



**LEEDS METROPOLITAN UNIVERSITY**  
**FINANCIAL STATEMENTS**  
**For the year ended 31<sup>st</sup> July 2012**

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The maintenance and integrity of the Leeds Metropolitan University website is the responsibility of the Governing Body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

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

# Operating and Financial Review

## Introduction

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With over 27,000 students and around 2,800 staff Leeds Metropolitan University is a popular destination with a high level of applications, offering a range of undergraduate, postgraduate, full time and part time courses, as well as flexible, online, and weekend learning. We contribute £420m<sup>1</sup> to the regional economy and are an important part of the cultural development of the city of Leeds.

The oldest predecessor institution, Leeds Mechanics Institute, was established in 1824 and we have just celebrated 20 years of university status in 2012. We have two contrasting campuses, one in the heart of the city centre which includes award winning buildings the Rose Bowl and Broadcasting Place, and the Headingley Campus based amongst woodland just a few miles North West of the city. The Carnegie Pavilion, close to the Headingley Carnegie Stadium, incorporates a multi-use facility shared with Yorkshire County Cricket Club which overlooks the world famous Headingley Carnegie Cricket Ground.

As changes continue within the Higher Education sector, we remain committed to our strategic plan which drives us to progress across five themes to ensure that we remain a viable and sustainable university for the future. Our vision is “to be acknowledged for our commitment to student success, our innovation and enterprise, our global reach, and strong local impact,” and this is underpinned by six values which lie at the very heart of our institution.

Employability is a key theme embedded across our academic work. We have refocused our undergraduate courses to embed employability and are offering within all our UG courses two weeks work-related learning; our Careers Service has also been realigned so that they are able to work more closely with course teams. We offer a range of volunteering opportunities for students to enrich their experience at home and abroad and provide more than 160,000 hours of paid work for students every year through the Jobs and Careers Service. A wide range of our courses are accredited by industry and professional bodies and many offer placements or sandwich years; to demonstrate our commitment to this experience, we have waived the fees for all one year placements. With employability at the heart of the curriculum, we use our relationship with employers to ensure course content is relevant to the workplace and practical in order to enhance the student experience.

Research is an important part of our university and the three recently established Research Institutes provide a focus that builds on our very successful national Research Assessment Exercise (RAE) submission of 2008. We graduated 80 doctoral level students in the academic year 2011/2012 and the research conducted by those students working closely with members of our staff is being used to inform and develop, for example, economic re-generation in Nigeria; educational policy in Brazil; and advances in our understanding of the role of sports science in the training of elite athletes.

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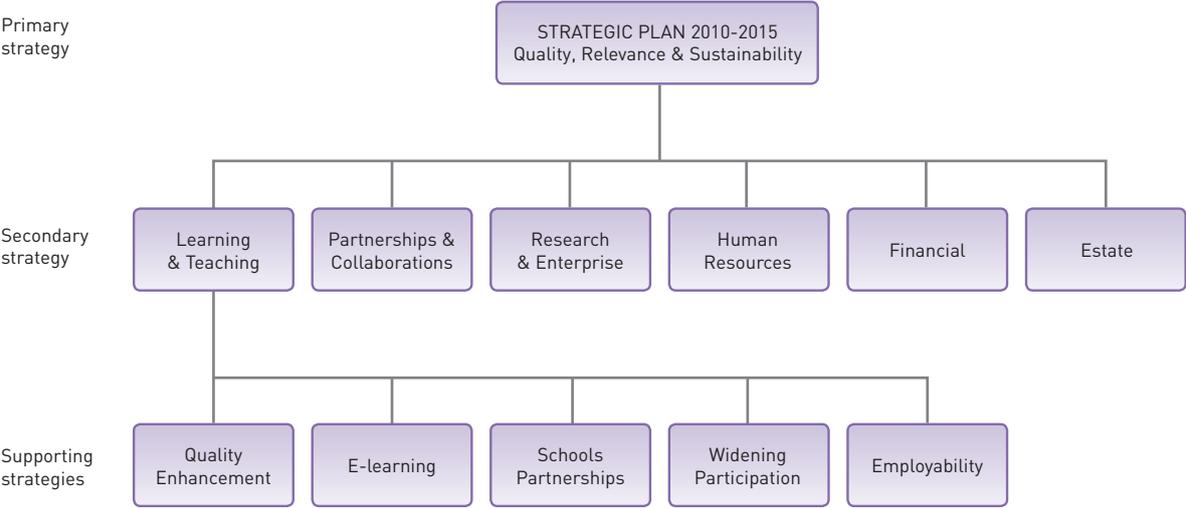
1. Estimate based on – ‘The Impact of Universities on the UK economy: fourth report’; University of Strathclyde; November 2009.

# Strategies and Planning

Our annual planning cycle enables staff at all levels to engage with the on-going strategic planning of our university. An annual planning conference is held in September to introduce the planning cycle for the subsequent academic year. Following this, all services and faculties hold away days and consult with staff at all levels in order to feed into faculty/service plans, which are submitted in January each year. These plans are then subject to objective review and questioning by independent members of our Corporate Management Team.

Our full strategy map is below. The strategies listed are supported by annual plans produced by all faculties and services.

## Strategy Map



## Strategic plan - our progress

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Our strategic plan, *Quality, Relevance and Sustainability*, sets out a route map to 2015 across five broad themes. Key progress in these themes during 2011/12 is outlined below:

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

- **Curriculum development** - There has been extensive academic development and renewing our curriculum; all courses include at least two weeks work-related learning per year from September 2012. Courses have been designed to ensure maximum success for Leeds Met graduates and we aim to equip our students with three over-arching attributes – graduates will be digitally literate, enterprising, and have a global outlook.
- **Teaching Fellowships** - 9 colleagues were awarded Teaching Fellowships during 2011/12 to highlight excellent teaching and learning practices. Dr David Killick was also awarded a National Teaching Fellowship by the Higher Education Academy in July 2012.
- **Online courses** – We have collaborated with private provider to develop two online courses, the eMBA and the MSc Events Management, to launch in January 2013. This innovative new development will see all student activity online including exams and assessments.
- **Student Entitlements** – Our student entitlements will help to ensure that the Student Charter, which was launched in September 2011, is embedded across all levels of study and will enable us to provide good quality, consistent learning. The 12 entitlements include: access to online learning materials for every module; prompt course information and activities to enhance employability in every course.
- **Innovative online learning** - We continue to deliver innovative learning platforms for our students and collaborated with Toolwire to co-create a new learning platform for our social work students. This experiential learning is critical to ensure that graduate social workers have the skills and knowledge linking theory and research to practical application and has been praised by the sector.

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

- **Student Hubs** – New Student Hubs have been developed at both campuses to provide a one-stop-shop for current and prospective students, allowing easier access to services.
- **New Director** – A new Director of Services for Students, Alison Egan, took up post in February. Alison is progressing a structural review of services for students to ensure the efficient deployment of resources.
- **Student satisfaction** – This year we achieved our best ever National Student Survey (NSS) results. Our overall Learning and Teaching score was 85% (+6 improvement on 2011), which was our institutional target for 2015. The overall satisfaction rate was 83% (+6 improvement on 2011) so progress is being made towards our KPI for 2015 of 85%. The International Student Barometer (Autumn Wave 2011) also showed positive feedback from overseas students. Our buildings were ranked 2nd in the UK and accommodation support ranked 3rd in the UK.
- **Graduate employment** – The Destination of Leavers in Higher Education (DLHE) showed that the proportion of Leeds Metropolitan 2010/11 graduates in work, further study or both six months after leaving university was 91.87%. The percentage of students achieving firsts or 2:1s is currently 53%, against a KPI target of 55%.
- **Career development** – A new Student Employability Hub is in early development. It will integrate careers advice and will expand services including part-time paid employment, graduate recruitment and vacancy opportunities, internships, mentoring and work experience. Employer engagement will also be a greater area of focus as we move forward.

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

- **Institutes launched** – New focal points for academic excellence in research were established as three new research institutes were launched during 2011/12. The Institute for Health and Wellbeing, Leeds Sustainability Institute, and the Institute for Sport, Physical Activity and Leisure are hubs for interdisciplinary research activity in their areas of expertise.
- **Faraday Centre** - The Faraday Centre for Retail Excellence was launched in May 2012. The centre uniquely brings together industry and academia and undertakes research for a number of global businesses.
- **Director of Enterprise** – Given the importance of enterprise activity at our university, we appointed a Director of Enterprise, Dr Roger Brooks. Roger joins with a wealth of experience in the development of enterprise and commercial partnerships.
- **Research bids** - 2011/12 saw an increase in the number of research funding applications made with total 220 funding applications being submitted to a range of UK, European and International funding organisations. 45 applications to European sources were submitted and 175 to a range of 101 different UK/international funding bodies. Successes have so far been reported for 69 applications (an increase of 16.9% against 2010/11 successes), securing our University a total of £12,782,493 in awards with outcomes still pending for a further 69 applications.
- **Third stream income** - Academic enterprise and consultancy income is continuing to grow with long-term relationships being developed with large organisations including the NHS, the Youth Hostel Association and the Royal British Legion.

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

- **Investors in People** – We have been awarded the enhanced bronze level IIP status following a re-accreditation review during the summer after holding the IIP Standard for more than 10 years. Our strategic goal is to achieve silver level accreditation by 2015.
- **Customer Service Excellence** - We continue to make progress towards having the Customer Service Excellence accreditation for our whole university, with the aim of being assessed in 2013. Our library was awarded the CSE standard for the 10th year running in 2012.
- **Development** – We continue to make a significant investment in providing a stimulating and relevant range of development opportunities for our diverse workforce with over 95 workshops available. In addition we ran two one-day Support Staff Development Conferences on Communication and Change during the course of the year which were each attended by more than 300 staff. Significant progress has also been made this year with the programme of development available to our academic staff targeted at key academic roles such as Course Leaders and Personal Tutors. Our new Developing Excellent Academic Practice Framework has been approved and will be implemented over the course of the next academic year.
- **Managers' Toolkit** – We have delivered a new Managers' Toolkit for all managers with responsibility for managing people and resources. The Toolkit is made up of 11 short workshops on key aspects of the management role from Managing Performance through to Effective Communication. The majority of the sessions are now live (with two final modules starting in September 2012).
- **Staff engagement** – During the course of the year a new website was developed as a hub for staff engagement activity, called *Valuing our People*. This site houses a number of 'you said we did' examples of staff initiatives. We also ran our second full Staff Survey in May which generated a response rate of 74%. Findings from the Staff Survey show staff are positive with 80% of respondents agreeing that this is a good place to work and 87% indicating that they enjoy their work.

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

- **New facilities** – We continue to invest in our high quality learning environments. New developments this year have included a 500-seater sports arena, state-of-the-art clinical skills labs, brand new Student Hubs, library upgrades, and refurbishments of Calverley and Portland buildings.
- **Green university** – We were awarded a 'First' in the People & Planet Green League, a league table of environmentally friendly universities, for the 6th consecutive year.
- **Estates reduction** - We have sold premises at Millshaw Business Park and ended our lease at Ripon, the last of the properties related to Harrogate College. This and other initiatives have reduced the estate by 2,514m<sup>2</sup> thereby increasing the quality of our estate overall and only 1% of our estate is now category D, with the aim to reduce this to 0%.
- **VS/VER** – We offered a voluntary severance/early retirement scheme to allow us to prepare ourselves for the challenges of the future. 182 people took advantage of the scheme which will allow us to plan prudently for the coming years.
- The financial update later in this document also provides full details of successful outcomes in this area.

## Sustainability

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Sustainability is a key theme of our strategic plan and is integrated into our business at the highest level and throughout all operations of our organisation. We are a sustainable university in the broadest sense of the word: from ensuring our finances are viable and we have a sustainable business model, to ensuring that we dispose of waste in an environmentally-friendly manner and have purchasing agreements with suppliers who share our green values. We were awarded a 'first' in the People & planet green league table of universities for the 6th year running in 2012 and received recognition for our University's Fairtrade and ethical procurement procedures. We have a dedicated sustainability team which undertakes a range of initiatives aimed at reducing the carbon footprint and reducing environmental impact, and continuing to work towards HEFCE directives for reducing Scope 3 carbon emissions.

## Public benefit

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Leeds Metropolitan University is an exempt charity under the terms of the Charities Act 2011. Our charitable purpose is the advancement of education for the public benefit. 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 the UK. Courses and research programmes are open to candidates with suitable academic qualifications and there is no geographical restriction on entry.

In 2011/12, our University had 24,034 undergraduates studying 385 courses, 4,196 taught postgraduates studying 196 courses, and 334 research postgraduates. 6,384 of our undergraduate students graduated during the year (source: Higher Education Statistics Agency 2011 report). We also have students from over 100 countries studying in Leeds.

Undergraduate tuition fees for 2011/12 were £3,375. We are committed to offering financial scholarships to allow a wide range of students to experience a university education. In 2011/12 we paid approximately £2,772,600 in bursaries to 4,494 students.

We offer a range of scholarships which are funded by donations, benefitting students from the Leeds city region and those from lower income backgrounds. The Jimi Heselden Excellence Scholarship is available to students from specific Leeds postcodes whose household income is less than £25,000. In 11/12 this was awarded to 13 students. A new Vice Chancellor's Scholarship was launched in 2012 in order to provide cash and in-kind support to entrepreneurial graduates with promising business ideas. Two Vice Chancellors enterprise scholarships were awarded in 11/12.

In addition to offering scholarships and bursaries, we provide a range of support services to help students financially by offering advice and guidance and by providing practical support into paid part-time employment and internships; we secure over 160,000 hours of part time work for our students every year.

Through our collaborative partnerships with schools and colleges we have a strong track record of making higher education accessible to groups and communities. Courses delivered through 17 partner colleges enabled 11,413 students to benefit from higher education delivered in their communities during 11/12.

We have a strong record of raising aspirations and reached 24,361 young people through our access and widening participation initiatives through 24 programmes of activity.

Our research has an impact both in the UK and around the world. 45 applications to European funding sources were submitted and 175 to a range of 101 different UK/international bodies. We have so far been successful in 69 applications (an increase of 16.9% against 2010/11 successes), securing a total of £12,782,493 in awards.

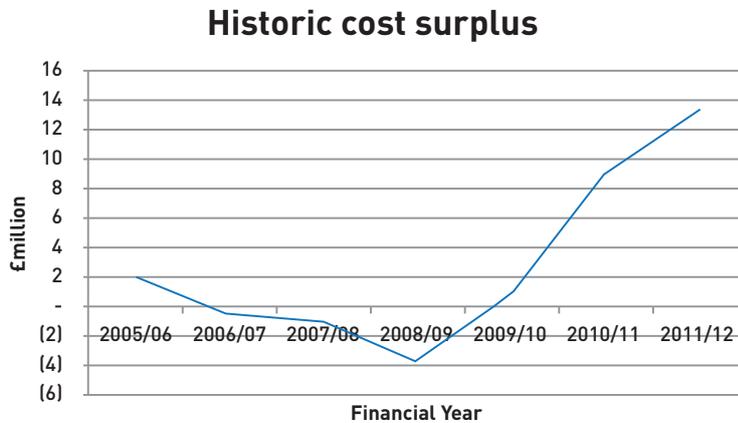
We play a pivotal role in the region as a driver of economic, social and cultural development. This is supported by long term collaborative relationships with regional institutions, organisations and employers. Our contribution to the Leeds City Region Joint Skills Partnership Agreement, working alongside local universities, colleges and the Local Enterprise Partnership, allows us to be at the heart of decision making about the future skills requirements of the local and regional economy. Working with our partners across the region, we share in the commitment to support the aspiration to develop a flexible and skilled workforce which will meet the economic, social and cultural needs of the area.

## Financial update

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

	2011/12 £m	2010/11 £m
Total Income	178.0	172.1
Total Expenditure	168.2	167.0
Surplus	9.8	5.1
add: Depreciation on revalued amounts	2.7	3.0
add: the effects of FRS17	0.6	1.0
Historic cost surplus before FRS17	13.1	9.1

A historic cost surplus of £13.1m before FRS17 is equivalent to 7.3% of total income. It represents an improvement on last year's results and helps to strengthen our financial position ahead of the changes in the funding and control environment from September 2012. Figure 1 illustrates the changes in our surplus since 2005/6.



**Figure 1**

Our results reflect how, following the completion of major capital developments and the subsequent increase in our fee levels to sector norms in 2010/11, our planned movement from a small deficit in 2008/9 into a surplus, has been achieved, primarily due to tight expenditure controls as well as higher tuition fees. Figure 2 illustrates our sources of income and our historic cost expenditure profile before FRS17 in 2011/12.

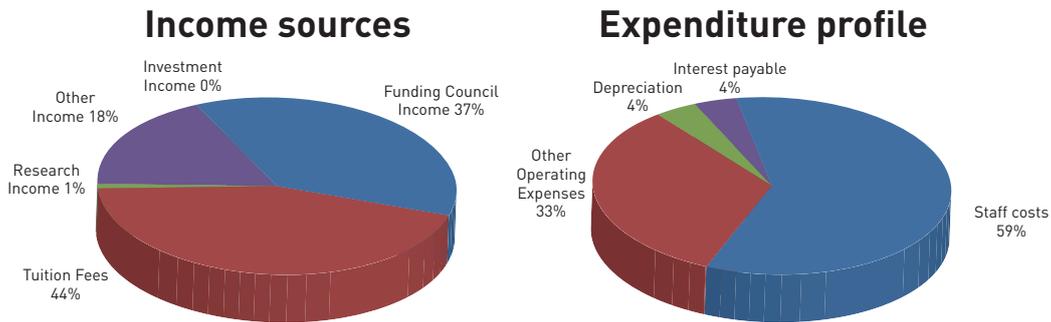


Figure 2

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

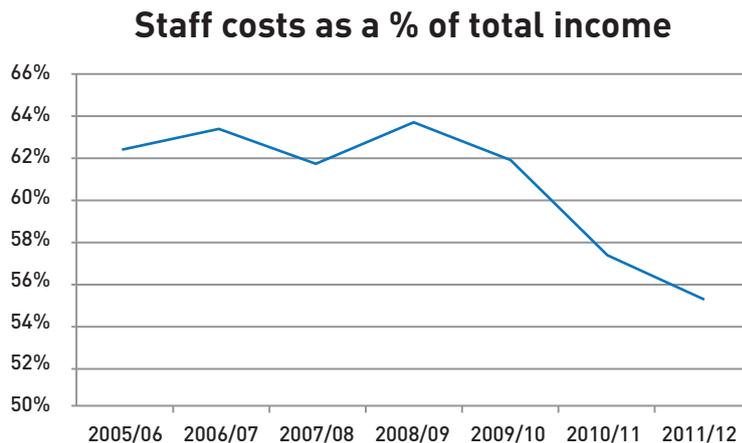


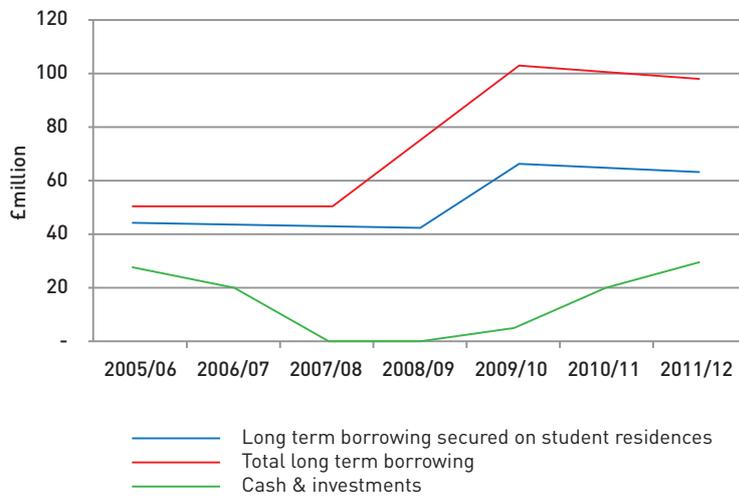
Figure 3

Our financial results described above are before taking into account exceptional expenses, which included £6.1m expended as part of a voluntary leaving scheme that will deliver annual savings of £6.3m from next year onwards. Our investment in capital projects during the year was relatively low, reflecting how, following our recently completed major developments, our focus is now on maintenance and renewal, with some adaptations and conversion.

The improvements in our operational surplus are reflected in our cash inflows from operations which, before exceptional items, exceeded £27m and again represent excellent results for us. They have enabled us to grow cash and investment balances to over £30m, and our discretionary reserves to over £43m, by the financial year-end.

Whilst our long term borrowings remain relatively high compared to the sector average (£42.5m) they include over £62m of loans that are directly funded from our student residences income, leaving just £37m of loans that are funded from general income. Figure 4 illustrates how our long term borrowings, both including and excluding our student residences loans, have been reducing since 2008/9 when they were increased to finance major capital development, and how our cash and short term investment balances have been increasing over recent years.

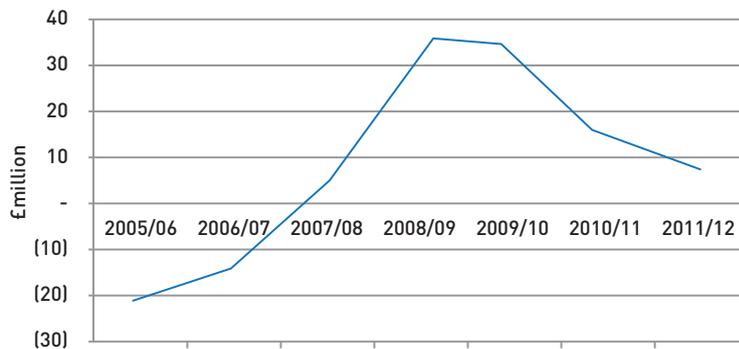
### Long term borrowings and Cash & investments



**Figure 4**

Figure 5 illustrates how our net borrowings funded from general income, which includes £37m of loans together with cash and investment balances, have reduced since 2008/9 and how, at £7m, they are now much closer to the sector average net cash position of £4m.

### Net borrowings



**Figure 5**

As planned, our financial performance and position places us well to respond to uncertainty and changes in the higher education funding and control environments, and in the markets within which we operate. Our financial forecasts are prudent, yet they consistently exceed our target of a 5% surplus. We consider this to be the minimum level required to cover our future capital investments as well as continue the buildup of our financial strength.

# Corporate Governance Statement

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## Framework of Governance

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

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

## Board of Governors

The Board of Governors is the governing body of the University. The Board's responsibilities are set out in the University's Articles of Government and, in accordance with CUC guidance, a Statement of Primary Responsibilities has been adopted. Responsibilities reserved for the Board's decision include: determining the educational character and mission of the University; approving annual estimates of income and expenditure; ensuring the solvency of the institution and safeguarding its assets; appointing the Vice-Chancellor; amending the Articles of Government; appointing the external auditors.

In the year ended 31 July 2012, the Board met five times and held two away days. The principal business undertaken by the Board included: approving corporate strategy and considering associated opportunities and risks; medium and longer term planning; overseeing the work of Academic Board as regards academic quality and standards; reviewing institutional performance; monitoring solvency and financial sustainability.

In accordance with the Instrument of Government, the Board comprises twenty Governors, consisting of thirteen lay members, four staff nominees, two students' union nominees, and the Vice-Chancellor. The lay Chair, Lord Woolmer of Leeds, is responsible for running the Board and plays a key role in the governance of the University. Lord Woolmer was supported during the year by the Deputy Chair, Keith Ramsay. For the purposes of charity law, the Governors are the trustees of the University and, as required, have had regard to the Charity Commission's guidance on public benefit.

A new Secretary & Registrar, Jenny Share, was appointed during 2011/12 and took office on 12 November 2012. The Secretary & Registrar is Clerk to the Board of Governors.

New Governors receive a personalised induction programme and all Governors are eligible to take part in relevant training and development at the University's expense. The University maintains a register of interests of Governors and senior managers, which is available for inspection on request to the Clerk to the Board of Governors. An annual review of the effectiveness in 2011/12 has taken place, comprising a questionnaire and individual meetings between the Chair and all Governors. 5 new Governors joined the Board during 2011/12.

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.

## Committees of the Board of Governors

During the year ended 31 July 2012, the principal standing committees of the Board of Governors were:

- Audit Committee, which was responsible for reviewing the effectiveness of the University's system of internal control and risk management;
- Employment & Staffing Committee, which advised the Board on policy and strategy relating to employment, health and safety, and equality and diversity;
- Estates Strategy Committee, which advised the Board on strategic matters relating to the development and maintenance of the estate;
- Finance & General Purposes Committee, which advised the Board on financial strategy and sustainability;
- Governance & Nominations Committee, which advised the Board on the appointment of Governors and good practice in governance;
- Senior Staff Remuneration Committee, which was responsible for determining salaries and monitoring performance of the Vice-Chancellor and other senior staff.

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

## Academic Board

The Academic Board is the University's principal academic authority. Subject to the powers of the Board of Governors and the Vice-Chancellor, it is responsible for the academic affairs of the University, the design and implementation of the academic regulatory framework, and for general issues relating to learning, teaching and research. Its forty members are drawn entirely from staff and students. The Academic Board makes a full report to the Board of Governors after every meeting.

## Executive management

The Vice-Chancellor, Professor Susan Price, is the chief executive officer and is responsible to the Board of Governors for the organisation, direction, and executive management of the University. The Vice-Chancellor is the 'Accountable Officer' for the purposes of the Financial Memorandum with the Higher Education Funding Council for England ("HEFCE") and is advised by the Corporate Management Team, or CMT.

## Internal control

The Board is responsible for instituting and maintaining a sound system of internal control that supports the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible. In discharging this responsibility, the Board complies with the requirements of the HEFCE Financial Memorandum. The system of internal control is designed to manage rather than eliminate risk and to provide reasonable, but not absolute, assurance of effectiveness. The Board is satisfied that an adequate system of internal control has been in place for the year ended 31 July 2012.

The Vice-Chancellor is responsible for implementing the system of internal control. Audit Committee undertakes detailed review and monitoring of the system of internal control on behalf of the Board. The University's internal audit service is provided by Deloitte LLP which operates to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports to Audit Committee, which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Audit Committee's work is further informed by reports from management on the implementation and development of the system of internal control and by comments from the external auditors in their management letter and other reports.

### **Risk management**

The Board has overall responsibility for risk management. A Risk Management Policy, which accords with HEFCE guidance, is in place. As part of the process of managing risk, the Board approves the corporate strategy and budget, reviews progress against key performance indicators, and takes account of opportunities and risks in decision-making. A robust system for identifying, reporting, and managing risk is in place, and is integral to the University's strategic planning process. A corporate risk register is maintained, and each Faculty and service directorate also has a risk register. These are reviewed regularly by management and by Audit Committee. An annual review of risk management takes place and is reported to Audit Committee. An annual programme of risk management training is provided.

### **Statement of the Board's Responsibilities for the Financial Statements**

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

Key elements of the University's financial control system include a comprehensive strategic planning process, underpinned by annual income, expenditure, capital, and cashflow budgets, and monthly review of financial performance. Finance & General Purposes Committee undertakes detailed review of financial planning and performance on behalf of the Board. The Board receives regular forecasts of financial out-turn. Comprehensive financial regulations and procedures are in place, which clearly define the system for approval and control of expenditure, including the responsibilities and levels of authority of managers. Capital investment is subject to rigorous appraisal and review. The system of financial control is reviewed by the internal auditors who report their findings to Audit Committee.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the University and which ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the HEFCE Accounts Direction, the Statement of Recommended Practice: Accounting for Further and Higher Education, and applicable UK law and relevant accounting standards. Under the terms of the HEFCE Financial Memorandum, the Board, through its Accountable Officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the institutional surplus or deficit and cash flows for that year.

In the preparation of the financial statements, the Board has taken reasonable steps to ensure that suitable accounting policies are selected and applied consistently; judgments and estimates are made that are reasonable and prudent; and applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements).

### **Going concern**

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

The Corporate Governance Statement was approved by the Board of Governors of the Leeds Metropolitan University Higher Education Corporation on 23 November 2012 and signed on its behalf by:



Jenny Share  
Secretary & Registrar and Clerk to the Board

<b>BOARD OF GOVERNORS</b>	
Members during 2011/12	
Lord Woolmer of Leeds	Independent Governor and Chair
Judy Atchison	Independent Governor (demitted office 31 August 2011)
Ann Bishop	Independent Governor (appointed 01 September 2011)
Gabrielle Atmarow	Independent Governor
Alan Baker	Independent Governor (demitted office 31 August 2012)
Brian Bouttell	Co-opted Governor (demitted office 31 August 2011)
Janet Carr	Co-opted Staff Governor (demitted office 31 March 2012)
Susan Cooklin	Independent Governor (appointed 01 September 2011)
Jean Dent	Independent Governor (appointed 01 September 2011)
Ieuan Ellis	Academic Board nominee
Annette Hall	Independent Governor
Bill Hartley	Independent Governor
Jo Johnson	Student Governor (demitted office 31 July 2012)
Professor Susan Price	Vice-Chancellor
Tony Longworth	Co-opted Governor (demitted office 31 August 2011)
Dr Sam Marshall	Independent Governor
Professor Peter Marsh	Co-opted Governor (appointed 24 February 2012)
Maurice Miller	Independent Governor (demitted office 31 August 2011)
Jayne Mothersdale	Academic Board nominee
Keith Ramsay	Independent Governor and Deputy Chair (demitted office 31 August 2012)
Yasser Ranjha	Student Governor (demitted office 31 July 2012)
Iqbal Sacranie	Independent Governor (demitted office 31 August 2012)
Sue Sherwin	Co-opted Staff Governor
Thea Stein	Independent Governor (appointed 01 September 2011)
Members appointed prior to approval of the accounts	
David Alcorn	Student Governor (appointed 01 August 2012)
Mobina Begum	Co-opted Staff Governor (appointed 01 September 2012)
Andy Brown	Independent Governor (appointed 01 September 2012)
Martin Clark	Independent Governor (appointed 01 September 2012)
Professor Mohammad Dastbaz	Academic Board nominee (appointed 01 September 2012)
Tashi Thornley	Student Governor (appointed 01 August 2012)
Steven Webb	Independent Governor (appointed 01 September 2012)

CORPORATE MANAGEMENT TEAM	
Professor Susan Price	Vice-Chancellor
Professor Sally Glen	Deputy Vice-Chancellor (Student Experience)
Professor Andrew Slade	Deputy Vice-Chancellor (Research & Enterprise)
Dr Paul Smith	Deputy Vice-Chancellor (Strategic Development)
Steve Pashley	Director of Human Resources
Stephen Willis	Director of Finance & Resources
Barbara Colledge	Dean, Faculty of Business & Law
Professor Mohammad Dastbaz	Dean, Faculty of Arts, Environment & Technology
Professor Ieuan Ellis	Dean, Faculty of Health & Social Sciences
Gareth Davies	Dean, Carnegie Faculty
Andrew Disbury	Director of the International Office
Alison Egan	Director of Services for Students
Deborah Green	Director of Marketing
Sue Holmes	Director of Estates
Hugh Lavery	Director of Information, Media & Technology Services
Jo Norry	Director of Libraries & Learning Innovation

## **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 2012 which comprise the Statement of Principal Accounting Policies, 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, 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.

### **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 2012 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  
27 November 2012

**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 31<sup>st</sup> July 2012 include the University and its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS2, the activities of the student union have not been consolidated because the University does not control those activities.

**Recognition of Income**

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

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

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

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

**Maintenance of Premises**

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

**Foreign Currency Translation**

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

**Pension Schemes**

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

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

**Accounting policies (continued)**

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**

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

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

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

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

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

Buildings under construction are initially accounted for at cost (until a full or interim valuation is carried out), based on the value of architects' certificates and other direct costs incurred to 31<sup>st</sup> 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 1<sup>st</sup> April 1989 are depreciated over their remaining estimated useful lives. Freehold buildings acquired since 1<sup>st</sup> April 1989 are depreciated over their estimated useful lives. Freehold land is not depreciated.

**Equipment, plant, furniture and fittings**

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

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income

**Accounting policies (continued)**

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 under Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. All non-recoverable Value Added Tax on purchases is included within the appropriate expenditure headings.

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

**Cash**

Cash at bank and in hand includes cash in hand and deposits repayable within 24 hours without penalty at the Balance Sheet date. All other liquid deposits are included within Short Term Deposits. Cash at bank is the balance shown on the bank statements. Cheques/BACS issued or received before 31<sup>st</sup> 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.

**Accounting policies (continued)****Investments**

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

**Consolidated Income and Expenditure Account for the Year ended 31 July 2012**

	Notes	Year Ended 31 July 2012 £000		Year Ended 31 July 2011 £000	
<b>INCOME</b>					
Funding body grants	1		66,180		72,294
Tuition fees and education contracts	2		79,041		67,390
Research grants and contracts	3		1,400		1,742
Other income	4		31,058		30,552
Endowment and investment income	5		292		140
<b>Total Income</b>			<b>177,971</b>		<b>172,118</b>
<b>EXPENDITURE</b>					
Payroll costs excluding FRS 17 adjustments		96,576		98,250	
Accrual to maintain current service costs per FRS17		1,061		453	
<b>Total staff costs</b>	6		<b>97,637</b>		<b>98,703</b>
Total other operating expenses	8		55,397		51,089
Depreciation based on historic Costs		6,934		7,606	
Depreciation of revaluations		2,690		2,956	
Diminution		639		25	
<b>Depreciation</b>	10		<b>10,263</b>		<b>10,587</b>
Interest payable excluding FRS17 charges		6,005		6,122	
Net pension financing charges per FRS17		(497)		541	
<b>Interest and other finance costs</b>	9		<b>5,508</b>		<b>6,663</b>
<b>Total Expenditure</b>	10		<b>168,805</b>		<b>167,042</b>
<b>Surplus/(deficit) after depreciation of assets at valuation excluding associated company results</b>			<b>9,166</b>		<b>5,076</b>
Share of operating profit/(loss) in associate	15		6		11
<b>Surplus/(deficit) after depreciation of assets at valuation before exceptional items</b>			<b>9,172</b>		<b>5,087</b>
Exceptional items	11		(11,492)		(1,095)
<b>Surplus/(deficit) after depreciation of assets at valuation and exceptional items</b>			<b>(2,320)</b>		<b>3,992</b>
Transfer (to)/from accumulated income within specific endowments			-		-
Transfer (to)/from accumulated income within general endowments			5		-
<b>Surplus/(deficit) for the year retained within general reserves</b>			<b>(2,315)</b>		<b>3,992</b>

**Consolidated Statement of Historical Cost Surpluses and Deficits for the Year ended 31 July 2012**

	Notes	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Surplus/(deficit) after depreciation of assets at valuation and exceptional items		(2,320)	3,992
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount	24	2,690	2,956
Realisation of property revaluation gains of previous years	24	2,927	3,207
<b>Historical cost surplus/(deficit) for the year</b>		<b>3,297</b>	<b>10,155</b>

All amounts relate to continuing operations.

<b>Reconciliation</b>			
Historical cost surplus/(deficit) for the year including FRS17		3,297	10,155
less FRS17 adjustments	32	564	994
Impact on I&E excluding pension reserve		3,861	11,149
less: Exceptional items including realised property revaluation gains	11,24	8,565	(2,112)
less: Diminutions arising from property revaluations	12	639	25
<b>Historical cost surplus/(deficit) for the year excluding FRS17 and exceptional Items</b>		<b>13,065</b>	<b>9,062</b>

**Consolidated Statement of Total Recognised Gains and Losses for the Year ended 31 July 2012**

	<b>Notes</b>	<b>Year Ended 31 July 2012 £000</b>	<b>Year Ended 31 July 2011 £000</b>
Surplus/(deficit) on continuing operations after depreciation of assets at valuation		( 2,320)	3,992
Endowment fund additions	16, 23	-	21
Unrealised gain/(loss) on the revaluation of land & buildings	24	( 2,739)	( 32)
Actuarial gain/(loss) in respect of pension schemes	21, 32	( 34,018)	18,188
<b>Total recognised gains/(losses) relating to the year</b>		<b><u>( 39,077)</u></b>	<b><u>22,169</u></b>

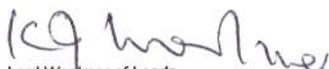
**Reconciliation**

		<b>Year Ended 31 July 2012 £000</b>	<b>Year Ended 31 July 2011 £000</b>
Opening endowments and reserves	23, 24, 25	146,339	124,170
Total recognised gains/(losses) for the year		( 39,077)	22,169
<b>Closing endowments and reserves</b>		<b><u>107,262</u></b>	<b><u>146,339</u></b>

## Balance Sheets as at 31 July

	Notes	Consolidated		University	
		Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
<b>Fixed Assets</b>					
Tangible assets	12	332,686	344,965	332,686	325,137
Fixed asset investments	13	37	37	37	14,187
Investments in associated companies	15	12	11	12	11
Loan to associated companies	15	7	15	7	15
<b>Total fixed assets</b>		<b>332,742</b>	<b>345,028</b>	<b>332,742</b>	<b>339,350</b>
<b>Endowment assets</b>	16	<b>179</b>	<b>184</b>	<b>179</b>	<b>184</b>
<b>Current Assets</b>					
Stock		67	100	67	100
Debtors	17	9,464	10,667	9,339	11,191
Current investments	13	25,250	10,013	25,250	10,013
Cash at bank and in hand		5,124	11,623	5,124	11,623
<b>Total current assets</b>		<b>39,905</b>	<b>32,403</b>	<b>39,780</b>	<b>32,927</b>
Less: Creditors: amounts falling due within one year	18	(30,512)	(27,192)	(30,387)	(26,739)
<b>Net current assets</b>		<b>9,393</b>	<b>5,211</b>	<b>9,393</b>	<b>6,188</b>
<b>Total assets less current liabilities</b>		<b>342,314</b>	<b>350,423</b>	<b>342,314</b>	<b>345,722</b>
Less: Creditors: amounts falling due after more than one year	19	(98,678)	(100,901)	(98,678)	(100,371)
Less: Provisions for liabilities	21	(14,016)	(12,839)	(14,016)	(12,839)
<b>Net assets excluding pension liability</b>		<b>229,620</b>	<b>236,683</b>	<b>229,620</b>	<b>232,512</b>
Pension liability	32	(66,616)	(33,517)	(66,616)	(33,517)
<b>Net assets including pension liability</b>		<b>163,004</b>	<b>203,166</b>	<b>163,004</b>	<b>198,995</b>
Deferred capital grants	22	55,742	56,827	55,742	56,827
<b>Endowments</b>					
Expendable	23	97	102	97	102
Permanent	23	82	82	82	82
<b>Total endowments</b>		<b>179</b>	<b>184</b>	<b>179</b>	<b>184</b>
<b>Reserves</b>					
Revaluation reserve	24	129,997	138,353	135,151	131,093
Income and expenditure account excl pension reserve	25	43,702	41,319	38,548	44,408
Pension reserve	25	(66,616)	(33,517)	(66,616)	(33,517)
Income and expenditure account incl pension reserve	25	(22,914)	7,802	(28,068)	10,891
<b>Total reserves</b>		<b>107,083</b>	<b>146,155</b>	<b>107,083</b>	<b>141,984</b>
<b>Total funds</b>		<b>163,004</b>	<b>203,166</b>	<b>163,004</b>	<b>198,995</b>

The financial statements on pages 20 to 43 were approved by the Board of Governors on 23 November 2012 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 2012**

	Notes	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
<b>Net cash inflow/(outflow) from operating activities</b>	26	27,048	19,899
Exceptional restructuring expenses		<u>(6,239)</u>	<u>(387)</u>
Net cash inflow/(outflow) after exceptional items	26	20,809	19,512
Returns on investments and servicing of finance	27	(4,148)	(5,337)
Capital expenditure and financial investment	28	(5,842)	4,069
Management of liquid resources	29	(15,232)	(10,034)
Financing	30	(2,086)	(2,486)
<b>Increase/(decrease) in cash in the year</b>		<u><b>(6,499)</b></u>	<u><b>5,724</b></u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash in the year		(6,499)	5,724
Increase/(decrease) from liquid resources	29	15,232	10,034
(Increase)/decrease from borrowings	30	2,086	2,486
Movement in net debt in year	31	<u>10,819</u>	<u>18,244</u>
<b>Net debt at 1 August</b>		(80,389)	(98,633)
<b>Net debt at 31 July</b>		<u><b>(69,570)</b></u>	<u><b>(80,389)</b></u>

## Notes to the Accounts

## Note 1. Funding body grants

	Year Ended 31 July 2012			Year Ended
	HEFCE £000	TDA £000	Total £000	31 July 2011 Total £000
<b>Recurrent grants:</b>				
HEFCE Teaching	50,560		50,560	56,040
HEFCE Research	1,530		1,530	2,112
HEFCE Widening participation	6,132		6,132	6,432
Other funding bodies		4,916	4,916	3,688
Higher Education Innovation Fund	1,183		1,183	1,626
<b>Specific grants:</b>				
Revenue CETL	7		7	68
Other	214	291	505	976
<b>Releases of deferred capital grants:</b>				
Buildings (Note 22)	1,161		1,161	1,080
Equipment (Note 22)	186		186	272
	<b>60,973</b>	<b>5,207</b>	<b>66,180</b>	<b>72,294</b>

## Note 2. Tuition fees and education contracts

	Year Ended	Year Ended
	31 July 2012 £000	31 July 2011 £000
<b>HE course fees</b>		
<b>Home and EC domicile students</b>		
Full-time undergraduate	55,826	44,798
Full-time postgraduate	3,514	3,274
Part-time undergraduate	2,643	2,971
Part-time postgraduate	3,048	2,972
<b>Overseas (non-EC) domicile students</b>		
Overseas students	10,330	9,617
<b>Sub-total HE course fees</b>	<b>75,361</b>	<b>63,632</b>
Short course fees	983	1,209
Education contracts UK	226	201
Education contracts overseas	2,471	2,348
	<b>79,041</b>	<b>67,390</b>

## Note 3. Research grants and contracts

	Year Ended	Year Ended
	31 July 2012 £000	31 July 2011 £000
Research councils	149	181
UK based charities	288	392
UK central government, local, health and hospital authorities	505	423
UK industry, commerce, public corporations	236	425
EU government bodies	78	142
EU other	37	48
Other overseas	107	4
Other	-	127
	<b>1,400</b>	<b>1,742</b>

## Note 4. Other income

	Year Ended	Year Ended
	31 July 2012 £000	31 July 2011 £000
Knowledge trading	4,024	3,350
Residences, catering and conferences	21,293	20,659
Remaining other income	5,447	6,247
Deferred capital grants released in year (Note 22)	294	296
	<b>31,058</b>	<b>30,552</b>

The following income is included within the above figures:

Operating lease rentals in respect of B Building (Note 12)	159	159
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**Note 5. Endowment and investment income**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Income from permanent endowment asset investments	1	1
Income from expendable endowment asset investments	-	-
Other interest receivable	291	139
	<u>292</u>	<u>140</u>

**Note 6. Staff**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
<b>Staff costs</b>		
Wages and salaries	80,775	82,042
Social security costs	6,646	6,517
Other pension costs (Note 32 )	10,216	10,144
	<u>97,637</u>	<u>98,703</u>
	<b>£000</b>	<b>£000</b>
<b>Emoluments of the Vice-Chancellor</b>		
Basic salary	215	215
Benefits in kind	-	-
	<u>215</u>	<u>215</u>
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:	30	30
<i>Total emoluments</i>	<u>245</u>	<u>245</u>

**Compensation for loss of office**

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2012, paid to former higher paid employees during the year amounted to £nil (2011: £40,000).

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

	Year Ended 31 July 2012 Number	Year Ended 31 July 2011 Number
£110,000 - £119,999	1	1
£120,000 - £129,999	3	3
£130,000 - £139,999	-	-
£140,000 - £149,999	2	3
	<b>Number</b>	<b>Number</b>
<b>Average full-time equivalent</b>		
Academic staff	1,089	1,088
Support staff	1,046	1,103
Operational staff	187	197
	<u>2,322</u>	<u>2,388</u>

**Note 7. Governor remuneration**

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

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Total Remuneration	<u>26</u>	<u>19</u>

**Reimbursement of expenses**

All Governors are entitled to reimbursement of expenditure incurred directly in attending meetings, provided that the claim is in accordance with the requirements that all senior employees have to meet in order to reclaim expenditure, for example, the production of relevant receipts. Eleven Governors (2011: Twelve) claimed expenses in the period.

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Total reimbursement	<u>5</u>	<u>6</u>

**Note 8. Other operating expenses**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Student support	4,895	3,142
Teaching support	5,527	5,571
Staff support	3,835	2,677
Facilities management	17,411	17,945
Utilities	3,265	2,792
Equipment	3,667	4,039
Communications	1,119	1,165
Catering	2,148	1,994
Travel and subsistence	2,447	2,408
Consumables	1,654	1,612
Audit, legal and other professional services	2,262	1,876
Advertising and marketing	4,847	4,212
Insurance and financial expenses	2,320	1,656
	<u><u>55,397</u></u>	<u><u>51,089</u></u>

The following costs are included within the above figures:

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
External auditors' remuneration for:		
University audit services	49	44
Subsidiaries audit services	4	2
Non-audit work	9	9
Internal auditors' remuneration for non-audit work	68	64
Operating lease rentals - buildings	9,957	10,468
Operating lease rentals - equipment	420	387
Student Union grant	845	845

**Note 9. Interest and other finance costs**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Finance leases	1,343	1,355
Interest payable on Capital Release scheme	2,392	2,417
Loans secured on residential properties	3,735	3,772
Bank loans wholly repayable within 5 years	-	47
Bank loans not wholly repayable within 5 years	1,602	1,631
Other interest payable	1	1
Due on pension provisions	667	671
FRS17 pension financing costs	( 497)	541
	<u>5,508</u>	<u>6,663</u>

**Note 10. Analysis of 2011/12 expenditure by activity**

	Staff Costs £000	Other Operating Expenses £000	Depreciation £000	Interest Payable £000	Total £000
Academic departments	57,169	9,661	777	-	67,607
Academic services	8,293	3,293	819	-	12,405
Research grants and contracts	3,868	816	98	-	4,782
Residences, catering and conferences	1,865	12,561	1,077	3,735	19,238
Premises	4,904	10,982	7,203	-	23,089
Administration	19,885	16,327	280	1,773	38,265
Other services rendered	1,653	1,757	9	-	3,419
<b>Total</b>	<u>97,637</u>	<u>55,397</u>	<u>10,263</u>	<u>5,508</u>	<u>168,805</u>

The depreciation charge has been funded by:

	£000
Deferred capital grants released (Note 22)	1,641
Revaluation reserve released (Note 24)	2,690
General income	5,293
Depreciation per fixed assets (Note 12)	<u>9,624</u>
Diminution charge (Note 12 £nil Cost less £-0.639m accumulated depreciation)	639
	<u>10,263</u>

**Note 11. Exceptional items**

	Consolidated and University Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Restructuring costs - pension costs (Notes 21 and 32)	1,297	252
Restructuring costs - other costs	4,756	1,019
(Surplus)/deficit on disposal of fixed assets	102	( 176)
Other - costs resulting from water damage to buildings	5,337	-
	<u>11,492</u>	<u>1,095</u>

**Note 12. Tangible assets**  
**CONSOLIDATED**

	Assets Under Construction	Land and Buildings	Owned Equipment, Furniture and Fittings	Total
	£000	£000	£000	£000
<b>Cost or Valuation</b>				
At 1 August 2011				
Valuation	-	392,683	-	392,683
Cost	298	52,216	25,655	78,169
	<u>298</u>	<u>444,899</u>	<u>25,655</u>	<u>470,852</u>
Additions at cost	1,758	1,379	2,309	5,446
Assets brought into use	( 298)	298	-	-
Disposals and transfers in Year	-	( 559)	( 1,047)	( 1,606)
Gain/(loss) on revaluation	-	( 1,298)	-	( 1,298)
Write down following water damage to buildings (see Note 11)		( 6,357)		( 6,357)
At 31 July 2012				
Valuation	-	410,375	-	410,375
Cost	1,758	27,987	26,917	56,662
	<u>1,758</u>	<u>438,362</u>	<u>26,917</u>	<u>467,037</u>
<b>Accumulated depreciation</b>				
At 1 August 2011	-	( 109,568)	( 16,319)	( 125,887)
Charge for year	-	( 6,472)	( 3,152)	( 9,624)
Eliminated on disposals and transfers	-	57	1,047	1,104
Gain/(loss) on revaluation	-	( 1,441)	-	( 1,441)
Recovery/(loss) on diminution	-	( 639)	-	( 639)
Write down following water damage to buildings (see Note 11)		2,136		2,136
At 31 July 2012	<u>-</u>	<u>( 115,927)</u>	<u>( 18,424)</u>	<u>( 134,351)</u>
<b>Net book value at 31 July 2012</b>	<u><b>1,758</b></u>	<u><b>322,435</b></u>	<u><b>8,493</b></u>	<u><b>332,686</b></u>
Net book value at 1 August 2011	<u>298</u>	<u>335,331</u>	<u>9,336</u>	<u>344,965</u>
Financed by capital grant	-	55,486	256	55,742
Other	1,758	266,949	8,237	276,944
<b>Net book value at 31 July 2012</b>	<u><b>1,758</b></u>	<u><b>322,435</b></u>	<u><b>8,493</b></u>	<u><b>332,686</b></u>

**UNIVERSITY**

	Assets Under Construction	Land and Buildings	Owned Equipment, Furniture and Fittings	Total
	£000	£000	£000	£000
<b>Cost or valuation</b>				
At 1 August 2011				
Valuation	-	367,974	-	367,974
Cost	298	52,154	25,655	78,107
	<u>298</u>	<u>420,128</u>	<u>25,655</u>	<u>446,081</u>
Additions at cost	1,758	8,662	2,309	12,729
Assets brought into use	( 298)	298	-	-
Disposals in year	-	( 557)	( 1,047)	( 1,604)
Gain/(loss) on revaluation	-	16,188	-	16,188
Write down following water damage to buildings (see Note 11)		( 6,357)		( 6,357)
At 31 July 2012				
Valuation	-	410,376	-	410,376
Cost	1,758	27,986	26,917	56,661
	<u>1,758</u>	<u>438,362</u>	<u>26,917</u>	<u>467,037</u>
<b>Accumulated depreciation</b>				
At 1 August 2011	-	( 104,625)	( 16,319)	( 120,944)
Charge for year	-	( 6,343)	( 3,152)	( 9,495)
Eliminated on disposals	-	57	1,047	1,104
Gain/(loss) on revaluation	-	( 6,513)	-	( 6,513)
Recovery/(loss) on diminution	-	( 639)	-	( 639)
Write down following water damage to buildings (see Note 11)		2,136		2,136
At 31 July 2012	<u>-</u>	<u>( 115,927)</u>	<u>( 18,424)</u>	<u>( 134,351)</u>
<b>Net book value at 31 July 2012</b>	<u><b>1,758</b></u>	<u><b>322,435</b></u>	<u><b>8,493</b></u>	<u><b>332,686</b></u>
Net book value at 1 August 2011	<u>298</u>	<u>315,503</u>	<u>9,336</u>	<u>325,137</u>
Financed by capital grant	-	55,486	256	55,742
Other	1,758	266,949	8,237	276,944
<b>Net book value at 31 July 2012</b>	<u><b>1,758</b></u>	<u><b>322,435</b></u>	<u><b>8,493</b></u>	<u><b>332,686</b></u>



**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 and a formal repayment plan has been implemented with regular repayments of capital and interest.

The University acquired 45 shares out of 90 £1 Ordinary Shares issued, a 50% holding, in MoreLife limited (formerly Carnegie Weight Management Limited), a company registered in England & Wales. MoreLife provides services to tackle childhood obesity. The University provides only accommodation and related services. No services are supplied to the University by MoreLife. MoreLife was formed on 1 February 2011 and prepares accounts to 31 March. The University's share of MoreLife profits are based on the unaudited management accounts to 31 July 2012.

	<b>Consolidated and University</b>	
	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>
<b>Associated company investment</b>		
Share of net assets at 1 August	11	-
Purchase of shares	-	0
Share of profit/(loss) for the period	6	11
less: Dividends received	(5)	
	<u>12</u>	<u>11</u>
<b>Share of net assets at 31 July</b>		
	<b>£000</b>	<b>£000</b>
At 1 August	15	-
Advanced during the year	-	20
Repayments made	(8)	(5)
	<u>7</u>	<u>15</u>

**Note 16. Endowment assets**

	<b>Consolidated and University</b>	
	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Increase/(decrease) in cash balances	(5)	21
Movement for the year	(5)	21
At 1 August	184	163
	<u>179</u>	<u>184</u>
At 31 July		
Represented by:		
Cash and investment balances	179	184
	<u>179</u>	<u>184</u>

**Note 17. Debtors**

	<b>Consolidated</b>		<b>University</b>	
	<b>31 July 2012</b>	<b>31 July 2011</b>	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	7,705	8,860	7,594	8,635
Due from group companies	-	-	-	758
Due from associated companies	4	-	4	8
Prepayments and accrued income	1,755	1,807	1,741	1,790
	<u>9,464</u>	<u>10,667</u>	<u>9,339</u>	<u>11,191</u>

**Note 18. Creditors: amounts falling due within one year**

	<b>Consolidated</b>		<b>University</b>	
	<b>31 July 2012</b>	<b>31 July 2011</b>	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Bank loans (Note 20)	1,436	1,381	1,436	1,381
Trade creditors	10,162	11,299	9,959	11,138
Due to group companies	-	-	182	69
Interest accrued	931	913	931	913
Other taxation and social security	3,698	4,030	3,698	4,003
Accruals and deferred income	13,449	8,864	13,345	8,530
Finance leases (Note 20)	113	80	113	80
UPP Capital release creditor (Note 20)	723	625	723	625
	<u>30,512</u>	<u>27,192</u>	<u>30,387</u>	<u>26,739</u>

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

	Consolidated		University	
	31 July 2012	31 July 2011	31 July 2012	31 July 2011
	£000	£000	£000	£000
Bank loans (Note 20)	35,935	37,370	35,935	37,370
Finance leases (Note 20)	20,486	20,600	20,486	20,600
UPP Capital release creditor (Note 20)	41,430	42,153	41,430	42,153
Other creditors due after more than one year	827	778	827	248
	<b>98,678</b>	<b>100,901</b>	<b>98,678</b>	<b>100,371</b>

**Note 20. Borrowings**

	Consolidated and University	
	31 July 2012	31 July 2011
	£000	£000
<b>(a) Bank loan</b>		
The bank loan is repayable as follows:		
In one year or less	1,436	1,381
Between one and two years	1,506	1,436
Between two and five years	4,949	4,725
In five years or more	29,480	31,209
	<b>37,371</b>	<b>38,751</b>

The above bank loan includes £4.35m 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 £33.021m represents amounts drawn down under various terms repayable between the year end and 2035.

	£000	£000
<b>(b) UPP Capital release scheme creditor</b>		
<b>The net obligations to which the University is committed are:</b>		
In one year or less	723	625
Between one and two years	821	723
Between two and five years	3,050	2,756
In five years or more	37,559	38,674
	<b>42,153</b>	<b>42,778</b>

	£000	£000
<b>(c) Finance Lease</b>		
<b>The net obligations to which the University is committed are:</b>		
In one year or less	113	80
Between one and two years	147	113
Between two and five years	643	543
In five years or more	19,696	19,944
	<b>20,599</b>	<b>20,680</b>

**Note 21. Provisions for liabilities and charges**

	Consolidated and University	
	31 July 2012	31 July 2011
	£000	£000
Unfunded pension liabilities:		
At 1 August	12,839	11,897
Transfer from Pension reserve	-	1,580
Charged under exceptional items (Note 11 )	368	31
Expenditure in the period	( 873)	( 793)
Interest charged in I&E (Note 9)	667	671
Actuarial (gains)/losses	1,015	( 547)
<b>At 31 July</b>	<b>14,016</b>	<b>12,839</b>

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.

**Note 22. Deferred capital grants**

	Consolidated and University		
	HEFCE £000	Other Grants £000	Total £000
At 1 August 2011			
Land and buildings	44,406	12,069	56,475
Equipment	263	89	352
	<u>44,669</u>	<u>12,158</u>	<u>56,827</u>
Cash received and receivable			
Land and buildings	291	175	466
Equipment	90	-	90
	<u>381</u>	<u>175</u>	<u>556</u>
Released to income and expenditure account			
Land and buildings	( 1,161)	( 294)	( 1,455)
Equipment	( 186)	-	( 186)
	<u>( 1,347)</u>	<u>( 294)</u>	<u>( 1,641)</u>
<b>At 31 July 2012</b>			
Land and buildings	43,536	11,950	55,486
Equipment	167	89	256
	<u><b>43,703</b></u>	<u><b>12,039</b></u>	<u><b>55,742</b></u>

**Note 23. Endowments**

	Consolidated		Total £000
	Permanent Restricted £000	Expendable Restricted £000	
At 1 August 2011	82	102	184
Income for year	1	-	1
Direct expenditure for year	( 1)	( 5)	( 6)
<b>At 31 July 2012</b>	<u><b>82</b></u>	<u><b>97</b></u>	<u><b>179</b></u>

**Note 24. Revaluation reserve**

	Consolidated		University	
	31 July 2012 £000	31 July 2011 £000	31 July 2012 £000	31 July 2011 £000
Net revaluation amount at 1 August	138,353	144,548	131,093	137,174
<b>Revaluations</b>				
At 1 August	194,875	198,114	186,820	190,059
Revaluations in year	( 2,739)	( 32)	9,675	( 32)
Write down following water damage to buildings	( 2,927)	-	( 2,927)	-
Eliminated on disposals	-	( 3,207)	-	( 3,207)
	<u>189,209</u>	<u>194,875</u>	<u>193,568</u>	<u>186,820</u>
<b>HEFCE reimbursement of inherited capital liabilities</b>				
At 1 August	13,325	13,325	13,325	13,325
Reimbursed in year	-	-	-	-
	<u>13,325</u>	<u>13,325</u>	<u>13,325</u>	<u>13,325</u>
<b>Contributions to depreciation</b>				
At 1 August	( 69,847)	( 66,891)	( 69,052)	( 66,210)
Released in year	( 2,690)	( 2,956)	( 2,690)	( 2,842)
	<u>( 72,537)</u>	<u>( 69,847)</u>	<u>( 71,742)</u>	<u>( 69,052)</u>
<b>Net revaluation amount at 31 July</b>	<u><b>129,997</b></u>	<u><b>138,353</b></u>	<u><b>135,151</b></u>	<u><b>131,093</b></u>

**Note 25. Income and expenditure account**

	<b>Consolidated</b>		<b>University</b>	
	<b>31 July 2012</b>	<b>31 July 2011</b>	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Income and expenditure account excluding pension reserve				
Surplus/(deficit) on continuing operations	( 2,315)	3,992	( 10,562)	3,659
FRS17 charges to income and expenditure account	564	994	564	994
Additional pension contributions made	( 468)	-	( 468)	-
Actuarial gain/(loss) on pension provision	( 1,015)	547	( 1,015)	547
Transfer unfunded pensions from pension reserve	-	( 1,580)	4	( 1,580)
Transfer from revaluation reserve	5,617	6,163	5,617	6,049
	<u>2,383</u>	<u>10,116</u>	<u>( 5,860)</u>	<u>9,669</u>
At 1 August	41,319	31,203	44,408	34,739
<b>At 31 July</b>	<b><u>43,702</u></b>	<b><u>41,319</u></b>	<b><u>38,548</u></b>	<b><u>44,408</u></b>
Pension reserves (Note 32)				
FRS17 charges to income and expenditure account	( 564)	( 994)	( 564)	( 994)
Actuarial gain/(loss) on pension scheme	( 33,003)	17,641	( 33,003)	17,641
Additional contributions made	468	-	468	-
Transfer unfunded pensions to I&E reserve	-	1,580	-	1,580
	<u>( 33,099)</u>	<u>18,227</u>	<u>( 33,099)</u>	<u>18,227</u>
At 1 August	( 33,517)	( 51,744)	( 33,517)	( 51,744)
<b>At 31 July</b>	<b><u>( 66,616)</u></b>	<b><u>( 33,517)</u></b>	<b><u>( 66,616)</u></b>	<b><u>( 33,517)</u></b>
Total income and expenditure reserves:				
Income and expenditure account excluding pension reserve	43,702	41,319	38,548	44,408
Pension reserve	( 66,616)	( 33,517)	( 66,616)	( 33,517)
	<u>( 22,914)</u>	<u>7,802</u>	<u>( 28,068)</u>	<u>10,891</u>

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

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Surplus/(deficit) on continuing operations after depreciation of assets at valuation	( 2,320)	3,992
Depreciation and diminution in the value of fixed assets	9,624	10,562
(Surplus)/deficit on the disposal of fixed assets	4,369	( 70)
Diminution (gain)/loss in value of land & buildings	639	25
Deferred capital grants released to income	( 1,641)	( 1,648)
Interest receivable	( 292)	( 140)
Interest payable	5,508	6,663
(Increase)/decrease in stock	33	47
(Increase)/decrease in operating debtors	1,254	1,734
Increase/(decrease) in operating creditors	3,547	( 1,364)
Increase/(decrease) in provisions	( 505)	( 763)
Increase/(decrease) in pensions liability	593	453
Endowment fund transfers	-	21
Exceptional restructuring expenses	6,239	387
<b>Net cash inflow/(outflow) from operating activities before exceptional items</b>	<b>27,048</b>	<b>19,899</b>
Exceptional restructuring expenses	( 6,239)	( 387)
<b>Net cash inflow/(outflow) from operating activities after exceptional items</b>	<b><u>20,809</u></b>	<b><u>19,512</u></b>

**Note 27. Returns on investments and servicing of finance**

	<b>Year Ended</b>	<b>Year Ended</b>
	<b>31 July 2012</b>	<b>31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Interest received	241	140
Interest element of finance lease rental payments	( 1,343)	( 1,355)
Other interest paid	( 654)	( 1,705)
UPP Capital release scheme interest	( 2,392)	( 2,417)
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>	<b><u>( 4,148)</u></b>	<b><u>( 5,337)</u></b>

**Note 28. Capital expenditure and financial investment**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Purchase of tangible fixed assets	( 6,759)	( 3,981)
Proceeds from disposal of assets	354	5,250
Deferred capital grants received	556	2,826
Purchase of investments	-	( 26)
Repayment of investment	7	-
<b>Net cash inflow/(outflow) from capital expenditure and financial investment</b>	<b><u>( 5,842)</u></b>	<b><u>4,069</u></b>

**Note 29. Management of liquid resources**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Movement in endowment assets	5	( 21)
Deposits to investments	( 15,237)	( 10,013)
<b>Net cash inflow/(outflow) from management of liquid resources</b>	<b><u>( 15,232)</u></b>	<b><u>( 10,034)</u></b>

**Note 30. Financing**

	Year Ended 31 July 2012 £000	Year Ended 31 July 2011 £000
Bank loan repaid	( 1,380)	( 1,332)
Capital element of finance lease rental payments	( 81)	( 327)
Other loans repaid	-	( 300)
Movement in UPP Capital release creditor	( 625)	( 527)
<b>Net cash inflow from financing</b>	<b><u>( 2,086)</u></b>	<b><u>( 2,486)</u></b>

**Note 31. Analysis of movement in net debt**

	At 31 July 2012 £000	Cash flows £000	At 31 July 2011 £000
<b>Liquid assets</b>			
Cash in hand and at bank	5,124	( 6,499)	11,623
Short-term deposits	25,250	15,237	10,013
Endowment assets	179	( 5)	184
<b>Debt due within one year</b>			
Mortgages and unsecured loans	( 1,436)	( 55)	( 1,381)
Obligations under finance leases	( 113)	( 33)	( 80)
UPP Capital release scheme	( 723)	( 98)	( 625)
	<u>( 2,272)</u>	<u>( 186)</u>	<u>( 2,086)</u>
<b>Debt due after one year</b>			
Mortgages and unsecured loans	( 35,935)	1,435	( 37,370)
Obligations under finance leases	( 20,486)	114	( 20,600)
UPP Capital release scheme	( 41,430)	723	( 42,153)
	<u>( 97,851)</u>	<u>2,272</u>	<u>( 100,123)</u>
<b>Total</b>	<b><u>( 69,570)</u></b>	<b><u>10,819</u></b>	<b><u>( 80,389)</u></b>

**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:

	<b>Year Ended 31 July 2012</b>	<b>Year Ended 31 July 2011</b>
	<b>£000</b>	<b>£000</b>
Costs of TPS	( 5,277)	( 5,365)
Costs of USS	( 152)	( 123)
Costs of WYPF (See below)	( 4,725)	( 4,596)
Other pension costs and accruals	( 62)	( 60)
Total pension cost (Note 6)	<b>( 10,216)</b>	<b>( 10,144)</b>
Exceptional pension cost for early retirements (Note 11)	( 1,297)	( 252)
Total pension cost	<b>( 11,513)</b>	<b>( 10,396)</b>
The costs of WYPF are made up as follows:		
Current service cost	( 4,725)	( 4,596)
Past service costs	-	-
	<b>( 4,725)</b>	<b>( 4,596)</b>

As at 31 July 2012, there were 915 staff members contributing into the Teachers' Pension Scheme, 24 contributing into the Universities Superannuation Scheme and 1,035 contributing into the West Yorkshire Pension Fund.

**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.

With effect from 1 April 2012 employee contributions are changed to a tiered structure where contributions vary between 6.4% on salaries up to £14,000pa and 8.8% on salaries up to £112,000pa. The employers contribution is unchanged at 14.1% for 2012/13

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

There was a balance of £698,000 owing by the University as at 31 July 2012 (2011: £658,000 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.

The Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS, not less than every four years. The aim of the review is to specify the level of future contributions. The next valuation at March 2008 has been superseded by HM Treasury while the revised scheme to be introduced in 2015 is agreed.

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

**Universities Superannuation Scheme (USS)**

The Universities Superannuation Scheme (USS) is a defined benefit scheme which is contracted out of the States Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

During the year, the University's contribution rate was 16.0% and the employees' contribution rate was 6.35% up to 1 October 2011 and then 7.5% from that date for members who joined before 1 October 2011 or 6.5% for members who joined after that date. There were no amounts owing to or from the University as at 31 July 2012 (2011: 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 11.5% and the employees' contribution rate ranged from 5.5% to 7.5%. The expected contribution for 2012/13 is £6.574m. There was a balance of £501,000 owing by the University as at 31 July 2012 (2011: £492,000).

<b>Reconciliation of funded status to balance sheet</b>		
	Value as at 31 July 2012 £m	Value as at 31 July 2011 £m
Fair value of assets	133.931	129.264
Present value of liabilities	( 200.547)	( 162.781)
Net pension asset / (liability) (Note 25)	<u>( 66.616)</u>	<u>( 33.517)</u>

<b>Analysis of income and expenditure charge</b>		
	Period ending 31 July 2012 £m	Period ending 31 July 2011 £m
Current service cost	( 4.725)	( 4.596)
less contributions already charged	3.664	4.143
Accrual to maintain current service costs per FRS17	( 1.061)	( 0.453)
Past service cost charged in staff costs	-	-
Total WYPF charges in staff costs	<u>( 1.061)</u>	<u>( 0.453)</u>
Interest cost	( 8.708)	( 9.124)
Expected return on assets	9.205	8.583
Expense recognised	<u>0.497</u>	<u>( 0.541)</u>
Credit/(charge) to I&E excluding exceptional costs (Note 25)	( 0.564)	( 0.994)
Past service cost for early retirements charged as exceptional reorganisation costs	( 0.929)	( 0.221)
Total credit/(charge) including exceptional costs	<u>( 1.493)</u>	<u>( 1.215)</u>

<b>Analysis of amount recognised in Statement of Total Recognised Gains and Losses</b>		
	Period ending 31 July 2012 £m	Period ending 31 July 2011 £m
Total actuarial gains/(losses)	( 33.003)	17.641
Past service credit re change of assumptions re inflation	-	-
Total gain/(loss) in STRGL (Note 25)	<u>( 33.003)</u>	<u>17.641</u>

<b>Changes to the present value of liabilities during the accounting period</b>		
	Period ending 31 July 2012 £m	Period ending 31 July 2011 £m
Current service cost	4.725	4.596
Interest cost	8.708	9.124
Contributions by participants	2.158	2.238
Actuarial (gains) / losses on liabilities	25.959	( 17.054)
Net benefits paid out	( 4.713)	( 3.597)
Past service cost charged to exceptional costs	0.929	0.221
Transfer liabilities to provisions (see Note 21)	-	( 1.580)
Net increase/(decrease) in liabilities	<u>37.766</u>	<u>( 6.052)</u>
Opening present value of liabilities	162.781	168.833
Closing present value of liabilities	<u>200.547</u>	<u>162.781</u>

<b>Changes to the fair value of assets during the accounting period</b>		
	Period ending 31 July 2012 £m	Period ending 31 July 2011 £m
Expected return on assets	9.205	8.583
Actuarial gains / (losses) on assets	( 7.044)	0.587
Actual return on assets	2.161	9.170
Contributions by the employer	5.061	4.364
Contributions by participants	2.158	2.238
Net benefits paid out	( 4.713)	( 3.597)
Net increase/(decrease) in assets	<u>4.667</u>	<u>12.175</u>
Opening fair value of assets	129.264	117.089
Closing fair value of assets	<u>133.931</u>	<u>129.264</u>

**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:

<b>Principal financial assumptions</b>		
	31 July 2012	31 July 2011
Percentage rates per annum:		
Discount rate	4.10%	5.30%
RPI inflation	3.10%	3.70%
CPI inflation	2.10%	2.80%
Rate of increase to pensions in payment	2.10%	2.80%
Rate of increase to deferred pensions	2.10%	2.80%
Rate of general increase in salaries *	4.11%	4.05%
* A detailed forecast has been made that averaged 4.11% at 31 July 2012 (2011: 4.05%) over the expected working life of members at that date.		
The assumed life expectations on retirement at age 65 are as follows:		
Retiring today:		
Males	22.0	21.9
Females	24.1	24.0
Retiring in 20 years:		
Males	23.8	23.7
Females	26.1	26.0
Commutation	50% take maximum pre 1 April 2010 entitlement, 75% take maximum post 31 March 2010 entitlement	

<b>Expected return on assets</b>						
	Long-term expected rate of return at 31 July 2012 (%pa)	Asset split at 31 July 2012 (%)	Long-term expected rate of return at 31 July 2011	Asset split at 31 July 2011 (%)	Long-term expected rate of return at 31 July 2010	Asset split at 31 July 2010 (%)
Equities	7.50	69.9	7.90	73.1	8.20	69.9
Property	7.00	3.6	7.40	3.6	7.70	3.9
Government bonds	2.50	13.3	3.90	11.6	4.20	13.2
Corporate bonds	3.20	5.7	4.70	4.0	4.90	3.9
Cash	1.40	2.8	1.50	2.1	1.40	2.5
Other	7.50	4.7	7.90	5.6	8.20	6.6
Total	6.40	100.0	7.20	100.0	7.40	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 2012.

<b>History of experience gains and losses</b>					
	As at 31 July 2012 £m	As at 31 July 2011 £m	As at 31 July 2010 £m	As at 31 July 2009 £m	As at 31 July 2008 £m
Fair value of assets	133.931	129.264	117.089	94.609	95.595
Present value of liabilities funded	200.547	162.781	167.253	170.032	150.623
Present value of liabilities unfunded			1.580	1.774	1.725
Surplus / (deficit)	( 66.616)	( 33.517)	( 51.744)	( 77.197)	( 56.753)
Experience gains / (losses) on assets	( 7.044)	0.587	8.036	( 11.148)	( 11.730)
- as a percentage of assets	-5.3%	0.5%	6.9%	-11.8%	-12.3%
Experience gains / (losses) on liabilities	( 0.991)	18.777	1.494	( 0.439)	( 4.879)
- as a percentage of assets	-0.5%	11.5%	0.9%	-0.3%	-3.2%

**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 Morelife (UK) Limited, an associated company of the University. The University invoiced income of £47,982 in respect of accommodation services and IT purchases. 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 £133,314 in respect of consultancy, short courses, educational contracts and events and incurred expenditure of £111,147 in respect of educational services. At the year end the University was owed £418.

Professor S Glen was a non-executive director of the Leeds Community Healthcare NHS Trust which the University incurred expenditure of £3,131 in respect of staff secondment services provided and invoiced income of £1,050 in respect of educational services. 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 £2,490 in respect of equipment and facilities hire and incurred expenditure of £1,068,426 in respect of hospitality, advertising, sponsorship and rents. At the year end the University owed £5,246.

Mr S Willis was a director of Leeds York and North Yorkshire Chamber of Commerce with which the University incurred expenditure of £25,464 in respect of subscriptions and staff development. At the year end the balance with the University was nil.

Professor S Price was a trustee of Marketing Leeds with which the University had invoiced income of £2,200 in respect of short courses and incurred expenditure of £2,673 in respect of accommodation and publicity. At the year end the balance with the University was nil.

Ms S Holmes was a trustee of the North Eastern Universities Purchasing Consortium with which the University incurred expenditure of £9,305 in respect of subscriptions and training costs. At the year end the balance with the University was nil.

Ms S Holmes was a board member of the Association of University Administrators with which the University incurred expenditure of £1,724 in respect of subscriptions and training costs. At the year end the balance with the University was nil.

Professor S Glen was a trustee of the Universities Chaplaincy in Leeds Trust with which the University incurred expenditure of £16,870 in respect of subscriptions. At the year end the balance with the University was nil.

Mr G Davies was a director of The Yorkshire County Cricket Club with which the University had invoiced income of £258,482 in respect of rent, short courses and work on the Carnegie Pavilion and incurred expenditure of £149,290 in respect of publicity and sponsorship. At the year end the University was owed £40,738.

Mr Y Ranjha and Ms J Johnson were trustees of Leeds Metropolitan University Students' Union with which the University incurred expenditure of £1,288,794 in respect of grants, publicity, hospitality, printing, consultancy and accommodation. At the year end the University owed £1,202.

Ms A Bishop was a trustee of Opera North with which the University incurred expenditure of £12,000 in respect of subscriptions. At the year end the balance with the University was nil.

Mr A Disbury was a trustee of The Northern Consortium with which the University had invoiced income of £4,192 in respect of Chair of the Board of Directors and incurred expenditure of £61,366 in respect of student recruitment. At the year end the balance with the University was nil.

Mr H Lavery was a committee member of the Universities and Colleges Information Systems Association with which the University incurred expenditure of £5,637 in relation to subscriptions and training. At the year end the balance with the University was nil.

Ms J Norry was a committee member of the Society of College, National and University Libraries with which the University incurred expenditure of £4,858 in respect of subscriptions and printed matter. At the year end the University owed £80.

Mr P Smith was an auditor for the Quality Assurance Agency for Higher Education with which the University incurred expenditure of £40,000 in respect of subscriptions. At the year end the balance with the University was nil.

Mr P Marsh was a professor at University of Bolton with which the University invoiced events income of £120 and incurred expenditure of £5,000 in respect of teaching materials. At the year end the balance with the University was nil.

Mr M McClelland was a director of UPP Leeds Metropolitan University Ltd with which the University had invoiced income of £19,992 in respect of a student hardship scheme and incurred expenditure of £7,180,276 in respect of rents, interest, facilities management and IT equipment. At the year end the balance was nil.

Ms M Begum was a Chair of Unison with which whom the University incurred expenditure of £83,123 in respect of staff contributions to the Union. At the year end the balance 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 1,213 awards (2011: 1,542) 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 2012	31 July 2011
	£	£
Amount held in creditors due within one year at 1 August	8,254	-
Funding body grants	466,240	498,282
Interest earned	2,155	1,141
	<u>468,395</u>	<u>499,423</u>
Disbursed to students	( 470,325)	( 490,028)
Audit fees	( 1,635)	( 1,141)
	<u>( 471,960)</u>	<u>( 491,169)</u>
Amount held in creditors due within one year at 31 July	4,689	8,254

**Note 35. TDA Training bursaries, Minority Ethnic Recruitment Funding**

During the year the Training and Development Agency for Schools (TDA) made no monies available to the University under two earmarked funding streams, further details are given below.

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

Minority Ethnic Recruitment Funding has been 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 2012	31 July 2011
	£	£
Amount held in creditors due within one year at 1 August	14,700	12,500
<b>Funding body grants</b>		
Training bursaries	-	227,500
Minority Ethnic Recruitment	-	-
	<u>-</u>	<u>227,500</u>
<b>Expenditure</b>		
Training bursaries	-	( 225,300)
Minority Ethnic Recruitment	-	-
	<u>-</u>	<u>( 225,300)</u>
Amount held in Creditors due within one year at 31 July	<u>14,700</u>	<u>14,700</u>

**Note 36. Capital commitments**

	<b>Consolidated and University</b>	
	31 July 2012	31 July 2011
	£000	£000
Commitments contracted and authorised at 31 July	<u>1,317</u>	<u>610</u>

**Note 37. Financial commitments**

	<b>Consolidated and University</b>	
	31 July 2012	31 July 2011
	£000	£000

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

**Land and buildings**

Expiring within one year	27	-
Expiring between two and five years	6,131	6,174
Expiring after 5 years	3,766	3,793
	<u>9,924</u>	<u>9,967</u>

**Other**

Expiring within one year	79	49
Expiring between two and five years	235	302
Expiring after 5 years	-	-
	<u>314</u>	<u>351</u>

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

**Land and buildings**

Expiring within one year	-	-
Expiring between two and five years	24	5
Expiring after 5 years	320	316
	<u>344</u>	<u>321</u>

**Other**

Expiring within one year	-	-
Expiring between two and five years	-	-
Expiring after 5 years	-	-
	<u>-</u>	<u>-</u>