2011**	**31 July 2010**
	£000	**£000**	**£000**	**£000**
Fixed Interest deposits	10,013	-	10,013	-
	10,013	**-**	**10,013**	**-**

Note 14. Subsidiary Undertakings

Company Name	**Shares Held**	**Proportion of Nominal Value of Ordinary Shares held by University**	**Accounting Year end**
Companies registered in England and Wales:			
Leeds Metropolitan University Enterprises Limited	Limited by guarantee	-	31 July
Leeds Power and Construction Services Limited	14,150,001 ordinary shares of £1 each	100%	31 July

Leeds Metropolitan University Enterprises Limited undertakes consultancy, applied research and conference letting activities.

Leeds Power and Construction Services Limited was established to act as an energy supplier to, and property developer for, the University.

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 accounts 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, some of which have been repaid, and a formal repayment plan has been agreed. No write-back of the balance provided for has yet been made.

The University acquired 49 shares out of 100 £1 Ordinary Shares issued, a 49% holding, in Carnegie Weight Management Limited [CWM], a company registered in England & Wales. CWM provides services to tackle childhood obesity. The University provides only accommodation and related services. No services are supplied to the University by CWM. CWM was formed on 1 February 2011 and prepares accounts to 31 March. The University's share of CWM profits are based on the unaudited management accounts to 31 July 2011.

	Consolidated & University	
	31 July 2011	31 July 2010
	£000	£000
Associated Company Investment		
Share of Net Assets at 1 August	-	28
Purchase of shares	0	-
Write down value of goodwill on acquisition	-	-
Share of profit/(loss) for the period	11	(28)
Share of Net Assets at 31 July	**11**	**-**
Associated Company Loans	**£000**	**£000**
At 1 August	-	520
Advanced during the year	20	89
Repayments made	(5)	
Provided as a doubtful debt		(609)
Balance at year end	**15**	**-**

Note 16. Endowment assets

	Consolidated and University	
	31 July 2011	31 July 2010
	£000	£000
Increase/(Decrease) in cash balances	21	(18)
Addition from Governor remuneration waived (Note7)	-	41
Movement for the year	21	23
At 1 August	163	140
At 31 July	**184**	**163**
Represented by:		
Cash and investment balances	184	163
	184	**163**

Note 17. Debtors

	Consolidated		University	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	8,860	8,829	8,635	8,673
Due from group companies			758	1,279
Due from associated companies			8	
Prepayments and accrued income	1,807	3,572	1,790	5,621
	10,667	**12,401**	**11,191**	**15,573**

Note 18. Creditors: amounts falling due within one year

	Consolidated		University	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	£000	£000	£000	£000
Bank Loans (Note 20)	1,381	1,331	1,381	1,331
Trade creditors	11,299	10,074	11,138	9,962
Due to group companies			69	-
Interest accrued	913	939	913	939
Other taxation and social security	4,030	6,386	4,003	6,354
Accruals and deferred income	8,864	10,901	8,530	12,686
Finance leases (Note 20)	80	64	80	64
UPP Capital release creditor (Note 20)	625	527	625	527
Other Loans	-	300	-	300
	27,192	**30,522**	**26,739**	**32,163**

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

	Consolidated		University	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	£000	£000	£000	£000
Bank Loans (Note 20)	37,370	38,752	37,370	38,752
Finance leases (Note 20)	20,600	20,943	20,600	20,943
UPP Capital release creditor (Note 20)	42,153	42,778	42,153	42,778
Other creditors due after more than one year	778	557	248	-
	100,901	**103,030**	**100,371**	**102,473**

Note 20. Borrowings

	Consolidated and University	
	31 July 2011	31 July 2010
	£000	£000
(a) Bank loan		
The bank loan is repayable as follows:		
In one year or less	1,381	1,331
Between one and two years	1,436	1,381
Between two and five years	4,725	4,517
In five years or more	31,209	32,854
	38,751	**40,083**

The above bank loan includes £4.735m 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 £34.016m represents amounts drawn down under various terms repayable between the year end and 2035.

(b) UPP Capital release scheme creditor	**£000**	**£000**
The net obligations to which the University is committed are:		
In one year or less	625	527
Between one and two years	723	625
Between two and five years	2,756	2,462
In five years or more	38,674	39,691
	42,778	**43,305**

(c) Finance Lease	**£000**	**£000**
The net obligations to which the University is committed are:		
In one year or less	80	64
Between one and two years	113	99
Between two and five years	543	504
In five years or more	19,944	20,340
	20,680	**21,007**

(d) Other loans	**£000**	**£000**
The net obligations to which the University is committed are:		
In one year or less	-	300
	-	**300**

Note 21. Provisions for Liabilities and Charges

	Consolidated & University	
	31 July 2011	31 July 2010
Unfunded pension liabilities:	£000	£000
At 1 August 2010	11,897	11,690
Transfer from Pension reserve	1,580	
Charged under Exceptional items (Note 11)	31	265
Expenditure in the period	(793)	(678)
Interest charged in I&E (Note 9)	671	620
Actuarial (gains)/losses	(547)	
At 31 July 2011	**12,839**	**11,897**

Up to 31 July 2010 unfunded pensions in respect of members of the WYPF scheme [see Note 32] were included as part of the FRS17 provision. These balances should properly be shown with the unfunded pensions in respect of members of the TPS scheme [see Note 32] and so £1.580m balance at 31 July 2010 has been transferred accordingly.

In 2009/10 the interest charge of £0.620m was shown as part of the pensions cost in payroll. This has now been corrected and the comparatives changed accordingly.

Note 22. Deferred Capital Grants

	Consolidated and University		
	HEFCE	Other Grants	Total
	£000	£000	£000
At 1 August 2010			
Land and buildings	44,309	10,868	**55,177**
Equipment	383	89	**472**
	44,692	10,957	**55,649**
Cash received & receivable			
Land and buildings	1,177	1,497	**2,674**
Equipment	152	-	**152**
	1,329	1,497	**2,826**
Released to income and expenditure account			
Land and buildings	(1,080)	(296)	**(1,376)**
Equipment	(272)	-	**(272)**
	(1,352)	(296)	**(1,648)**
At 31 July 2011			
Land and buildings	44,406	12,069	**56,475**
Equipment	263	89	**352**
	44,669	**12,158**	**56,827**

Note 23. Endowments

	Consolidated		
	Permanent Restricted	Expendable Restricted	Total
	£000	£000	£000
At 1 August 2010	82	81	**163**
Income for year	1	-	**1**
Direct Expenditure for year	(1)	-	**(1)**
Transfer to Income & Expenditure Account	-	21	**21**
At 31 July 2011	**82**	**102**	**184**

Note 24. Revaluation Reserve

	Consolidated		University	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	£000	£000	£000	£000
Net revaluation amount at 1 August	144,548	144,491	137,174	136,313
Revaluations				
At 1 August	198,114	195,350	190,059	186,606
Revaluations in year	(32)	3,207	(32)	3,896
Eliminated on disposals	(3,207)	(443)	(3,207)	(443)
	194,875	198,114	186,820	190,059
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	(66,891)	(64,184)	(66,210)	(63,618)
Released in year	(2,956)	(2,707)	(2,842)	(2,592)
	(69,847)	(66,891)	(69,052)	(66,210)
Net revaluation amount at 31 July	**138,353**	**144,548**	**131,093**	**137,174**

Note 25. Income and Expenditure Account

	Consolidated		University	
	31 July 2011	31 July 2010	31 July 2011	31 July 2010
	£000	£000	£000	£000
Income and Expenditure Account excluding Pension Reserve				
Surplus/(Deficit) on continuing operations	3,992	(9,989)	3,659	(9,501)
Transfer from Endowment Funds	-	-	-	-
FRS17 charges to Income & Expenditure Account	994	6,672	994	6,672
Actuarial gain/(loss) on pension provision	547		547	
Transfer unfunded pensions from Pension Reserve	(1,580)		(1,580)	
Transfer from Revaluation Reserve	6,163	3,150	6,049	3,035
	10,116	(167)	9,669	206
At 1 August	31,203	31,370	34,739	34,533
At 31 July	**41,319**	**31,203**	**44,408**	**34,739**
Pension Reserves (Note 32)				
FRS17 charges to Income & Expenditure Account	(994)	(6,672)	(994)	(6,672)
Actuarial gain/(loss) on pension scheme	17,641	16,329	17,641	16,329
Past service credit re change of assumptions re inflation	-	15,796	-	15,796
Transfer unfunded pensions to I&E Reserve	1,580		1,580	
	18,227	25,453	18,227	25,453
At 1 August	(51,744)	(77,197)	(51,744)	(77,197)
At 31 July	**(33,517)**	**(51,744)**	**(33,517)**	**(51,744)**
Total Income & Expenditure Reserves:				
Income and Expenditure Account excluding Pension Reserve	41,319	31,203	44,408	34,739
Pension Reserve	(33,517)	(51,744)	(33,517)	(51,744)
	7,802	**(20,541)**	**10,891**	**(17,005)**

Note 26. Reconciliation of Consolidated Operating Surplus/(Deficit) to Net Cash Flow from Operating Activities

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Surplus/(Deficit) on continuing operations after depreciation of assets at valuation	3,992	(9,989)
Depreciation and diminution in the value of fixed assets	10,562	9,669
(Surplus)/Deficit on the disposal of fixed assets	(70)	-
Diminution (gain)/loss in value of land & buildings	25	(445)
Deferred capital grants released to income	(1,648)	(1,679)
Interest receivable	(140)	(582)
Interest payable	6,663	8,786
(Increase)/Decrease in stock	47	(54)
(Increase)/Decrease in operating debtors	1,734	2,440
Increase/(Decrease) in operating creditors	(1,364)	(4,414)
Increase/(Decrease) in provisions	(763)	207
Increase/(Decrease) in Pensions Liability	453	2,712
Endowment Fund transfers	21	23
Exceptional Restructuring Expenses	387	2,107
Net cash inflow/(outflow) from operating activities before exceptional items	**19,899**	**8,781**
Exceptional Restructuring Expenses	(387)	(2,107)
Net cash inflow/(outflow) from operating activities after exceptional items	**19,512**	**6,674**

Note 27. Returns on Investments and Servicing of Finance

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Interest received	140	582
Interest element of finance lease rental payments	(1,355)	(1,208)
Other interest paid	(1,705)	(774)
UPP Capital release scheme interest	(2,417)	(2,442)
Net cash inflow/(outflow) from returns on investments and servicing of finance	**(5,337)**	**(3,842)**

Note 28. Capital Expenditure and Financial Investment

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Purchase of tangible fixed assets	(3,981)	(39,278)
Proceeds from Disposal of Assets	5,250	2,000
Deferred capital grants received	2,826	9,136
Purchase of investments	(26)	-
Exceptional Prepayment	-	5,310
Net cash inflow/(outflow) from capital expenditure and financial investment	**4,069**	**(22,832)**

Note 29. Management of Liquid Resources

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Movement in endowment assets	(21)	(23)
Withdrawals (to)/from investments	(10,013)	7
Net cash inflow/(outflow) from management of liquid resources	**(10,034)**	**(16)**

Note 30. Financing

	Year Ended 31 July 2011 £000	Year Ended 31 July 2010 £000
Bank loan repaid	(1,332)	(316)
Capital element of finance lease rental payments	(327)	(38)
New bank loans	-	5,494
New finance leases	-	20,738
Other loans repaid	(300)	-
Movement in UPP Capital Release Creditor	(527)	(428)
Net cash inflow from financing	**(2,486)**	**25,450**

Note 31. Analysis of Movement in Net Debt

	At 31 July 2011 £000	Cashflows £000	At 31 July 2010 £000
Liquid assets			
Cash in hand and at bank	11,623	5,724	5,899
Short-term deposits	10,013	10,013	-
Endowment assets	184	21	163
Debt due within one year			
Mortgages and unsecured loans	(1,381)	(50)	(1,331)
Obligations under finance leases	(80)	(16)	(64)
Other Loans	-	300	(300)
UPP Capital release scheme	(625)	(98)	(527)
	(2,086)	136	(2,222)
Debt due after one year			
Mortgages and unsecured loans	(37,370)	1,382	(38,752)
Obligations under finance leases	(20,600)	343	(20,943)
UPP Capital release scheme	(42,153)	625	(42,778)
	(100,123)	2,350	(102,473)
Total	**(80,389)**	**18,244**	**(98,633)**

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 2011 £000	Year Ended 31 July 2010 £000
Costs of TPS	(5,365)	(5,449)
Costs of USS	(123)	(113)
Costs of WYPF (See below)	(4,596)	(7,203)
Other pension costs and accruals	(60)	(8)
Total pension cost (Note 6)	**(10,144)**	**(12,773)**
Exceptional pension cost for early retirements (Note 11)	(252)	(1,272)
Total pension cost	**(10,396)**	**(14,045)**
The costs of WYPF are made up as follows:		
Current service cost	(4,596)	(7,203)
Past Service costs	-	-
	(4,596)	**(7,203)**

In 2009/10 the pensions cost in payroll included a charge of £0.620m which was actually the interest charge relating to unfunded pension provisions. This has now been corrected and the comparatives changed accordingly.

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 regulations 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 too 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.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable. A copy of the Government Actuary's (GA) 2004 valuation report can be found on the TeacherNet website at: www.teachernet.gov.uk/pensions.

There was a balance of £658,000 owing by the University as at 31 July 2011 [2010: £649,000 owed to 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.

Not less than every four years the GA, using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. The next valuation at March 2008 has not yet been published.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. 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 Independent Public Service Pension Commission report [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%. There were no amounts owing to or from the University as at 31 July 2011 [2010: nil].

Note 32. Pension and Similar Obligations continued

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 13.4% to 31 March 2011 and the employees' contribution rate ranged from 5.5% to 7.5%. The expected contribution for 2011/12 is £4.889m. There was a balance of £492,000 owing by the University as at 31 July 2011 [2010: £547,000].

Reconciliation of funded status to balance sheet

	Value as at 31 July 2011 £m	Value as at 31 July 2010 £m
Notional value of assets	129.264	117.089
Present value of liabilities	(162.781)	(168.833)
Net pension asset / (liability) (Note 25)	(33.517)	(51.744)

Analysis of Income and Expenditure charge

	Period ending 31 July 2011 £m	Period ending 31 July 2010 £m
Current service cost	(4.596)	(7.203)
less contributions already charged	4.143	4.491
Accrual to maintain Current Service costs per FRS17	(0.453)	(2.712)
Past service cost charged in Staff costs	-	-
Total WYPF charges in staff costs	(0.453)	(2.712)
Interest cost	(9.124)	(10.619)
Expected return on assets	8.583	6.659
Expense recognised	(0.541)	(3.960)
(Credit)/charge to I&E excluding Exceptional costs (Note 25)	(0.994)	(6.672)
Past service cost for early retirements charged as Exceptional reorganisation costs	(0.221)	(1.007)
less contributions re Exceptional costs	0.221	
Total credit/(charge) including Exceptional costs	(0.994)	(7.679)

Analysis of amount recognised in Statement of Total Recognised Gains & Losses

	Period ending 31 July 2011 £m	Period ending 31 July 2010 £m
Total actuarial gains/(losses)	17.641	16.329
Past service credit re change of assumptions re inflation	-	15.796
Total gain/(loss) in STRGL (Note 25)	17.641	32.125

Changes to the present value of liabilities during the accounting period

	Period ending 31 July 2011 £m	Period ending 31 July 2010 £m
Current service cost	4.596	7.203
Interest cost	9.124	10.619
Contributions by participants	2.238	2.222
Actuarial (gains) / losses on liabilities	(17.054)	(8.293)
Net benefits paid out	(3.597)	0.065
Past service credit re change of assumptions re inflation		(15.796)
Past service cost charged to Exceptional costs	0.221	1.007
Transfer liabilities to Provisions [see Note 21]	(1.580)	
Net increase/(decrease) in liabilities	(6.052)	(2.973)
Opening present value of liabilities	168.833	171.806
Closing present value of liabilities	162.781	168.833

Changes to the fair value of assets during the accounting period

	Period ending 31 July 2011 £m	Period ending 31 July 2010 £m
Expected return on assets	8.583	6.659
Actuarial gains / (losses) on assets	0.587	8.036
Actual return on Assets	9.170	14.695
Contributions by the employer	4.364	5.382
Contributions by participants	2.238	2.222
Net benefits paid out	(3.597)	0.181
Net increase/(decrease) in assets	12.175	22.480
Opening fair value of assets	117.089	94.609
Closing fair value of assets	129.264	117.089

Note 32. Pension and Similar Obligations continued
West Yorkshire Pension Fund (WYPF) continued

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		
Percentage rates per annum:	31 July 2011	31 July 2010
Discount rate	5.30%	5.40%
RPI Inflation	3.70%	3.50%
CPI Inflation	2.80%	2.80%
Rate of increase to pensions in payment	2.80%	2.80%
Rate of increase to deferred pensions	2.80%	2.80%
Rate of general increase in salaries *	4.05%	3.95%
* Since 31 July 2010 a detailed forecast was made that averaged 4.05% at 31 July 2011 [2010: 3.95%] 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	21.9	21.8
Females	24.0	25.4
Retiring in 20 years:		
Males	23.7	24.1
Females	26.0	27.9
Commutation	50% take maximum pre 1 April 2010 entitlement, 75% take maximum post 31 March 2010 entitlement	50% take maximum cash, 50% take 3/80ths cash

Expected return on assets

	Long-term expected rate of return at 31 July 2011 (%pa)	Asset split at 31 July 2011 (%)	Long-term expected rate of return at 31 July 2010	Asset split at 31 July 2010 (%)	Long-term expected rate of return at 31 July 2009	Asset split at 31 July 2009 (%)
Equities	7.90	73.1	8.20	69.9	8.00	71.4
Property	7.40	3.6	7.70	3.9	7.00	3.6
Government bonds	3.90	11.6	4.20	13.2	4.50	14.7
Corporate bonds	4.70	4.0	4.90	3.9	5.90	3.7
Cash	1.50	2.1	1.40	2.5	0.90	5.0
Other	7.90	5.6	8.20	6.6	0.90	1.6
Total	7.20	100.0	7.40	100.0	6.90	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 2011.

History of experience gains and losses

	As at 31 July 2011 £m	As at 31 July 2010 £m	As at 31 July 2009 £m	As at 31 July 2008 £m	As at 31 July 2007 £m
Fair value of assets	129.264	117.089	94.609	95.595	97.801
Present value of liabilities funded	162.781	167.253	170.032	150.623	122.281
Present value of liabilities unfunded		1.580	1.774	1.725	
Surplus / (deficit)	(33.517)	(51.744)	(77.197)	(56.753)	(24.480)
Experience gains / (losses) on assets	0.587	8.036	(11.148)	(11.730)	5.040
- as a percentage of assets	0.5%	6.9%	-11.8%	-12.3%	5.2%
Experience gains / (losses) on liabilities	18.777	1.494	(0.439)	(4.879)	-
- as a percentage of assets	11.5%	0.9%	-0.3%	-3.2%	0.0%

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:

Professor A Slade was a director of CWM Limited, an associated company of the University. The University invoiced income of £13,803 in respect of accommodation, transport, research and consultancy services. At the year-end the University was owed £8,497.

Professor D Chiddick was the Chair of the East Midlands Strategic Health Authority with which the University invoiced income of £1,500 in respect of consultancy work. At the year end the balance with the University was nil.

Mr A Baker was a director of The Leeds Law Society with which the University incurred expenditure of £9,038 in respect of consultancy services and educational expenses and invoiced £16,071 of income from events. At the year end the balance with the University was nil.

Mr S Willis was a governor of Leeds City College with which the University had income receivable of £166,309 in respect of short courses, educational contracts and events and incurred expenditure of £271,626 in respect of educational services. At the year end the University owed £584.

Professor S Glen was a non-executive director of the Leeds Community Healthcare NHS Trust which the University incurred expenditure of £990 in respect of services provided and invoiced income of £3,366 in respect of events. At the year end the balance with the University was nil.

Ms C Birkin and Mr L Challenger were directors and trustees of Leeds Metropolitan Student Union with which the University incurred expenditure of £898,749 in respect of grants, publicity and advertising, hospitality, insurance and registration and exam fees. At the year end the balance with the University was nil.

Mr G Davies was a director of Leeds Rugby Limited with which the University had invoiced income of £28,627 in respect of equipment hire and tuition fees and incurred expenditure of £1,015,500 in respect of hospitality, advertising, sponsorship and rents. At the year end Leeds Rugby Limited owed £1,671 and was owed £10,713.

Ms A Hall was principal of Leeds West Academy with which the University had invoiced income of £3,255 in respect of events and tuition fees. At the year end the University was owed £300.

Mr S Willis was a director of Leeds York and North Yorkshire Chamber of Commerce with which the University incurred expenditure of £41,855 in respect of subscriptions, staff development and publicity. At the year end the balance with the University was nil.

Professor S Price was a board member of Marketing Leeds with which the University incurred expenditure of £23,750 in respect of subscriptions. At the year end the balance with the University was nil.

Mr S Willis was a director of MyPeakPotential Limited, an associated company, with which the University incurred expenditure of £13,424 in respect of subscriptions and memberships, entertainment, staff development and hospitality and earned income of £2,719 from events. At the year end the balance with the University was nil. The University also made loans as explained in Note 15.

Ms S Holmes was a board member of the North Eastern Universities Purchasing Consortium with which the University incurred expenditure of £9,310 in respect of subscriptions and training costs and invoiced £250 of income from events. At the year end the balance with the University was nil.

Professor C Bailey was a director and trustee of the Northern Ballet Theatre with which the University had income invoiced of £3,280 in respect of events and incurred expenditure of £169,134 in respect of sponsorship and accommodation. At the year end the balance with the University was nil.

Mr S Denton was a director of the Office of the Independent Adjudicator with which the University incurred expenditure of £26,830 in respect of subscriptions and membership. At the year end the balance with the University was nil.

Professor I Ellis was the Vice-Chair of the UK Council of Deans of Health with which the University incurred expenditure of £3,825 in respect of subscriptions and training. At the year end the University owed £2,400.

Mr S Denton and Mr D Arblaster were both directors of Unipol with which the University incurred expenditure of £33,895 in respect of staff development, subscriptions and services and invoiced income of £2,735 in respect of events. At the year end the University owed £19,768.

Professor S Glen and Mr D Arblaster were trustees of the Universities Chaplaincy in Leeds Trust with which the University incurred expenditure of £16,384 in respect of consultancy services. At the year end the balance with the University was nil.

Ms B Colledge was a director of the Yorkshire and the Humber Metropolitan Area Network with which the University incurred expenditure of £98,121 in respect of communications and infrastructure and invoiced income of £49,500 in respect of IT services. At the year end the balance with the University was nil.

Mr K Ramsay was a director of The Yorkshire and Humberside Strategic Health Authority with which the University had invoiced income of £6,662,728 in respect of consultancy services, events, research and tuition fees and incurred expenditure of £45,172 in respect of staff development and consultancy. At the year end the University was owed £79,991.

Mr B Bouttell and Mr G Davies were directors of The Yorkshire County Cricket Club with which the University had invoiced income of £221,413 in respect of rent, events and work on the Carnegie Pavilion and incurred expenditure of £185,567 in respect of publicity, sponsorship and accommodation. At the year end the balance with the University was nil.

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 1,542 awards (2009/10: 1,665) 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 2011	**31 July 2010**
	£	**£**
Amount held in Creditors due within one year at 1 August	-	(17,908)
Funding council grants	498,282	598,079
Interest earned	1,141	1,400
	499,423	**599,479**
Disbursed to students	(490,028)	(580,071)
Audit fees	(1,141)	(1,500)
	(491,169)	**(581,571)**
Amount held in Creditors due within one year at 31 July	8,254	-

Note 35. TDA Training Bursaries, Minority Ethnic Recruitment Funding

During the year the Training and Development Agency for Schools (TDA) made monies available to the University under two earmarked funding streams, further details are given below.

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

Minority Ethnic Recruitment Funding is made available to support the efforts of teacher training providers to develop local strategies to increase recruitment and retention of trainees from a minority ethnic background.

	31 July 2011	31 July 2010
	£	£
Amount held in Creditors due within one year at 1 August	12,500	6,250
Funding council grants		
Training bursaries	227,500	273,750
Minority Ethnic Recruitment	-	2,720
	227,500	**276,470**
Expenditure		
Training bursaries	(225,300)	(267,500)
Minority Ethnic Recruitment	-	(2,720)
	(225,300)	**(270,220)**
Amount held in Creditors due within one year at 31 July	14,700	12,500

Note 37. Capital Commitments

	Consolidated and University	
	31 July 2011	31 July 2010
	£000	£000
Commitments contracted and authorised at 31 July	610	655

Note 38. Financial Commitments

	Consolidated and University	
	31 July 2011	31 July 2010
	£000	£000
At 31 July the University had annual commitments under non-cancellable operating leases as follows:		
Expiring within one year	49	2
Expiring between two and five years	6,476	358
Expiring after 5 years	3,793	9,852
	10,318	**10,212**
At 31 July the University was due to receive annual rent under a non-cancellable operating lease as follows:		
Expiring within one year	-	20
Expiring between two and five years	5	-
Expiring after 5 years	316	187
	321	**207**