



Report and Financial Statements

For the Year Ended 31 July 2017

2016-2017

UNIVERSITY OF WOLVERHAMPTON

CONTENTS

	Page
Board of Governors	1
Statement of Primary Responsibilities of the Board of Governors	2
Report of the Board of Governors	3
Public Benefit Statement	16
Corporate Governance Statement	21
Statement of the Board of Governors' Responsibilities	24
Independent Auditors' Report to the Board of Governors	25
Statement of Accounting Policies	27
Consolidated Statement of Comprehensive Income and Expenditure	33
Consolidated and University Statement of Changes in Reserves	34
Consolidated and University Balance Sheet	35
Consolidated Cash Flow Statement	36
Notes to the Accounts	37

NOTES TO THE ACCOUNTS

THE UNIVERSITY OF WOLVERHAMPTON

CHANCELLOR

The Lord Paul of Marylebone

BOARD OF GOVERNORS

Membership

Independent Members: Mr J Bains (to 21st April 2017)
Ms K Carr
Prof M Chambers
Mr A Collins
Ms K Gee MBE, Deputy Chair
Mr N Johal
Mr M Priddy
Mr B Reid OBE
Mr G Thompson
Ms M Thorn (from 6th July 2016 to 21 October 2016)
Dr S Walford, Chair of the Board
Ms C Marchant (from 21 October 2016 to 28 June 2017)

Co-opted Members: Dr A Byrne (to 31 July 2017)
Mr D Bourne (to 31 July 2017)

Vice-Chancellor: Prof G Layer

Academic Board Nominee Members:

Ms G Steinke (to 31 July 2017)
Ms A Hopkins (from 21 October 2016)

Student Nominee Members:

Ms H Amjad (to 30 June 2017)
Ms N Berroa (to 30 June 2017)

Clerk to the Board of Governors:

Ms G Towns (to 31 August 2016)
Ms N Hill (from 1 September 2016 to 28 February 2017)
Dr E Wedge (from 1 March 2017)

Banker

Barclays Bank PLC
Queen Square
Wolverhampton
WV1 1TE

Internal Auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

External Auditor

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham

NOTES TO THE ACCOUNTS

Statement of Primary Responsibilities

On 26th March 2015 the University's Board of Governors adopted the Statement of Primary Responsibilities (Appendix 1 of the 2014 CUC Higher Education Code of Governance):

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
3. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
6. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

NOTES TO THE ACCOUNTS**REPORT OF THE BOARD OF GOVERNORS****Scope of the Financial Statements**

The Financial Statements presented to the Board of Governors comprise the results of the University and its subsidiary undertakings, The University of Wolverhampton Enterprise Limited, The University of Wolverhampton Corporate Services Limited, and The University of Wolverhampton Social Enterprises Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in The University of Wolverhampton Science Park Limited, which is consolidated into the University Group accounts.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2016/17 ECMAT was in its fourth year of operation and had a turnover of £41.0M (2015/16: £44.2M). The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The subsidiaries undertake activities including training, courses, research, testing, and consultancy for a wide variety of commercial and other organisations. The companies' taxable profits are transferred back to the University under a deed of covenant arrangement.

Review of Financial Performance

The University's Consolidated Statement of Comprehensive Income and Expenditure position for the year to 31 July 2017 is summarised below.

	2016/17	2015/16
	£'000	£'000
Income	182,197	187,069
Expenditure	<u>(173,819)</u>	<u>(167,739)</u>
Surplus Before Tax	8,378	19,330
Taxation	<u>0</u>	<u>0</u>
Surplus for the Year	<u>8,378</u>	<u>19,330</u>

Income

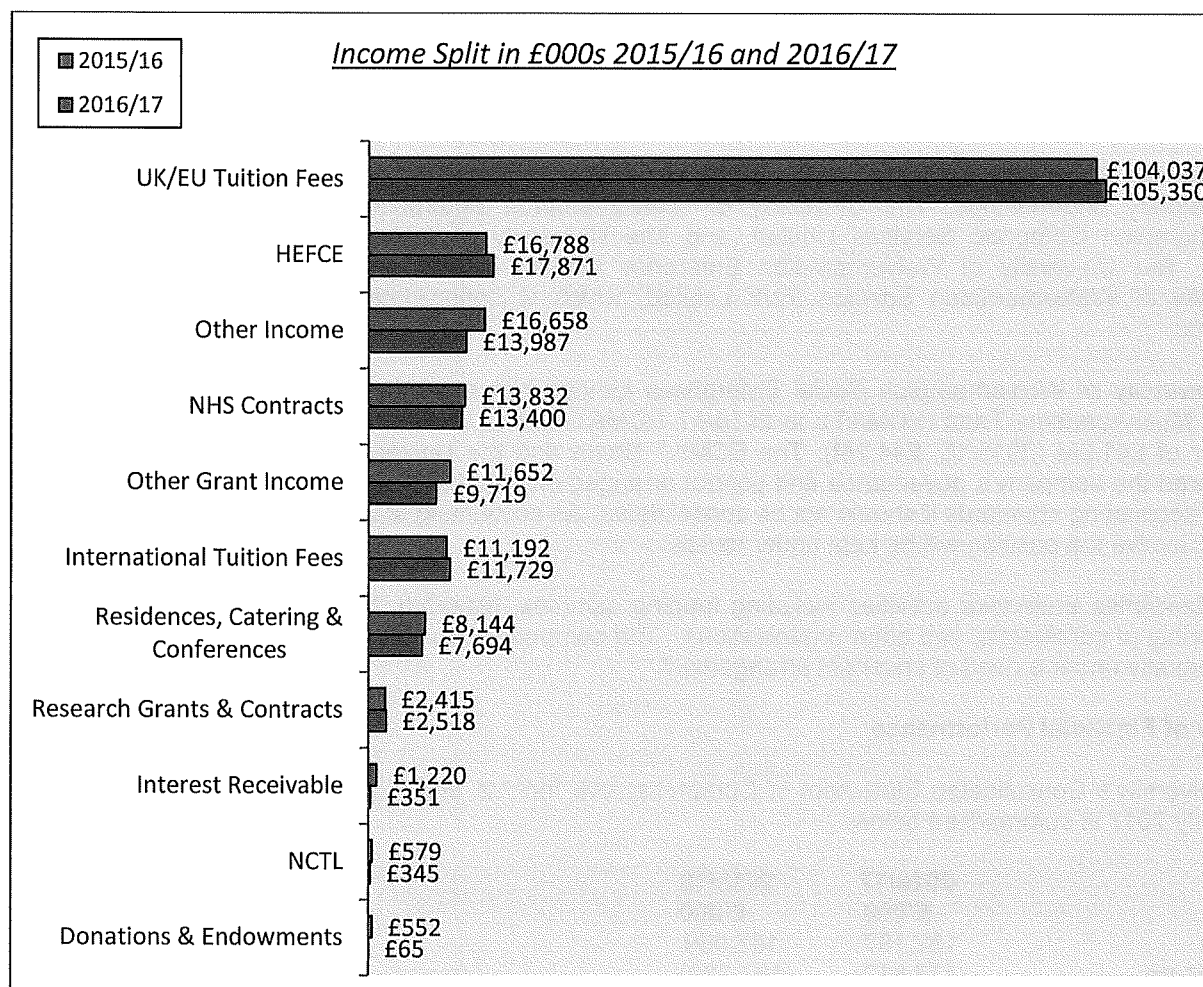
Income has fallen to £182.8M, an overall decrease of 2.3% compared to 2015/16. The main contributors to this were:

- A fall in Other Income of £5.1M;
- A fall in Interest Receivable of £0.9M.

The University has continued to recruit strongly overall. Total tuition fee income increased to £117.1M, a rise of £1.9M on the previous year. This follows increases of £7.8M, £24.2M, £17.6M and £21.8M in the previous four years. Although overall student numbers were slightly up on 2015/16, the increase in fee income comes from increased fee levels rather than number growth. Full-time undergraduate recruitment was slightly down in a competitive market. Postgraduate recruitment continues to grow, boosted by the postgraduate loan system introduced in 2016/17.

Overall international numbers were up on 2015/16, but with a higher proportion of students electing to study in their own territory rather than coming to the UK to study. Part time recruitment continues to be challenging across the sector; however, the overall number of part-time students at the University in 2016/17 was slightly up on the previous year. NHS contract income was down by £0.4M; however, the decrease is due to the receipt of a one-off payment in 2015/16, with nursing contract numbers actually increasing between years. The University continues to invest in making improvements to student attrition rates.

NOTES TO THE ACCOUNTS



HEFCE income has fallen significantly since 2011/12 as a result of a reduction in core HEFCE teaching grant reflecting the planned shift into funding teaching through tuition fees. Recurrent HEFCE funding in 2016/17 was slightly down on 2015/16 levels caused mainly by a cut in the level of widening access funding and a fall in the level of transitional funding for old-regime students. Overall HEFCE funding increased due to the receipt of capital and revenue grants connected with the new School of Architecture and the Built Environment on the Springfield campus.

Other Income fell by nearly 16% compared to the previous year. This is the result of a number of separate factors:

- A slight fall in residential income associated with increased competition in the local market;
- A £1.4M fall in the level of capital grants that could be accounted for in year;
- A decline in commercial income;
- Lower levels of EU grants for large projects.

The level of interest receivable was £0.9M down on the previous year. Income from the investment of University cash balances was at roughly the same level as 2015/16, but in 2015/16 there was a large gain on the University's Euro account caused by the Brexit vote. In 2016/17 sterling continued to depreciate against the Euro, but the accounting gain was much smaller.

Expenditure

Overall staff costs increased by £3.5M compared to 2015/16, a 3.6% rise. The pay rise for the year was agreed at a general 1.1% with higher rates for lower-paid staff. This follows rises of 2% in 2014/15 and a further 1% increase in 2015/16. The rest of the increase in staff costs arises from a combination of factors including planned growth in staffing levels to resource new courses and improved service delivery, additional pension costs increases due to the latest revaluation of the West Midlands Pension Fund, increased National Insurance costs following the removal of contracting out from April 2016, and the

NOTES TO THE ACCOUNTS

introduction of the new Apprenticeship Levy. These increases have been partially offset by a reduction of £2.5M in the holiday pay accrual as a result of changes to the annual leave year and annual leave carry forward limits.

In 2016/17, the impact of pension adjustments under FRS 102 and enhanced pensions resulted in an additional charge of £5.0M split between staff costs and pension interest (2015/16: £4.0M). The increase was caused by the impact of changed assumptions introduced by the April 2016 fund valuation. Overall the impact of pensions under FRS102 is significantly higher than charges under the previous accounting standard. Although the overall gain or loss on pensions is calculated in the same way, more is charged to expenditure in year, impacting on reported surpluses. The University continues to make deficit recovery payments resulting in lower pension adjustments. In addition to the above, FRS102 has introduced a charge to cover the movement of the USS pension provision.

Other expenses are slightly lower than in 2015/16 reflecting in part the fall in commercial activity. The underlying depreciation charge has increased by £0.9M reflecting the level of capital investment being undertaken by the University. This includes the first full year of depreciation of the Lord Swraj Paul building and the impact of investment in the Digital Campus. The accounts also reflect the impact of the impairment in the value of part of the University's student residences portfolio.

The headline figure for interest payable is £1.65M greater than prior year spend. Underlying interest payments actually fell. The headline increase is the result of slightly higher pension interest costs and loan breakage cost arising from the decision to repay in full existing bank loans.

Cash Flow

The consolidated Cash Flow Statement shows a net fall in cash and cash equivalents of £20.4M (2015/16: increase of £8.0M). Overall cashflow from operating activities was £20.2M compared to £28.7M in the previous year, mirroring the fall in the overall surplus for the year. The University made total payments in the year on fixed assets of £29.4M (2015/16: £19.9M), spent on a range of projects, including the completion of engineering facilities at the Telford campus, the new Science and Technology Prototyping centre at the Science Park, and the Elite Centre for Manufacturing Skills on the Springfield Campus. Investments also included continued spending on the Digital Campus. The cash position was significantly influenced by the decision to repay in full the existing bank loans. The University's cash position remains strong with a closing balance of £55.3M and no outstanding bank financing.

Key Future Financial Issues

The University has continued to recruit well despite the removal of the Student Number Control in 2015/16 and the entry of new providers into the HE space. In 2015/16 we reported that we had recruited our largest number of students ever, and in 2016/17 we have exceeded this number. Strong recruitment, coupled with sound financial management and targeted investment in new courses and facilities, has put the University in a sound financial position with extremely low debt and substantial cash balances. Despite this, we are conscious of the need to continue to manage our finances prudently. We will continue to manage our exposure to key financial risks, amongst which are the following:

- *Recruitment and Retention of Home and International Students.* Competition remains intense, in particular for full-time undergraduate students. This is happening against a backdrop of falling numbers of 18 year olds and alternative pathways available to school leavers through apprenticeships. International recruitment continues to be challenging. The impact of UKVI controls and increased competition in the international market in the medium term may impact on University plans for growth. Overall numbers applying to study nursing has fallen for 2017/18 entry as new entrants have now moved to fee paying status. Despite this the University will still be able to recruit to target on these courses.
- *Withdrawal of Widening Participation Funding.* For 2017/18 the University loses £1.0M from the discontinuation of widening access funding. The replacement NCOP funding stream is being used to fund additional rather than existing activity. Cuts in the allocation for retention of full-time students accounts for a further £0.4M loss.
- *Investment and Borrowing.* The University is planning to invest significantly in developing and improving facilities for students, new academic provision and research. Despite the level of cash

NOTES TO THE ACCOUNTS

balances and ongoing cash generation, we will need to undertake significant levels of borrowing. Against this backdrop it is essential that the University continues to maintain recruitment in existing courses, meet targets for recruitment to new provision and to target improvements in retention.

- *Loss of access to EU students and EU grant income as a result of Brexit.* Brexit will significantly impact on the University in a number of ways including access to EU research funds, EU student recruitment and the ability to recruit and retain EU staff working for the University. The extent of this impact will depend on the terms of the UK's exit from the EU, and this will evolve over the remainder of the two year period following the triggering of Article 50. The position of EU students is protected until 2018/19, but there is already evidence of reduced numbers applying to study in the UK from the EU. There is also significant uncertainty concerning future access to EU research and structural funds and any government proposals to replace lost income streams.
- *Increases in the Costs of Employment.* Whilst recent pay rises have generally been close to inflation, the costs of employing staff has continued to rise due to increases in pension scheme contributions, auto-enrolment, National Insurance (the removal of contracting out) and the imposition of the apprenticeship levy. Following increases in payments to the Teachers' Pension Scheme which kicked-in from September 2015, the latest revaluation of the West Midlands Pension Scheme introduced increases in both the future service rate and deficit recovery payment. This will lead to an increase in annual payments of £2.8M by 2019/20. The University is looking at ways of managing the increase in its cost base without impacting on the student experience and our capacity to invest for the future.

The Student Experience

In the last year the University launched its new Strategic Plan with one of three core pillars being; **Putting Students First**. We have set ourselves challenging and ambitious goals, By 2021 we will:

- Achieve a sector-leading University experience for all.
- Maximise individual potential for all students.
- Create outstanding learning opportunities informed by world-leading research and professional practice.

All of our energies, intellectual capacity and financial investment continue to be directed at enhancing the student experience in developing the physical campus, developing digital capability, and innovation and quality in teaching and learning.

The ongoing £250m Our Vision, Your Opportunity investment programme has continued to deliver outstanding new facilities for students. In the last twelve months we have opened new social and social-learning facilities at the Wolverhampton City Campus including the new Millennium City Courtyard and catering facilities. The new Courtyard Kitchen and adjacent *Starbucks* Outlet have been hugely popular with students resulting in increased sales and satisfaction. One of the overall project aims was to increase the "dwell time". Early evidence from student feedback has been very positive in this regard with students reporting positively on the quality of the social environments, and enjoying the fuller programme of events and activities that can operate in the new courtyard space. Positive student feedback has also been received following the investment in innovative new teaching spaces with adjacent social learning areas.

Following the announcement by Government to withdraw access to Maintenance Grants for some students, and replace these with loans, in this academic year the University introduced a new Travel Fund, to support full time new undergraduate entrants with the essential costs of travelling to and from the University and to work placements. The travel fund (worth £300.00 for eligible students in the first year of the scheme) provided practical assistance and encouraged public transport usage by offering a fund that could be used to purchase public transport tickets and passes across the region. The University set aside £1 Million in funding for this new initiative, which was well received by students, and the positive initial evaluation has informed our decision to extend the scheme for another year alongside our existing scholarships and bursaries.

We are continuing to invest in the student experience: an ongoing programme of updating classroom technologies, teaching, learning and social spaces. By September 2017 we will have significantly increased the number of learning spaces equipped with capture technology – enabling students to review and replay

NOTES TO THE ACCOUNTS

taught sessions – and with the launch of our new Virtual Learning Environment (VLE), Canvas, which will enable all students to benefit from enhanced access to learning materials, and provide new opportunities for teaching staff to be innovative in their practice.

The first phase of a £10 Million investment in Engineering facilities at the Telford Innovation Campus has been delivered in the last twelve month period with the opening of advanced new engineering facilities and courses in response to the regional and national shortage of qualified engineering graduates. Students on new engineering courses have access to advanced, specialist equipment and technology: a design and visualisation facility, wind tunnels, engine test facilities, 3D printing facilities, and laboratories dedicated to electronics and telecommunications, metrology and materials testing.

Our focus on employability and skills continues to bring positive benefits to our students. In the most recent Destination of Leavers of Higher Education Survey (DLHE) which looks at the graduate destinations of the class of 2016 we reported that 96.3 % of graduates were in work or further study after they had left - outperforming the UK average for all universities and a record high for the University. More than two thirds of our students also go into graduate level jobs with 68 per cent being employed in professional or managerial roles- up from 66% in the previous year.

The University has continued to make significant investment in areas of regional and national skills shortages. Amongst our areas of world leading research and national expertise our greatest impact is within our regional heartland. With 80% of our graduates working in the West Midlands region we are focussed on developing graduate opportunities and new ways of learning that will support the regional economy and our graduates into highly skilled employment.

- The University is widening access to higher education in Stafford with the launch of its second Regional Learning Centre, the University of Wolverhampton in Stafford (UWiS).
- The University is investing and developing the new Springfield Campus in the centre of Wolverhampton to transform it into Europe's largest specialist construction and built environment campus, bringing together businesses and the education sector
- The University is investing in the development of new Degree Apprenticeships to help employers in the area to use Apprenticeship Levy funds to invest in the skills needed to lead and grow a competitive workforce.

The national measure of student satisfaction, the National Student Survey (NSS) was conducted between January and April 2017 with results published recently in August 2017. This year the NSS has undergone a radical overhaul with new areas of questions introduced and amendments being made to a number of existing questions. This makes it difficult to accurately compare this year's results with last year's. Overall satisfaction is down from 84 per cent to 82.4 percent, a decline which is mirrored across the sector which has dropped from 86 percent to 84.18 percent.

However, we have recorded an improvement in a key area relating to assessment and feedback and we are above the sector average on the new question groups for learning opportunities, learning community and student voice. The University also received a score of 86 per cent for the quality of its learning resources, which includes IT and library facilities, and is again ahead of the national average.

This year the University was awarded the highly competitive and coveted Times Higher Education Award for Outstanding Student Support in recognition of our leading work in mental health support and suicide awareness through the "Three minutes to save a life" training programme.

Overall, and in a highly competitive market place, the University continues to provide a high quality student experience. Maintaining and continuously improving these standards is at the heart of the new strategic plan and our ongoing investment programme. The whole University community of Students, Staff, Governors and external stakeholders and partners are involved in this process and committed to providing opportunities and an excellent student experience.

NOTES TO THE ACCOUNTS**Student Numbers**

In 2016/17 the University enrolled 23,100 students (2015/16 22,736), comprising 15,946 full time and sandwich students (2015/16 15,879) and 7,154 part time students (2015/16 6,857). Recruitment and retention continues to be one of the University's key corporate priorities. The following tables provide further breakdowns of the University's student population in 2016/17.

Home, EU and Overseas numbers	2016/17	2015/16
Home	18,286	18,088
EU	722	668
Overseas	4,092	3,980
Grand Total	23,100	22,736

Level of Study	2016/17	2015/16
Foundation	685	584
Undergraduate	18,347	18,108
Postgraduate taught	3,739	3,679
Postgraduate research	329	365
Grand Total	23,100	22,736

Campus Developments

In the changing higher education landscape, the University of Wolverhampton recognises that its campuses are a vital element in the delivery of an excellent student experience. The University seeks to consolidate what is good about the existing campuses and to create a vibrant, friendly place to study, work and live. The University is committed to maintaining and improving the quality of its physical estate and providing facilities to support high quality and innovative teaching and learning, research facilities and social learning spaces for students and staff.

Indicators of success include:

- A fit for purpose, vibrant University estate which supports recruitment and retention;
- Excellent and well-used Learning Centres and IT facilities for students and staff;
- Well considered and leading edge learning and teaching facilities;
- An estate which continually improves on its quality and functionality;
- Positive feedback from recognised survey data, such as NSS.

Condition of the Estate

The University of Wolverhampton commissioned Chartered Surveyors Drake & Kannemeyer (D&K) to undertake a Condition and Legislative Compliance Audit on the whole University Estate, which was completed by July 2010, and which has been regularly updated since then. This survey is used as an informative tool to provide a proper understanding of the condition of the University's estate and is utilised to plan annual maintenance programmes and inform the development of the Estates Strategy.

Space Utilisation

The University's performance with respect to space utilisation has steadily improved over recent years, reflecting the impact of capital investment together with the disposal of older, functionally unsuitable teaching accommodation.

The physical space audit of the occupancy of centrally timetabled space continues to be carried out on an annual basis. This information is used as the evidence base for the Estates Management Record return to HESA. The space audit carried out in October 2015 has recorded a percentage return of 31% which is favourably comparable with the 28% average across the sector.

Efficient use of space will continue to be considered a key issue for the University as a whole and will be balanced with maintaining a high degree of satisfaction recorded in the annual NSS survey.

Carbon Management

The Carbon Management Plan (CMP) was launched on 26th May 2010, following formal approval by the University's Governing Body, which included a financial commitment of £3.3 million within the Capital Programme. The CMP identified carbon reduction projects to be implemented over a five-year period to deliver a 25% reduction from approximately 16,000 tonnes of CO₂ in 2007/08 to 12,000 tonnes of CO₂ by 2020.

NOTES TO THE ACCOUNTS

Actual emissions for the 2015-16 financial year indicate that the University has achieved its set target in advance of 2015. In addition, it has achieved a 36% reduction against the 2007/08 CMP baseline and an overall reduction of 39% against the HEFCE baseline year of 2005/06. The University will now maintain focus on achieving the HEFCE 2020 carbon reduction target of 40% against the 2005/06 baseline.

A review of the Carbon Management Plan has been commissioned to assist in the investigation of further measures that can be taken.

Sustainability & Environmental Management

The University of Wolverhampton recognises that virtually all activities in Higher Education have some impact on the environment. The University is committed to promoting the conservation and sustainable management of the environment and to minimising the environmental impact of its activities to bring about a continual improvement in its environmental performance.

The University of Wolverhampton has developed a Sustainability and Environmental Policy (SEP) which was updated and approved by Campus Committee in September 2013. This will be further reviewed and revised and presented for approval in 2017/18. Additionally, a detailed integrated transport strategy is being developed to further reduce the impact of staff and student travel.

Estates Strategy and Capital Programme

The final major projects comprising the 2010 Estates Strategy and Masterplan were progressed to completion in 2016-17. These include:

- The £8.8m investment in facilities and equipment at the Telford Innovation Campus for Engineering, which was completed in late 2016.
- The new Science Technology & Proto-typing Centre at Science Park was completed in summer 2017. This project secured £4.9m from the Regional Growth Fund to help in its development.

The development of the University's recently acquired 12-acre Springfield Brewery site in Wolverhampton City Centre progressed. The West Midlands Construction UTC has been completed.

LEP funding was secured for a pioneering, multi-stakeholder approach to advanced industrial training, the Elite Centre for Manufacturing Skills (ECMS), which is modelled on a 'hub and spoke' system, with the 'hub' located on the Springfield site. This is due to be completed in late 2017.

The University has been planning for the development of much of the old brewery buildings into a new School for Architecture and the Built Environment (SOABE). Wates has been selected to assist in design development ahead of construction commencing in late 2017.

The Estates Strategy and Masterplan have been undergoing a complete revision this year, hand-in-hand with the development of the new University Strategy. These have been further revised to take into account individual Faculty Strategies and will be completed in late Autumn 2017. This will set a capital investment programme from 2017 looking forward for five years and beyond and will concentrate on improving the student experience.

Payment of Creditors

It is the University's policy to obtain the best terms for all business; therefore, there is no single policy as to the terms applied. The aim is to pay invoices in accordance with agreed contractual conditions, or where no such conditions exist, by the end of the month following receipt of goods or services or the presentation of a valid invoice, whichever is the latest.

Equality and Diversity

The Equality Act 2010 harmonises legal protection against unjustifiable discrimination, harassment or victimisation on the grounds of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex and sexual orientation.

NOTES TO THE ACCOUNTS

The Act also introduced a single public sector equality duty in respect of all the above protected characteristics.

The University is therefore required to have regard, when carrying out its functions, to the need to;

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The University's Strategic Plan 2016-2021 embeds equality and diversity within the work of the University to realise the full potential of its staff and students, and have a positive impact within the local area and national higher education sector. This shall include supporting representatives of BAME, Disabled, and LGBT staff and students, proactively engaging with relevant national organisations such as Stonewall and the Equality & Challenge Unit, and working closely with the local community to organise events that raise awareness of equality and celebrate diversity.

The University's Equality Objectives 2016 – 2021 sets milestones within equality and diversity to meet Strategic Plan goals, and can be found at <https://www.wlv.ac.uk/about-us/equality-and-diversity/policies-and-governance/equality-objectives/>. The University's Equality and Diversity Policy Statements outline its commitment to equality and diversity, and its zero tolerance towards disability, racism, homophobia, biphobia, and enbyphobia. They can be found at <https://www.wlv.ac.uk/about-us/equality-and-diversity/policies-and-governance/policy-statement/>.

An Equality and Diversity Committee works at Governor level to oversee this important area of work and monitor the University's performance against the Equality Objectives. It is supported by a newly formed Equality and Diversity Operational Group that brings together staff, students and senior leaders. Responsibility sits with all staff, supported by the Equality and Diversity Unit, to ensure that the University reflects best practice in the field of equality and diversity. More information can be found at <https://www.wlv.ac.uk/about-us/equality-and-diversity/>

Employment of Disabled Persons

The University has a written policy of equal opportunities that is the responsibility of all members of staff and students as part of their normal activities as members of an academic and social community. The policy may be found along with other equality related information at www.wlv.ac.uk/edu.

It is the responsibility of the Board of Governors and the Offices of the Vice Chancellor to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Committee. The Committee advises on policy matters concerning Equality and Diversity, particularly in terms of priorities for action, suggests new initiatives, participates in the monitoring of the effectiveness of implementation strategies, and the achievement of targets.

There is an Equality and Diversity Unit to assist staff with any queries or issues they may want to raise regarding Equality and Diversity matters. It has an experienced disability specialist able to provide appropriate advice and support and to work with Faculties and Departments on their provision for disabled staff.

It is the policy of the University to employ disabled persons in posts for which they are identified as the best candidates, having regard to our duties under the Equality Act 2010. We seek to make arrangements wherever possible to encourage staff who develop a disability to continue working for the University. Every opportunity is taken to improve access for disabled staff and students to University premises via a rolling programme of improvement to buildings and provision of equipment. Physical access to the University premises is a core consideration within the strategy for improvement of the University's estate and is being addressed within the Estates Project. The University is continuing to work with DisabledGo to ensure that

NOTES TO THE ACCOUNTS

any disabled person wishing to visit University premises can view information on the Web about the accessibility of University buildings and how to access them when planning their visit.

Employee Involvement

The University has developed a comprehensive internal communications approach for its staff. This includes regular paper-based and electronic updates on policies, procedures, organisational change, and events that impact on staff. The Vice-Chancellor also holds quarterly staff meetings across all three main campuses which include briefings and also the opportunity for staff and ask questions of the VC on what has been discussed.

A staff communications cascade system has been introduced which delivers key University-wide messages. Staff have the opportunity to feedback on any of the items within the brief which is sent out every six weeks.

The University of Wolverhampton Workforce Strategy has a specific work stream around staff involvement and engagement. Members of the HR Department, management and Trade unions are developing more effective ways of how we can ensure staff are actively involved and engaged in how the University of Wolverhampton operates.

The University of Wolverhampton has a number of active staff networks: BAME, Disabled, LGBT, as well as supporting Women in Research. We work closely with these groups around active staff participation and involvement, particularly around equality and diversity issues. The University consults with disabled staff and students to comply with its duties and disability legislation, and holds focus groups to review the progress of its policies and plans in respect of disability/equality.

Development Strategy

Fundraising and alumni relations activity within Higher Education Institutions is measured through the Ross-CASE survey. It tracks charitable donations to institutions and how much institutions invest in fundraising. It is the only source of this kind of information in the UK and enables institutions to measure progress and compare with peers. The survey results were published in February 2017 and University of Wolverhampton has consolidated its national position and sits within the Emerging Cluster. This is the largest group of universities and comprises of 32 institutions.

Funds Raised 2014-17

The following table shows the income raised in the 2015-17 academic year and the % increase from the previous year. The University has increased philanthropic income by 20.2% over the last 12 months, with a noticeable growth in company giving. However with several high-profile fundraising projects in the strategic plan it is important the momentum continues to increase and income rises.

Gift Category	2014-2015 (£)	2015 -2016 (£)	2016 – 2017 (£)	% increase
Charitable Trusts and Foundations	30,679	166,786	191,998	15%
Companies	191,747	101,819	148,477	46%
Lottery	31,689	38,917	38,557	-1%
Individuals	124	14,182	7,503	-47%
Totals	254,239	321,704	386,535	20%

In addition to the above the University's Chancellor kindly donated £1m via the Ambika Paul Foundation. The gift was spread across two instalments the final payment being received in 2015/16.

Knowledge Transfer

The University of Wolverhampton is a major provider of Knowledge Exchange and Innovation services with business and the wider community, predominantly in the City and West Midlands but also nationally and more recently internationally. It is recognised as being at the forefront of the Higher Education sector in working with businesses demonstrated by the number of Knowledge Transfer activities delivered that include KTP (Knowledge Transfer Partnerships) and KEEN (Knowledge Exchange Enterprise Network) projects, often winning national and regional awards for their impact on business. Such activities help to

NOTES TO THE ACCOUNTS

raise the profile of the University as a Research and Innovation knowledge base, contributing to economic generation and growth.

In addition, the University is delivering new enterprise activities in the Black Country, Telford & Wrekin, Shropshire, Stafford, Herefordshire and the Wyre Forest. It continues to lead the University of Wolverhampton Science Park, as well as providing leadership for other West Midlands Universities in the delivery of a range of regional collaborative innovation and enterprise projects.

The University has a number of centres that provide services to individuals and businesses for business start-up and incubation including: an ICT business incubator (e-Innovation Centre), business grow-on space (Business and Technology Centre), a Creative Industries business incubator (SP/ARK), a Student / Graduate business incubator (SP/ACE) as well as facilitating University of Wolverhampton graduate start-up businesses through the Student Placements Programme for Entrepreneurs in Education (SPEED).

The University's knowledge transfer, business innovation and incubation activities are delivered primarily from the University of Wolverhampton Science Park, Telford Innovation Campus, Hereford Enterprise Zone and more recently the Wyre Forest. Following an investment of some £12M, the next phase of development of the Science Park has now been completed with the construction of a new Science, Technology and Prototyping Centre. When fully occupied this facility will be home to an additional 30 tenant companies providing a new approach to commercialisation and spinout activity.

University business engagement activities have been strengthened through the collocation of the University's Business Solutions Centres and the National Growth Hub initiative across the Black Country and the Marches, including Telford & Wrekin and Hereford whereby University staff work in partnership with the public sector partners to deliver business support services.

The University has been particularly successful in attracting both revenue and capital public sector funding to part fund many of these activities with support from Local Growth Funding and EU Structural Funding.

The University is represented on the Black Country and Marches Local Enterprise Partnerships (LEPs), in discussion with the West Midlands Combined Authority, Local Authority leaders and Chambers of Commerce and is contributing to Skills, Innovation and Enterprise leadership. This is complemented by engagement in Strategic Economic Plans locally that influence the allocation of resources for economic and regeneration growth in LEP areas. To support this, the University has played a major role in supporting the establishment of the Midlands Engine, the Midlands Enterprise Universities consortium and the West Midlands Combined Universities partnership.

University staff participate in research development and Innovation initiatives with other universities as well as contributing to EU programmes. The University's engagement in the European Union is achieved primarily through the University's office in Brussels providing academic staff with access to expertise in EU funding programmes and positioning.

All surplus generating business involving knowledge transfer, training and similar activities are carried out through University of Wolverhampton Corporate Services Ltd. Activities that are not surplus generating (e.g. research contracts, European and U.K. Government contracts for knowledge transfer), or that lead to a university level qualification, operate through the University's accounts.

Key Performance Indicators (KPIs)

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 15 KPIs as the means by which it monitors the overall health of the Institution. The KPIs gauge performance in a range of areas including: student application, recruitment and retention; achievement and completion; academic and research quality; NSS standing; equality and diversity; employability; international collaborations; financial health including income generation; space utilisation; performance of the estate; staffing; and carbon management. Performance against these KPIs is reported annually to the Board of Governors via the relevant University Committee. These reports summarise the status of each KPI together with the direction of travel.

NOTES TO THE ACCOUNTS

From the KPIs presented to the Board of Governors during the 2015 to 2016 cycle, two key performance indicators highlighted last year both sustained the impressive above benchmark performance levels they had previously achieved, retaining their recommended statuses of Good.

- “Improved Employment Levels of University of Wolverhampton Graduates”. The annual Destinations of Leavers from Higher Education (DLHE) Survey reports a further record high with 96% of our undergraduate cohort in work or further study 6 months after graduation. This has been accomplished through sustained efforts to ensure we provide our students and graduates with meaningful opportunities, throughout their studies to develop the employability skills, subject knowledge and professional competencies to pursue their career ambitions.
- “To reduce our reliance on HEFCE income by increasing the % turnover attributed to non-HEFCE and Student Fees income” again showed a healthy 6.5% increase against a target of 0.5% per annum.

We have continued to perform well in a number of other areas. For the KPI “to improve the functional suitability of the estate” the University’s position remains above the sector median for the whole estate (residential and non-residential), with maintenance, particularly of student facing teaching and learning facilities, continuing to be a principle focus for investment expenditure. The KPI “to reduce the University’s carbon footprint by 40% by 2020” also reported significant progress in terms of our reduction of CO2 emissions, achieving an overall reduction of 38% against the HEFCE baseline year of 2005/06, following implementation of the University’s Carbon Management Plan. In addition the University is still engaged with the HEFCE Revolving Green Fund 4 to deliver various projects such as lighting controls and LED lighting upgrades, due to be completed in July 2017.

In those areas where a less than satisfactory performance has been reported, the University remains committed to reviewing progress throughout the year, introducing and monitoring improvement measures as required to meet and surpass sector benchmarks where possible. “To extend the diversity of our staff profile across all equalities categories”, has a current status of “requiring further action”. The University is undertaking to support under-represented groups to ensure our workforce reflects the local demographic.

Key Performance Indicators (KPIs)

Following the approval and launch of the University’s new Strategic Plan 2016 - 2021 this past year, a large amount of work was conducted to agree a set of eleven Key Performance Indicators that allow us to measure our performance against that Plan. These have been adopted by the Board of Governors and monitor the overall health of the Institution across a range of activities including student population, achievement, employability and satisfaction; research and business engagement; our staff and culture; financial health; campus and wider impact. Performance against these indicators will continue to be formally communicated to Governors on an annual basis via the relevant University Committee, with ongoing performance reviews being conducted at Corporate Management Team level more regularly throughout the year. To better align with our Risk Management process we have also adopted the ‘RAG’ (Red, Amber, Green) rated scoring system to indicate the status and direction of travel of each indicator.

Key performance indicators achieving an above benchmark performance level during the 2016-17 cycle include:-

- *Our Students’ Employability* – The ‘Destinations of Leavers from Higher Education’ (DLHE) Survey for the graduating class of 2016 again set out a positive picture of employability and employment amongst our graduates with over 96% of our undergraduate cohort reported to be in work or further study six months after graduation, against an employability benchmark of 93%. More than 98% of our postgraduate students are in a similar position. Our students are also supported the regional economy with 81% working in the West Midlands after graduation. The University continues to sustain this position against all measures and exceed its benchmark position in every category. The Careers, Enterprise and The Workplace, (together with Faculty Employability Champions) drive forwards the Enterprise and Employability Strategy to provide our students and graduates with the opportunities, skills and competencies they need to maximise their potential.
- *Our Campus* – we continue to surpass the sector median in regards to the building condition and functional suitability of the estate together with a reduction to the University’s carbon footprint. This improvement has been principally derived from a sustained £250m capital and maintenance investment in the learning, teaching and student facilities across the estate as well as the

NOTES TO THE ACCOUNTS

successful implementation of the University's Carbon Management Plan, both in terms of CO2 reductions and financial cost savings.

We have also seen promising performances in other areas such as *Our Students' Achievement* – whereby we were above benchmark in relation to the participation, and continuation, of under-represented groups in higher education. For both Young and Mature full-time first degree students we attracted above benchmark entrants from low participation neighbourhoods, together with those from either state schools or with no prior higher education experience. Similar patterns were seen in relation to non-continuation rates for part-time students whereby our performance against benchmark remained wholly positive, for both under and over 30's. Mature students also saw an improvement from 18.4% to 14.4% this past year. This is testament to our 'Widening Participation' ethos, central to the delivery of our mission, to address social inclusivity and assist students from all backgrounds to achieve their study aspirations and vocational outcomes.

In those areas where a less than satisfactory performance has been reported, the University is committed to reviewing statuses throughout the year, introducing and monitoring improvement measures as required to meet and surpass benchmarks where possible, even in those areas where the national trend has also seen a decline in performance levels.

Risk Management

The Corporate Risk Register is continually reviewed and maintained throughout the year, by both Risk Owners and the Risk & Business Continuity Group, as part of a rigorous Risk Management process. Assurances are provided that key risks are being managed appropriately for consideration by both Corporate Management Team and Audit Committee. In addition, work continues to incorporate recommendations made the University's Internal Auditors.

Current and Future Key Risks & Issues

At present nineteen Institutional risks, lined to the corporate strategic objectives, are contained within the Corporate Risk Register. The following are deemed to be the key issues facing the University Group currently and in the near future.

- *Loss of Funding Through Shifts in Government Funding Policy* – the disbandment of, or significant cuts to, traditional funding streams (including HEFCE, NHS, NCTL, Research, DSA) remains as a key risk for the University. A range of mitigating controls have been introduced including the development of new Distance Learning and Transnational programmes; the implementation and monitoring of the RAM to enable clarification of Faculty income earnings and performance management and further enhancement of Commercial Income generation processes.
- *Recruitment and Retention of Home and International Students* – the financial health and performance of the University has become steadily more reliant on buoyant student recruitment and increased retention levels to boost fee income and investment opportunities, whilst facing increased global competition and increasingly stringent UKVI requirements. A number of established mitigations are in place to manage risk effectively, which will be further enhanced over the next year by the newly recruited 'Director of Recruitment and Partnerships' to ensure they remain current in the ever evolving HE landscape.
- *Failure to achieve target Teaching Excellence Framework (TEF) rating* – the recent introduction of the TEF has the potential to cause significant reputational and financial losses to the University. The impact of our current rating is being closely monitored by the TEF Response Group, who are also proactive in horizon scanning future developments to ensure we have the essential processes and strategies in place to continuously strengthen our position.
- *Underperformance of University Sponsored Schools* – Education Central Multi-Academy Trust continue to manage our engagement with multiple academies for which the University has various mechanisms in place to alleviate any detrimental reputational or financial effects including regular Board meetings; effective due diligence processes carried out prior to brokering new schools; workforce planning to ensure effective management of resources and shared services; regular review of financial systems, funding models and control thereof.

NOTES TO THE ACCOUNTS

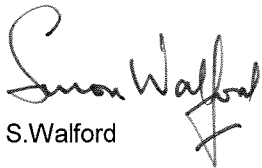
- *Underachievement of Commercial, Research and Enterprise Benchmarks* – limited availability of grants due to public funding cuts; increased competition for and sustaining income streams; imminent changes to Higher Education Innovation Funding regulations and uncertainty as to withdrawal of EU funding streams following BREXIT all present challenges to the University. A comprehensive suite of mitigations are in place to manage the impact of these including Institutional level strategies; the development of visualisation centres at Wolverhampton and Telford to stimulate University business collaboration and actively pursuing new funding opportunities with the associated European Structural and Investment Fund programme aligned to innovation.

Conclusion

The University continues to be in a strong position. Overall student numbers in 2016/17 were at a similar level to the previous year. Despite increased competition for students from traditional providers and new entrants, student recruitment in 2017/18 is on track to be close to target in most areas. We continue to deliver employability results at record levels, and recently released NSS scores show we have maintained our position against the rest of the sector. The overall financial health of the University continues to improve as a result of sustained surplus generation. Cash balances remain strong enabling continued investment in state-of-the-art facilities. The University is developing an ambitious capital programme for delivery over the next few years and will continue to invest in the student experience.

The impact of the continuing evolution of Government policy towards higher education leads to uncertainty, and the University will need to continue to respond flexibly to the demands placed on it. However, the University's underlying financial reserves put it in a strong position to cope with any changes that emerge over the next few years.

Approved by the Board of Governors on 22nd November 2017 and signed on its behalf by:



S.Walford

Chairman of the Board of Governors

NOTES TO THE ACCOUNTS

PUBLIC BENEFIT STATEMENT

The University is a Higher Education Corporation incorporated under the provisions of the Education Reform Act 1988. Section 124 of the Act confers upon the University powers to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of these powers.

The University is regulated by HEFCE on behalf of the Charity Commission.

The charitable purpose of the University is the advancement of education, delivered for the public benefit via the University's strategic plan. The Board of Governors is responsible for defining the strategic plan of the University and ensuring these objectives are met. In setting these objectives the Board of Governors (acting as trustees of the University), and the University's management, give consideration to the guidance issued by the Charity Commission and HEFCE regarding public benefit.

The University's mission is "Maximising opportunity through generating knowledge, innovation and enterprise". The University's ambition is "To be a progressive and influential sector leader, championing diversity, growth, and creating life chances for all while enhancing economic impact and accelerating ambition across the entire University Community".

The University is committed to advancing the education of individuals from across the Black Country, West Midlands, UK and beyond and to providing a broad range of educational opportunities focused on making a real difference to the lives of individuals, communities and businesses. In 2016/17 the University launched its new Strategic Plan 2016-2021. This new plan centres on three key pillars for University activity:

- Students First
- Skills and Knowledge for Economic and Social Transformation
- Significant Influence and Impact

Opportunity: social inclusion and social change

The University of Wolverhampton is known as the University of Opportunity, promoting social mobility and improving individual life chances within the communities in which it operates. During 2016/17 the University continued its widening participation work for under-represented groups. This work featured significantly in the University's annual Access Agreement with the Office of Fair Access.

Throughout 2016/17, the University continued its commitment to being a key player in raising aspirations and skills levels within the region through its work with schools, colleges, adult education, employers and the community. This is evidenced by a number of activities undertaken during the last academic year, all aimed at social inclusion and social change. Examples of such work are:

- A successful bid to HEFCE for funding for a National Collaborative Outreach Project. The University was granted £4,700,000 for the period Jan 2017 to Dec 2018. The programme is targeted at young people in areas where progression to higher education is at a lower rate than would be expected compared to the rest of the country.
- The continuation of a scheme aimed at encouraging more Looked After Children into Higher Education. The University works with three Local Authority 'Virtual Schools', co-ordinating research and delivering a dedicated mentoring programme for Looked After Children;
- The University's business start-up programme – Supporting the Unsung Hero – has been awarded further sponsorship. The programme is tailored to meet the needs of Armed Forces families, offering them the opportunities and advice in relation to business management and self-employment;

NOTES TO THE ACCOUNTS

- The University is working on the development of Learning Cities and Regions; the project will develop and sustain a network of stakeholders across the public, private and third sectors creating impact across the region and developing a culture where learning - whether at home, work, in formal educational institutions or in civic life - is widely accessible by all and transformational for our communities.
- The University's entrant profile continues to exceed the national benchmarks on all widening participation measures (state school, lower socio-economic groups, low participation neighbourhoods).
- For the last two years, students from the University's Law School have provided representation to disabled and vulnerable people when they challenge the Department of Work and Pensions over benefits including Employment and Support Allowance and Personal Independence Payments. In that time, they have supported more than 300 appeals and helped secure over £1.5m which people in Wolverhampton may otherwise have missed out on.

Further beneficiaries of the University's work over the last year have been children from primary school age upwards throughout the region, as part of the University's objective to improve the performance of schools within the Black Country. The University recognises the key role it plays in raising aspirations amongst those who are from groups underrepresented in Higher Education and has a programme of outreach and inreach activities with schools and colleges, designed to raise both aspiration and attainment. The University demonstrates this commitment through its new Schools Engagement Strategy, which envisages holistic and joined-up engagement with academies, trusts and schools to improve the performance of schools in the region and contribute to the economic growth of the area through raising skills levels. The University has delivered this in 2016/17 through a number of activities, including:

- Through the University's Education Central Multi-Academy Trust, the University sponsors 13 academy schools in the region, at both primary and secondary levels. We also sponsor 2 University Technical Colleges (UTCs) through the University of Wolverhampton Social Enterprise Ltd.
- 'Kick-Off - Explore Your Future' used football to engage 13 and 14 year old pupils at schools in Staffordshire to think about their future. Students from five schools took part in regular football coaching sessions delivered by University students. They also visited the University's Institute of Sport to use specialist sporting facilities. The project ended with a football tournament held at the Wolverhampton Wanderers Football Academy.
- Continuation of the Black Country Children's University (BCCU), which is part of the national Children's University Trust. During 2016/17 the number of schools and young people involved continued to grow.

Research

The University recognises the crucial role its research plays in improving the lives of society as a whole. The University has built upon its significant investments in research made in the last few years.

During 2016/17, the University's Doctoral College established a prestigious lecture series of high profile speakers – as open to and advertised to the public: The University of Wolverhampton Lecture Series. The series aims to support the dissemination of the world class research carried out at the University to its industry, community and charity partners, as well as the local community.

NOTES TO THE ACCOUNTS

The lecture series draws on the expertise of our researchers, our alumni and our honorary graduates and highlights the impact of University's work to the local community. The series was launched in November 2016 and has hosted 5 lectures to date. Attendance at the lectures has been in person and virtual (the series has been live streamed) and has totalled 569, with an average attendance of 114 attendances per lecture. The lecture series has so far comprised:

- Professor Geoff Layer, the Vice Chancellor of the University of Wolverhampton, focussing on UK Higher Education and Research post-Brexit.
- Professor Andy Lane: 'Faster, stronger, smarter, more productive – how sport psychology can help you achieve your goals'.
- Professor Andy Westwood, focussing on The Politics of Higher Education Reform in England.
- Professor Gary Sheffield: 'At the Mercy of Fate? Shaping the Soldier's Experience of War'.
- Jaki Graham, Pro-Chancellor, reflecting on Jaki's unique journey into the public eye.

In collaboration with the Marches Local Enterprise Partnership, the University has established a dedicated Cyber Centre of Excellence which will contain secure locations for companies involved with counter attacks, laboratory research facilities, secure rooms for the delivery of short courses targeted to the industry as well as demonstrating hands on solutions to cyber attacks.

The University hosted an international conference attended by experts in cyberpsychology, cybertherapy and social networking. Topics covered included: cyberbullying, apps for kids, cybercrime, robotics, virtual reality and the health applications of technology.

Highlights of the University's broad range of research activities during 2016/17 are:

- Innovative new technology is being developed by University researchers to help people with autism read and understand text better.
- Pioneering research into sperm motility led by two University scientists made headlines around the world. This research could be used for a new form of male contraception or enhanced fertility treatments in the future.
- The MinD project is completing its first year of research into designing for people with dementia.
- A new project has secured £5 million toward protecting the endangered environment of the Congo rainforest and transforming the lives of its people.
- An academic is working with scholars of the State University of Paraiba and the Federal University of Pernambuco in Brazil on a research project into the spread of arbovirus diseases in Brazil.
- A researcher is working on major projects to reduce city traffic, travel times and accidents by creating bespoke intelligent systems.
- The University hosted an international conference attended by experts in cyberpsychology, cybertherapy and social networking. Topics covered included: cyberbullying, apps for kids, cybercrime, robotics, virtual reality and the health applications of technology.

NOTES TO THE ACCOUNTS

External engagement: Enterprise & Employability

The University recognises the impact it has upon the economic prosperity of the region. It delivers public benefit through the development and commercialisation of innovative products, processes and services, and makes its advice and expertise readily accessible to the business community.

The University is well known for its commitment to enterprise within the region. In June 2017 the University was a shortlisted finalist in the knowledge Exchange/Transfer Initiative of the Year category at the Times Higher Education Awards 2017. More recently, working as a part of the West Midlands Combined Universities network the University seeks to work in closer partnership with the Midlands Engine to deliver regional step-changes driving regeneration, productivity and business growth.

The University has continued to play a leading role in the economic prosperity of the region by encouraging the creation of start-up businesses. The University has recently increased its geographical incubation coverage in support of stimulating entrepreneurial activity and now has three incubator facilities providing support to new business start-ups and those in the early stages of operation.

A new £2.3 million EU project 'Enterprise Action' has been secured to increase the number of student/graduate and public start-ups. The Hereford Business Solutions Centre, based at Skylon Park in Hereford's Enterprise Zone, has grown from strength to strength and now has over 20 start-ups located within it as well as delivering business support and innovation services to existing businesses from across the Marches area to increase their sustainability and enhance growth aspirations.

The University's commitment to enterprise also extends to school aged children. During 2016/2017 the University supported a regional charitable organisation (Employability UK) in providing young students with careers advice, mentoring and setting aspirational objectives through dedicated collaborations with business leaders and industrial champions. The sole aim of the charity is to help young people make the transition between school and work.

As part of the new £60 million Springfield Campus development, the Elite Centre for Manufacturing Skills (ECMS), a non-profit making organisation, has recently been launched. The Elite Centre is a new employer-led training facility, designed to enhance productivity in the high value manufacturing sector. Building on the region's renowned industrial heritage, the Elite Centre will help to drive economic growth in the Midlands and beyond by providing specialist training to upskill the current and future workforce, helping to close the skills gaps identified by employers.

The University views graduate employability as a vital part of what the University delivers, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of the region.

The University recognises the important role it plays in educating students and strives to ensure its graduates improve skills and knowledge in the region. The Destination of Leavers of Higher Education survey reported that 96 per cent of our students in 2016 are working in the West Midlands (or in Higher Education) following graduation, thus enhancing the growth of the region.

To ensure graduates are eminently employable, the University offers students a number of opportunities during their courses. Such activities include:

- Encouraging students to participate in "Active Volunteers", a joint initiative between the University and Wolverhampton Students' Union, designed to offer students the opportunity to improve their employability through volunteering activities.
- The Challenge Academy - a hybrid short-term business/academia collaboration catalyst which empowers students in a safe environment to address real life 'business challenges' through the application of their theoretical knowledge.

NOTES TO THE ACCOUNTS

- Offering WXP placements (a work experience placement for students and graduates of the University) to give students experience of the world of work.
- Offering a scholarship and placement scheme in conjunction with Santander.
- Offering Knowledge Transfer Partnerships (KTPs), a three way partnership between a graduate, a company and the University where a full time skilled graduate is employed in a company and gains practical employment experience.
- Offering graduates an opportunity to work full-time in a business on short-term commercial projects through the Knowledge Exchange and Enterprise Network (KEEN).
- Offering support to recent graduates in establishing their own commercial business through the regional Enterprise Action programme.

As part of the University of Wolverhampton's commitment to economic growth the University has launched and fully opened its Apprenticeship Hub at City Campus, Wolverhampton. The Hub has already secured over 300 Apprenticeships and is proactively driving the apprenticeship agenda within local businesses and the broader community to increase the level of training, work experience and work based opportunities for students.

NOTES TO THE ACCOUNTS

CORPORATE GOVERNANCE STATEMENT

The Board of Governors is committed to ensuring good governance arrangements with the University. The Board conducts its corporate governance in accordance with the Committee on Standards in Public Life and the CUC Higher Education Code of Governance which the Board adopted on 26th March 2015. The Board of Governors adheres to all of the "must" elements of the Code.

A full review of governance is undertaken by the Board of Governors every five years with an interim review undertaken every two years. A full governance effectiveness review was undertaken in spring 2015 with the final report approved by the Board of Governors on 3rd July 2015. The review recommended a revised committee structure was put in place. The new committee structure became effective for the 2015/16 academic year.

The Governing Body

Members of the University's Board of Governors are appointed in accordance with the University's Instrument and Articles of Government. Members of the Board of Governors comprise of independent, co-opted, staff members, student members and the Vice-Chancellor. The majority of the Board are independent members. The Board's Chair and Deputy Chairs are drawn from independent members.

The roles of the Chair and Deputy Chair of the Board of Governors are separated from the role of the University's designated Accountable Officer, the Vice-Chancellor. The matters reserved specifically to the Board of Governors for decisions are set out in the Education Reform Act 1988, the Articles of Government of the University and under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Board of Governors holds the ultimate responsibility for the ongoing strategic direction of the University, the University's finances, approval of major developments and receipt of regular reports from senior officers on the day-to-day operations of the University and its subsidiary companies.

The Board of Governors meets no fewer than four times a year, including one strategic away day. All meetings have minutes. The Board of Governors has the following sub-committees:

- Audit Committee
- Equality and Diversity Joint Committee
- Planning and Resources Committee
- Governors' Estates Sub-Committee (reporting to Planning and Resources Committee)
- Nominations Committee
- Remuneration Committee

These committees are formally constituted with terms of reference and are chaired by a governor. They are subject to the provision of the delegation schedule 2015/16, approved by the Board of Governors on 2nd July 2015.

The Articles of Government provide for matters of academic policy to be determined by the Academic Board. Four members of the governing body, including two designated Academic Board Nominee Governors, are also Academic Board members. A report of Academic Board business was provided to the Board of Governors at each meeting throughout the academic year.

Audit Committee

Audit Committee meets regularly throughout the year. It meets with the External Auditors and Internal Auditors of the University and reviews their work. The Committee considers detailed reports together with recommendations for improvement to the University's systems of internal control, management's responses and implementation plans. It reviews the External Auditors' Management Report and the University's Annual Financial Statements. The Committee also oversees the University's risk management process on behalf of the Board of Governors. Whilst members of the Offices of the Vice-Chancellor attend meetings of Audit Committee as necessary, they are not members of the Committee. Audit Committee members have the opportunity to meet with the Internal and External Auditors in private for independent discussions, at least once a year. Audit Committee submits a formal Annual Report to the Board of Governors and the Vice-Chancellor as Accountable Officer and this Annual Report, once approved, is one of the documents that is submitted to HEFCE annually.

NOTES TO THE ACCOUNTS

Equality and Diversity Joint Committee

This Committee is chaired by a Governor with membership comprising of governors, staff, Academic Board members, Trade Unions and students. The Committee acts on behalf of the Board of Governors and Academic Board to consider and determine matters of Equality and Diversity for staff and students. The Committee meets twice a year.

Planning and Resources Committee

Planning and Resources Committee was introduced for 2015/16 and replaced Finance and General Purpose Committee. Planning and Resources Committee has powers to act on behalf of the Board in the consideration and determination of matters of finance except where provided by the Education Reform Act, Articles of Government or specific decision by the Board of Governors. The Committee also considers and determines employment matters for all non-senior staff pay scales. Planning and Resources Committee advises the Board of Governors on health and safety policy and procedures, has oversight of the capital programme and strategy. It has oversight of the Governors' Estates Sub-Committee. The Committee considers strategic priorities and makes recommendations to the Board of Governors. The Committee monitors the delivery of the annual plan. Planning and Resources Committee meets six times a year.

Governors' Estates Sub-Committee

The Committee was introduced for 2015/16 replacing the Governors' Estates Working Group. The Committee has oversight of the Capital Estates Programme with regard to the completion and prioritisation of projects. The Committee considers and makes recommendations to the Board regarding the acquisition and disposal of freehold and leasehold property, making recommendations to Planning and Resources Committee. The Committee also has oversight of the estates key performance indicators. The Committee meets five times a year but has the option for a sixth meeting, if required.

Nominations Committee

Nominations Committee considers and recommends nominations to fill vacancies in the independent and co-opted categories of Board membership. The committee meets three times a year.

Remuneration Committee

The Remuneration Committee has powers to consider and approve the remuneration and conditions of service of senior posts and senior staff. It also reviews and agrees the annual objectives of the Vice-Chancellor and where appropriate, approves severance payments and early retirement applications for senior posts. The committee meets twice a year.

Internal Control

The University is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. The system of internal control is based on an ongoing process integrated with the strategic planning process and designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This is undertaken in the following ways:

- a. an approved Risk Management Policy;
- b. a ranked Corporate University Risk Register and local risk registers within Academic Faculties and Service Departments;
- c. a risk and business continuity update delivered to every Audit Committee, in addition to the Corporate Risk Register
- d. the development of a risk appetite statement. This was approved by the Board of Governors on 6th July 2016;
- e. an annual assurance report;

NOTES TO THE ACCOUNTS

- f. the further development of risk registers for all Academic Faculties and Service Departments across the University and a process to escalate and de-escalate risks to/from the Corporate Risk Register; and
- g. the identification of key risks by Offices of the Vice-Chancellor members in conjunction with the approved strategic plan.

In addition, the Governors' review of the effectiveness of the system of internal control is also informed by the following:

- a. Audit Committee provides oversight of the process of internal control. The Board receives reports from Audit Committee including minutes after each meeting;
- b. Audit Committee receives reports from the Internal Audit Service on the adequacy and effectiveness of specific systems of internal control together with recommendations for improvement;
- c. The Internal Audit Service report annually to Audit Committee on their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement;
- d. The Internal Audit services' assignment review of Risk Management;
- e. Comments made by the External Auditors in their management letter and other reports;
- f. The Annual Assurance Report to Audit Committee regarding the operation of risk management processes; and
- g. The work of officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by other external review agencies and stakeholders e.g. QAA, TA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2017 and up to the date of signing these accounts.

Going Concern

A review of the University's trading and cashflow performance for the current year, together with the key financial risks it is likely to face in the near future, are set out in the Report of the Board of Governors. This report also covers the Institution's approach to capital investment and risk management. The University has a strong cash position at year end, with no outstanding bank debt and a healthy reserves position. The University adopts a prudent approach to investment of cash balances, placing deposits with institutions with a Fitch long term rating of "A", and limiting total amounts deposited with a single institution.

The University is budgeting for a reasonable surplus in 2017/18 and has included budget provision for planned capital and revenue developments. We will continue to maintain pressure on pay and non-pay expenditure to ensure financial sustainability. The University is looking to reduce overall support costs over the coming year, whilst maintaining and enhancing the student experience. Financial forecasts covering a 5 year period are produced for the Board at least annually, the latest in June 2017. The Board believe that, despite intensifying competition for undergraduate and international students, projections indicate that University is well placed to manage its business risks successfully, and has adequate resources to continue in operational existence for the foreseeable future.

The University strategic plan which takes us through until 2021 addresses the challenges for the University head-on and is structured to maintain sound finances in the years to come.

For the reasons set out above the Board of Governors continue to adopt the going concern basis in preparing the financial statements.

NOTES TO THE ACCOUNTS**STATEMENT OF THE BOARD OF GOVERNORS' RESPONSIBILITIES****STATEMENT OF BOARD OF GOVERNORS' RESPONSIBILITIES IN RESPECT OF THE REPORT OF THE BOARD OF GOVERNORS AND THE FINANCIAL STATEMENTS**

The Board of Governors are responsible for preparing the Report of the Board of Governors and the financial statements in accordance with the requirements of the Higher Education Funding Council for England's Memorandum of Assurance and Accountability issued by HEFCE and applicable law and regulations.

They are required to prepare group and parent University financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*. The Memorandum of Assurance and Accountability further requires the financial statements to be prepared in accordance with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education, in accordance with the requirements of HEFCE's Accounts Direction to higher education institutions. The directors are required to prepare financial statements which give a true and fair view of the state of affairs of the group and parent University and of their income and expenditure, gains and losses and changes in reserves for that period.

In preparing each of the group and parent University financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent University or to cease operations, or have no realistic alternative but to do so.

The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the parent University's transactions and disclose with reasonable accuracy at any time the financial position of the parent University and enable them to ensure that its financial statements comply with relevant legislation and other relevant accounting standards. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Board of Governors are also responsible under the Memorandum of Assurance and Accountability for:

- ensuring that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which HEFCE may from time to time prescribe;
- ensuring that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources; and
- securing the economical, efficient and effective management of the university's resources and expenditure.

The Board of Governors is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

NOTES TO THE ACCOUNTS**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF WOLVERHAMPTON****REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS****Opinion**

We have audited the financial statements of University of Wolverhampton ("the University") for the year ended 31 July 2017 which comprise the *Group and University Statement of Comprehensive Income and Expenditure, Statement of Changes in Reserves, Balance Sheet, Cash Flow* and related notes, including the Statement of Accounting Policies.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2017, and of the Group's and the University's income and expenditure, gains and losses and changes in reserves, and of the Group's cash flows, for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, and with the 2015 *Statement of Recommended Practice – Accounting for Further and Higher Education*; and
- meet the requirements of HEFCE's Accounts Direction to higher education institutions for 2016-17 financial statements.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The Board of Governors is responsible for the other information, which comprises the Report of the Governors and Corporate Governance Statement and Public Benefit Statement. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Board of Governors responsibilities

As explained more fully in their statement set out on page 24, the Board of Governors is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the parent University or to cease operations, or has no realistic alternative but to do so.

NOTES TO THE ACCOUNTS**Independent auditor's report to the Board of Governors of the University of Wolverhampton (continued)****Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are required to report on the following matters under the HEFCE Audit Code of Practice (effective 1 August 2016) issued under the Further and Higher Education Act 1992.

In our opinion, in all material respects:

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

THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the University and the Board of Governors for our audit work, for this report, or for the opinions we have formed.



Andrew Argyle
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 30 November 2017

Statement of Accounting Policies for the year ended 31 July 2017

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

2. Basis of consolidation

The consolidated financial statements show the position of the University and all its subsidiary undertakings for the financial year to 31 July 2017. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited and University of Wolverhampton Social Enterprises Ltd. The University of Wolverhampton Enterprise Limited has a majority share-holding (81%) in University of Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in University of Wolverhampton Science Park amounted to (£91,767) in 2016/2017 (£55,380 in 2015/2016). This has not been separately disclosed in the University's Consolidated Financial Statements. University of Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2016/17 ECMAT was in its fifth year of operation. The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University. During the financial year the University made payments to the Students' Union of £802K and received £18.6K from the Students' Union.

3. Income recognition

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

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Statement of Accounting Policies for the year ended 31 July 2017

Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Teacher's Pension Scheme for academic staff and the West Midlands Metropolitan Authorities' Pension Fund for non-teaching staff. The schemes are defined benefit schemes and are both independently administered schemes.

In the case of the Teachers' Pension Scheme, the University 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 FRS102 "Employee Benefits" accounts for the scheme as if it were a defined contribution scheme. The amounts charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The West Midlands Metropolitan Authorities' Pension Fund provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the University. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

Statement of Accounting Policies for the year ended 31 July 2017

The institution participates in the Universities Superannuation Scheme (the scheme). There are thirty two members of staff in the Universities Superannuation Scheme.

Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

7. Foreign currency

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.

8. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

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

The University does not capitalise borrowing costs.

Statement of Accounting Policies for the year ended 31 July 2017

(a) Land and Buildings

The freehold properties comprising The University of Wolverhampton's Estate were valued as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment and Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice 'Accounting for Further and Higher Education'.

The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost, and with non-specialised operational properties valued on a Fair Value basis equating to Market Value on the assumption of a continuation of the existing use.

The University has only adopted the land revaluation following this exercise.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful life. The related grants are released to income during the period that they relate to. The buildings' expected useful lives vary from 5 to 50 years.

Where refurbishment of buildings has been undertaken, the cost has been capitalised and written-off over a ten year period.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Where buildings are in the course of construction as at the year end, the asset is recognised at the value contained in the appropriate architect's valuation certificate. No depreciation is charged against these assets until they are complete, at which point they are depreciated in line with normal depreciation policy.

Freehold land is not depreciated.

(b) Equipment

Equipment costing less than £10,000 per individual item is written off in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment acquired is stated at cost and depreciated over its expected useful life as follows:

Heavy Machinery	20 years
Art and Design Equipment/Coaches	10 years
Catering Equipment/ Technology Related Machinery	7 years
Computer, Scientific, Photographic Equipment and Vehicles	5 years
Other Equipment	4 – 7 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is recognised in the period received.

Statement of Accounting Policies for the year ended 31 July 2017

9. Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments, which may include listed investments, are stated in the balance sheet at the lower of their original cost and net realisable value.

10. Stock

The stocks are catering provisions held in the refectories, print materials held by the Print Services Unit and other small stocks held for resale. They are valued at the lower of cost or net realisable value.

11. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

12. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

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

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

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

13. Taxation

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

Statement of Accounting Policies for the year ended 31 July 2017

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The trading activities undertaken by the University are administered through the companies, University of Wolverhampton Corporate Services Limited, University of Wolverhampton Social Enterprises Limited, and University of Wolverhampton Enterprise Limited (including its subsidiary University of Wolverhampton Science Park Limited), which as commercial organisations are liable to Corporation Tax. These companies, however, transfer their profits to the University under a deed of covenant on an annual basis.

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

14. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Consolidated Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2017

	Note	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Income					
Tuition fees and education contracts	1	130,479	130,479	129,061	129,071
Funding body grants	2	18,216	18,205	17,367	17,367
Research grants and contracts	3	2,518	2,518	2,415	2,415
Other income	4	30,568	23,085	36,454	29,613
Investment income	5	351	351	1,220	1,216
Total income before endowments and donations		182,132	174,638	186,517	179,682
Donations and endowments	6	65	65	552	552
Total income		182,197	174,703	187,069	180,234
Expenditure					
Staff costs	7	102,400	100,698	98,894	96,868
Other operating expenses	8	54,392	49,115	54,850	50,117
Depreciation and Impairment	11	11,270	10,940	10,348	10,017
Interest and other finance costs	9	5,757	5,632	3,647	3,510
Total expenditure	10	173,819	166,385	167,739	160,512
Surplus before tax		8,378	8,318	19,330	19,722
Taxation		0	0	0	0
Surplus for the year		8,378	8,318	19,330	19,722
Actuarial gain/(loss) in respect of pension schemes	29	19,294	19,294	(45,624)	(45,624)
Total comprehensive income for the year		27,672	27,612	(26,294)	(25,902)
Represented by:					
Unrestricted comprehensive income for the year		27,672	27,612	(26,294)	(25,902)
		27,672	27,612	(26,294)	(25,902)
Surplus for the year attributable to:					
Non-controlling interest		0	0	0	0
University		8,378	8,318	19,330	19,722
Total Comprehensive income for the year attributable to					
Non-controlling interest		0	0	0	0
University		27,672	27,612	(26,294)	(25,902)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

for the year ended 31 July 2017

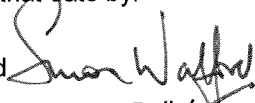
Consolidated	Income and Expenditure Account			Revaluation	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
Balance at 1 August 2016	170	0	135,435	31,824	167,429
Surplus from the income and expenditure statement	17	0	8,361	0	8,378
Other comprehensive income	0	0	19,294	0	19,294
Transfers between revaluation and income and expenditure reserve	0	0	1,929	(1,929)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	17	0	29,584	(1,929)	27,672
Balance at 31 July 2017	187	0	165,019	29,895	195,101

University	Income and Expenditure Account			Revaluation	Total
	Endowment £'000	Restricted £'000	Unrestricted £'000	Reserve £'000	
Balance at 1 August 2016	170	0	128,760	29,689	158,619
Surplus from the income and expenditure statement	17	0	8,301	0	8,318
Other comprehensive income	0	0	19,294	0	19,294
Transfers between revaluation and income and expenditure reserve	0	0	1,929	(1,929)	0
Release of restricted funds spent in year	0	0	0	0	0
Total comprehensive income for the year	17	0	29,524	(1,929)	27,612
Balance at 31 July 2017	187	0	158,284	27,760	186,231

Consolidated and University Balance Sheet
for the year ended 31 July 2017

		As at 31 July 2017		As at 31 July 2016	
	Note	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	11	249,746	238,087	232,484	220,495
Investments	12	37	136	37	36
		<u>249,783</u>	<u>238,223</u>	<u>232,521</u>	<u>220,531</u>
Current assets					
Stock	13	120	111	156	147
Trade and other receivables	14	19,026	19,135	19,170	21,429
Investments	15	9,215	9,215	11,984	11,984
Cash and cash equivalents		55,280	56,456	75,679	73,458
		<u>83,641</u>	<u>84,917</u>	<u>106,989</u>	<u>107,018</u>
Less: Creditors: amounts falling due within one year	16	(26,790)	(25,376)	(34,188)	(32,957)
Net current (liabilities)/assets		<u>56,851</u>	<u>59,541</u>	<u>72,801</u>	<u>74,061</u>
Total assets less current liabilities		<u>306,634</u>	<u>297,764</u>	<u>305,322</u>	<u>294,592</u>
Creditors: amounts falling due after more than one year	17	(213)	(213)	(12,391)	(10,471)
Provisions					
Pension provisions	18	(106,604)	(106,604)	(120,606)	(120,606)
Other provisions	18	(4,716)	(4,716)	(4,896)	(4,896)
Total net assets		<u>195,101</u>	<u>186,231</u>	<u>167,429</u>	<u>158,619</u>
Restricted Reserves					
Income and expenditure reserve - endowment	19	187	187	170	170
Income and expenditure reserve - restricted		0	0	0	0
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		165,019	158,284	135,435	128,760
Revaluation reserve	20	29,895	27,760	31,824	29,689
		<u>195,101</u>	<u>186,231</u>	<u>167,429</u>	<u>158,619</u>
Non-controlling interest		0	0	0	0
Total Reserves		<u>195,101</u>	<u>186,231</u>	<u>167,429</u>	<u>158,619</u>

The financial statements were approved by the Board of Governors on 22 November 2017 and were signed on its behalf on that date by:

S. Walford  Chairman of the Board of Governors

Professor G. Layer  Vice Chancellor and Accountable Officer

A. Holding  Director of Finance

Consolidated Cash Flow

for the year ended 31 July 2017

	Note	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
Cash flow from operating activities			
Surplus for the year		8,378	19,330
Adjustment for non-cash items			
Depreciation	11	11,270	10,348
Decrease/(increase) in stock	13	36	51
Decrease/(increase) in debtors	14	2,926	8,236
Increase/(decrease) in creditors	16	(4,663)	(7,626)
Increase/(decrease) in pension provision	18	2,262	1,190
Increase/(decrease) in other provisions	18	(349)	(133)
Adjustment for investing or financing activities			
Investment income	5	(351)	(1,220)
Capital Grant Income		(5,318)	(5,095)
Interest payable	9	6,029	3,647
Net cash inflow from operating activities		20,220	28,728
Cash flows from investing activities			
(Placement)/Withdrawal of deposits		2,769	(2,084)
Investment income		356	1,237
Capital Grant Income		2,531	2,610
Payments made to acquire fixed assets		(29,389)	(19,940)
		(23,733)	(18,177)
Cash flows from financing activities			
Interest paid		(2,830)	(902)
Endowment cash received		0	0
New unsecured loans		0	58
Repayments of amounts borrowed		(14,056)	(1,754)
		(16,886)	(2,598)
Increase/(decrease) in cash and cash equivalents in the year		(20,399)	7,953
Cash and cash equivalents at beginning of the year		75,679	67,726
Cash and cash equivalents at end of the year		55,280	75,679

Notes to the Accounts
for the year ended 31 July 2017

1	Tuition fees and education contracts	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Full-time home and EU students	95,650	95,650	95,462	95,462
	Full-time international students	11,729	11,729	11,192	11,209
	Part-time students	6,076	6,076	4,951	4,944
	Franchised Courses	3,624	3,624	3,624	3,624
	Education Contracts	13,400	13,400	13,832	13,832
		130,479	130,479	129,061	129,071
2	Funding body grants	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Recurrent grant				
	Higher Education Funding Council	12,228	12,228	12,780	12,780
	Capital grant	2,120	2,120	486	486
	Specific grants				
	Higher Education Academic Subject Centres	1,062	1,062	1,033	1,033
	Higher Education Innovation Fund	2,461	2,450	2,489	2,489
	National College for Teaching and Leadership	345	345	579	579
		18,216	18,205	17,367	17,367
3	Research Grants and Contracts	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Research councils	92	92	18	18
	Research charities	222	222	202	202
	Government (UK and overseas)	572	572	860	860
	Industry and commerce	31	31	89	89
	Other	1,601	1,601	1,246	1,246
		2,518	2,518	2,415	2,415
4	Other income	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Residences, catering and conferences	7,694	7,588	8,144	8,012
	Other revenue grants	7,051	4,600	7,044	5,162
	Other capital grants	3,198	3,198	4,609	4,609
	Other income	12,625	7,699	16,657	11,830
		30,568	23,085	36,454	29,613

Notes to the Accounts
for the year ended 31 July 2017

5	Investment income	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Other investment income	351	351	1,220	1,216
		351	351	1,220	1,216

6	Donations and endowments	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Unrestricted donations	65	65	552	552
		65	65	552	552

Notes to the Accounts
for the year ended 31 July 2017

7	Staff costs	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated	University	Consolidated	University
	Staff Costs :	£'000	£'000	£'000	£'000
	Salaries	80,946	79,516	78,874	77,189
	Social security costs	8,157	8,064	6,672	6,553
	Holiday Accrual	(2,533)	(2,533)	299	299
	Movement on USS provision	26	26	110	110
	Other pension costs	15,804	15,625	12,939	12,717
	Total	102,400	100,698	98,894	96,868

Severances of £133K paid during 2016/17 are included within the salaries costs. (£270K 2015/16).

The holiday accrual reduction is as a result of a change in the University's annual leave year and a strict adherence to the policy for annual leave carry forward.

The emoluments of the Vice Chancellor are agreed and recorded in a transparent manner at the Remuneration Committee.

Emoluments of the Vice-Chancellor:	£'000	£'000	£'000	£'000
Salary	271	271	266	266
Benefits	6	6	6	6
Pension contributions to USS	6	6	2	2
	283	283	274	274

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

	No.	No.	No.	No.
£100,000 to £109,999	2	2	1	1
£110,000 to £119,999	0	0	0	0
£120,000 to £129,999	2	2	4	4
£130,000 to £139,999	2	2	0	0
£140,000 to £149,999	0	0	0	0
	6	6	5	5

Average staff numbers by major category

	No.	No.	No.	No.
Academic	847	847	834	834
Research	0	0	0	0
Management & specialist	0	0	0	0
Technical	1,053	1,053	1,028	1,028
Other	288	288	290	290
	2,188	2,188	2,152	2,152

Notes to the Accounts
for the year ended 31 July 2017

7 Staff costs (continued)

Key management personnel

Key management personnel are the members of the Offices of the Vice Chancellor being persons who have authority and responsibility for planning, directing and controlling the activities of the University.

Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2017 £ '000	Year ended 31 July 2016 £ '000
Key management personnel compensation	880	849
Number of Staff	5	5

Board of Governors

The University's governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest.

All transactions involving organisations in which a member of The Board of Governors may have an interest, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures.

There were no payments to Board of Governors members (trustees) during 2016/17.

The total expenses paid to or on behalf of trustees was £1,699 (2015/16 - £1,822). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

Notes to the Accounts
for the year ended 31 July 2017

8 Other Operating Expenses	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Residences, Catering and Conferences	1,505	1,460	942	908
Books and Consumables	2,667	2,610	2,443	2,372
Equipment	5,104	4,948	6,567	6,392
Printing and Stationery	1,301	1,282	1,055	1,037
Heat, Light, Water and Power	3,547	3,289	3,570	3,311
Repairs and Maintenance	3,669	2,929	4,023	3,492
Grants to University of Wolverhampton Students' Union	802	802	795	795
Rents	1,862	1,727	1,428	1,334
Rates	565	527	590	482
Auditors' Remuneration	217	187	351	321
Auditors' Remuneration in Respect of Non-Audit Services	23	25	37	34
Equipment Operating Lease Rentals	103	103	85	83
Franchise Payments to Colleges	2,845	2,845	2,965	2,965
Staff Travel and Subsistence	2,344	2,213	2,205	2,047
Staff Recruitment Costs	325	307	270	252
Staff Development	1,297	1,047	1,360	1,041
Student Scholarships, Bursaries, Placements & Travel Costs	4,594	4,599	5,339	5,310
Payments to Partners	4,548	3,990	4,155	3,609
Consultancies on External Projects	2,640	720	1,899	653
Other Consultancies	1,603	1,601	1,313	1,314
Telecommunications and Postage	667	611	607	577
Provision for Bad Debts	1,344	1,320	1,010	988
Cleaning Costs	614	576	570	545
Legal, Professional and Other	5,033	3,786	6,842	5,577
Insurance	475	462	401	388
Publicity	2,483	2,452	2,217	2,153
Transport Intersite	0	476	0	476
Subscriptions	1,166	1,160	1,110	1,089
Other	1,049	1,061	701	572
Total	54,392	49,115	54,850	50,117

Auditors Remuneration includes:

<i>External Audit</i>				
Financial Statements Audit	55	35	55	37
Project Audits	50	50	69	53
Tax	23	13	13	13
Advisory	23	25	26	27
<i>Internal Audit</i>	89	89	225	225
Total	240	212	388	355

Notes to the Accounts
for the year ended 31 July 2017

9 Interest and other finance costs

	Note	Year Ended 31 July 2017		Year Ended 31 July 2016	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Loan interest		2,512	2,388	860	723
Exchange differences		36	35	35	35
USS Interest Payment		10	10	7	7
Net charge on pension scheme	29	3,199	3,199	2,745	2,745
		<u>5,757</u>	<u>5,632</u>	<u>3,647</u>	<u>3,510</u>

The increase in the loan interest is as a result of the decision to repay early the outstanding loan with Barclays Bank. The break cost included within the loan interest figures above was £1.726M.

10 Analysis of total expenditure by activity

	Year Ended 31 July 2017		Year Ended 31 July 2016	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic Departments	70,836	70,834	65,583	65,580
Academic Services	10,576	10,576	10,923	10,923
Administration and central services	36,157	36,200	37,544	37,600
Premises	13,666	11,977	14,148	12,650
Residences, catering and conferences	6,512	6,512	5,905	5,905
Research grants and contracts	2,722	2,722	2,390	2,390
Other expenses	33,350	27,564	31,246	25,464
	<u>173,819</u>	<u>166,385</u>	<u>167,739</u>	<u>160,512</u>

Notes to the Accounts
for the year ended 31 July 2017

11 Fixed Assets

Consolidated	Freehold Land and Buildings	Vehicles	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2016	322,665	151	42,855	8,321	373,992
Additions	22,077	0	750	5,705	28,532
Transfers	7,043	0	0	(7,043)	0
Disposals	0	0	0	0	0
At 31 July 2017	351,785	151	43,605	6,983	402,524

Depreciation

At 1 August 2016	100,710	19	40,779	0	141,508
Charge for the year	9,430	22	671	0	10,123
Impairment	1,147	0	0	0	1,147
Disposals	0	0	0	0	0
At 31 July 2017	111,287	41	41,450	0	152,778

Net book value

At 31 July 2017	240,498	110	2,155	6,983	249,746
At 31 July 2016	221,955	132	2,076	8,321	232,484

University	Freehold Land and Buildings	Vehicles	Fixtures, Fittings and Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000	£'000
At 1 August 2016	304,811	151	41,846	8,321	355,129
Additions	22,077	0	750	5,705	28,532
Transfers	7,043	0	0	(7,043)	0
Disposals	0	0	0	0	0
At 31 July 2017	333,931	151	42,596	6,983	383,661

Depreciation

At 1 August 2016	94,880	19	39,735	0	134,634
Charge for the year	9,107	22	664	0	9,793
Impairment	1,147	0	0	0	1,147
Disposals	0	0	0	0	0
At 31 July 2017	105,134	41	40,399	0	145,574

Net book value

At 31 July 2017	228,797	110	2,197	6,983	238,087
At 31 July 2016	209,931	132	2,111	8,321	220,495

Notes to the Accounts
for the year ended 31 July 2017

12 Non-Current Investments

Consolidated	Subsidiary Companies	Subsidiary Investment In spinouts	Other fixed assets investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2016	1	0	36	37
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
At 31 July 2017	1	0	36	37

University	Subsidiary Companies	Subsidiary Investment In spinouts	Other fixed assets investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2016	0	0	36	36
Additions	100	0	0	100
Disposals	0	0	0	0
Impairment	0	0	0	0
At 31 July 2017	100	0	36	136

The investment closing balance represents 35,688 Ordinary shares of £1 each, fully paid in CVCP Properties plc.

The University also owns 100% of the issued share capital of the following subsidiary companies:

University of Wolverhampton Enterprise Limited	100 fully paid up £1 shares
University of Wolverhampton Social Enterprises Limited	100 fully paid up £1 shares
University of Wolverhampton Corporate Services Limited	100 fully paid up £1 shares
University of Wolverhampton Innovation Limited	1 fully paid up £1 share
University of Wolverhampton Incubation Limited	1 fully paid up £1 share
University of Wolverhampton Ventures Limited	1 fully paid up £1 share

University of Wolverhampton Enterprise Limited engages primarily in the operation of the University's inter-site bus service.

University of Wolverhampton Social Enterprises Limited was incorporated in May 2012 by change of name of the former Intelligent Career Development Limited. This wholly-owned subsidiary company has been re-formed to progress and where appropriate undertake the University's various Social Enterprise initiatives.

University of Wolverhampton Corporate Services Limited supplies commercial training and educational services in association with the University of Wolverhampton.

University of Wolverhampton Innovation Limited, University of Wolverhampton Incubation Limited, and University of Wolverhampton Ventures do not currently trade.

All six companies are registered in England and operate in the UK.

University of Wolverhampton Enterprise Ltd also owns 810 fully paid £1 shares in University of Wolverhampton Science Park Limited.

Notes to the Accounts
for the year ended 31 July 2017

13 Stock

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	120	111	156	147
	120	111	156	147

14 Trade and other receivables

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<i>Amounts falling due within one year:</i>				
Other receivables	16,615	13,274	16,499	15,130
Prepayments and accrued income	2,411	2,368	2,671	2,630
Amounts due from subsidiary companies	0	3,493	0	3,669
	19,026	19,135	19,170	21,429

15 Current Investments

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	9,215	9,215	11,984	11,984
	9,215	9,215	11,984	11,984

16 Creditors : amounts falling due within one year

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	0	0	1,878	1,603
Subsidiary Companies	0	0	0	818
Trade payables	15,002	14,551	18,564	17,956
Social security and other taxation payable	3,521	3,521	3,412	3,412
Accruals and deferred income	7,366	6,403	6,900	5,734
Holiday Accrual	901	901	3,434	3,434
	26,790	25,376	34,188	32,957

Notes to the Accounts
for the year ended 31 July 2017

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance conditions have been met.

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research grants received on account	1,460	1,460	691	691
Grant income	5,286	4,553	5,367	4,662
Other income	620	390	842	381
	<u>7,366</u>	<u>6,403</u>	<u>6,900</u>	<u>5,734</u>

Notes to the Accounts
for the year ended 31 July 2017

17 Creditors : amounts falling due after more than one year

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other	0	0	0	0
Unsecured loans	213	213	12,391	10,471
	213	213	12,391	10,471
<i>Analysis of secured and unsecured loans:</i>				
Due within one year or on demand (Note 16)	0	0	1,878	1,603
Due between one and two years	213	213	1,860	1,569
Due between two and five years	0	0	6,731	5,390
Due in five years or more	0	0	3,800	3,512
Due after more than one year	213	213	12,391	10,471
Total secured and unsecured loans	213	213	14,270	12,074
Unsecured loans repayable by 2023	213	213	14,270	12,074
	213	213	14,270	12,074

During the financial year, the University fully repaid the balance of a loan to Barclays Bank and the only outstanding creditor is for the balance of an interest free Salix loan.

Notes to the Accounts
for the year ended 31 July 2017

18 Provisions for liabilities

Consolidated	Obligation to fund deficit on USS Pension £'000	Enhanced Pensions £'000	Defined Benefit Obligations (Note 29) £'000	Total Pensions Provisions £'000
At 1 August	546	4,896	120,060	125,502
Created in Year	36	185	24,576	24,797
Utilised in year	0	(365)	(38,613)	(38,978)
Additions in 2016/17	0	0	0	0
Increased contribution (FRS102 Valuation)	0	0	0	0
Unused amounts reversed in 2017/18	0	0	0	0
At 31 July 2017	582	4,716	106,023	111,321

University	Obligation to fund deficit on USS Pension £'000	Enhanced Pensions £'000	Defined Benefit Obligations (Note 29) £'000	Total Pensions Provisions £'000
At 1 August	546	4,896	120,060	125,502
Created in Year	36	185	24,576	24,797
Utilised in year	0	(365)	(38,613)	(38,978)
Additions in 2016/17	0	0	0	0
Increased contribution (FRS102 Valuation)	0	0	0	0
Unused amounts reversed in 2017/18	0	0	0	0
At 31 July 2017	582	4,716	106,023	111,321

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Notes to the Accounts
for the year ended 31 July 2017

19 Endowment Reserves

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2017 Total £'000	2016 Total £'000
Balances at 1 August 2016					
Capital	0	0	0	0	0
Accumulated income	170	0	0	170	150
	170	0	0	170	150
New endowments					
Investment income	24	0	0	24	22
Expenditure	(7)	0	0	(7)	(2)
	17	0	0	17	20
(Decrease)/increase in market value of investments	0	0	0	0	0
At 31 July 2017	187	0	0	187	170
Represented by:					
Capital	0	0	0	0	0
Accumulated income	187	0	0	187	170
	187	0	0	187	170
Analysis by type of purpose:					
Lectureships	0	0	0	0	0
Scholarships and bursaries	0	0	0	0	0
Research support	0	0	0	0	0
Prize funds	0	0	0	0	0
General	187	0	0	187	170
	187	0	0	187	170
Analysis by asset					
Fixed assets				0	0
Current and non-current asset investments				0	0
Cash & cash equivalents				187	170
				187	170

20 Revaluation Reserve

	Year ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance b/fwd at 1 August	31,824	29,689	33,896	31,761
Release to the Income and Expenditure Account	(1,009)	(1,009)	(929)	(929)
Fixed Asset Impairment	(920)	(920)	(1,143)	(1,143)
At 31 July	29,895	27,760	31,824	29,689

Notes to the Accounts
for the year ended 31 July 2017

21 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2017

	Year ended 31 July 2017 Consolidated £'000	Year ended 31 July 2016 Consolidated £'000
Commitments contracted for at 31 July	7,964	1,228
Authorised but not Contracted at 31 July	49,230	27,631
	<u>57,194</u>	<u>28,859</u>

22 Contingent liabilities

The University has no contingent liabilities.

23 Lease obligations

Total rentals payable under operating leases:

	31 July 2017	
	Other Leases £'000	Total £'000
Payable during the year		
Future minimum lease payments due:		
Within One Year	72	72
Due between One and Two Years	3	3
Three Years	0	0
Four Years	0	0
Five years	0	0
Total lease payments due	<u>75</u>	<u>75</u>

24 Events after the reporting period

There are no events to report.

Notes to the Accounts
for the year ended 31 July 2017

25 Teacher Training Bursaries

	Year ended 31 July 2017	Year ended 31 July 2016
	Consolidated	Consolidated
	£'000	£'000
Balance Unspent as at 1 August	234	241
Funding Council / Agency Grants	2,194	2,290
	<hr/>	<hr/>
Disbursed to Students	2,428	2,531
	(2,079)	(2,297)
	<hr/>	<hr/>
Balance Unspent as at 31 July	349	234
	<hr/>	<hr/>

The University acts only as a paying agent for these bursaries received from Funding Council and NCTL.

The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Notes to the Accounts

for the year ended 31 July 2017

26 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are stated in Note 12.

27 Related Parties Note

Owing to the nature of the University's operations and the composition of the board of governors being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the board of governors may have an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

No Governor has received any remuneration or waived payments from the University or its subsidiaries during the year

The total expenses paid to or on behalf of trustees was £1,699 (2015/16 - £1,822). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University. During the financial year the University made payments to the Students' Union of £802K and received £18.6K (including a closing debtor £2.6K) from the Students' Union.

28 Connected Charitable Institutions

There are two charitable institutions administered by or on behalf of the University and have been established for its general or special purposes. The Education Central Multi Academy Trust (ECMAT) is a wholly owned subsidiary of the University of Wolverhampton Social Enterprises Limited.

It exists primarily to advance for the public benefit education by establishing, carrying on, managing and developing schools offering a broad and balanced curriculum. It also aims to provide recreational facilities to the inhabitants of Wolverhampton and Birmingham and the surrounding area.

Health Futures University Technical College (UTC) offers educational experiences and opportunities rarely if ever seen in traditional schools and colleges. A unique partnership between Health Futures and 20 health, education and public sector organisations from across the West Midlands enables it to combine national qualification teaching with hands-on project learning with healthcare professionals. 14 to 19 year olds from across the region enjoy enviable academic and career-focused advantages that prepare them for higher education and employment.

As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission.

These are not included in the consolidation since the University does not have control over their activities.

Notes to the Accounts

for the year ended 31 July 2017

The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	Opening Balance £000	Income £000	Expenditure £000	Change in Market Value £000	Closing Balance £000
Consolidated	0	0	0	0	0
Not Consolidated					
ECMAT	76,128	41,026	(45,867)	(4,841)	71,287
Health Futures UTC	9,571	3,114	(3,256)	(142)	9,429

Both ECMAT's and Health Futures UTC financial year run from 1st September to 31st August. At the time the University's accounts were approved, ECMAT's and HFUTC's accounts for 2016/17 had yet to be finalised. The figures shown above are in draft.

Notes to the Accounts

for the year ended 31 July 2017

29 Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities' Superannuation Scheme (USS)
- Teachers Pension Scheme (TPS)
- West Midlands Metropolitan Authorities' Pension Fund (WMMAPF)

The pension charge for the period is shown below.

	2016/17	2015/16
	£'000	£'000
TPS and USS contributions	6,258	5,640
WMMAPF contributions	7,321	5,997
WMMAPF - FRS Adjustment	<u>2,227</u>	<u>1,073</u>
	15,806	12,710
Enhanced Pensions	<u>(2)</u>	<u>229</u>
Total per Note 7	<u>15,804</u>	<u>12,939</u>
Enhanced Pensions Interest Cost	169	168
Benefits paid	(347)	(362)
Total Movement on EPP (note 18)	<u>180</u>	<u>35</u>

Notes to the Accounts

for the year ended 31 July 2017

29 Pension Schemes (continued)

Universities' Superannuation Scheme (USS)

The total cost charged to the profit and loss account is £36K (2016: £117K) as shown in notes 7 and 9.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2017	2016
Discount rate	1.71%	1.71%
Pensionable salary growth	n/a	n/a
Pension increases (CPI)	2.20%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2017	2016
Males currently aged 65 (years)	24.3	24.3
Females currently aged 65 (years)	26.5	26.5
Males currently aged 45 (years)	26.4	26.4
Females currently aged 45 (years)	28.8	28.8

	2017	2016
Scheme assets	£49.8bn	£49.8bn
Total scheme liabilities	£58.3bn	£53.8bn
FRS 102 total scheme deficit	£8.5bn	£8.5bn
FRS 102 total funding level	85%	85%

Notes to the Accounts

for the year ended 31 July 2017

29 Pension Schemes (continued)

The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit occupational pension scheme. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*. The valuation determines the rate of employer contribution payable and the initial employer cost cap (both of which are set out in the TPS regulations).

Key assumptions used in the valuation were:

Rate of return (discount rate)	3.60%
Rate of earnings increases*	4.20%
Rate of future pension increases	2.20%
Rate of return in excess of:	
Pension increases (CPI)	1.37%
Earnings increases*	-0.60%
Expected return on assets:	n/a

At the effective date, total Scheme liabilities for service of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion

Employer contributions increased on 1 September 2015 from 14.1% to 16.4%. In addition, and on the same date, employers commenced payment of a 0.08% contribution to cover administration expenses. The average contribution rate for employees was 9.8%.

Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

West Midlands Pension Fund is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The next actuarial valuation of the Fund was carried out as at 31 March 2016 and has set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The UK's Financial Reporting Council have published FRS102, which applies for company accounting periods beginning on or after 1 January 2015 and has replaced the FRS17 reporting standard.

The requirements of FRS102 in respect of defined benefit pension schemes are very similar to those under FRS17, but there is an impact to the Statement of Comprehensive Income, with a change to recognition of expected return on assets, with the replacement of the interest cost and expected return on assets items with a single line item calculating the net interest on the surplus or deficit.

Notes to the Accounts
for the year ended 31 July 2017

29 Pension Schemes (continued)

The table below summarises the movements in the year and the impact on the statement of comprehensive income (SOCl).

	2016-17	2015-16
	£000s	£000s
Net(liability)/asset		
Opening position as at 31 July	(120,060)	(70,786)
Past Service Cost	0	0
Current Service Cost	(9,247)	(6,979)
Net interest Cost	(3,030)	(2,577)
Administration Expenses	(77)	(91)
	<hr/>	<hr/>
Total defined benefit cost recognised in SOCl	(12,354)	(9,647)
Employer LGPS contributions	7,097	5,997
	<hr/>	<hr/>
Net Cost Recognised in SOCl	(19,451)	(15,644)
Total remeasurements recognised in SOCl	19,294	(45,624)
Closing position as at 31 July 2017	(106,023)	(120,060)

Amounts Recognised in the balance sheet

	At Year End	At Year End
	31/07/2017	31/07/2016
	£'000	£'000
Present Value of Defined Benefit Obligation	317,835	292,168
Fair Value of Fund Assets (bid value)	211,812	172,108
Deficit/(Surplus)	106,023	120,060
Present Value of unfunded obligation	0	0
Unrecognised Past Service Cost	0	0
Impact of Asset Ceiling	0	0
Net Defined benefit liability/ (asset)	106,023	120,060

Notes to the Accounts
for the year ended 31 July 2017

29 Pension Schemes (continued)

Asset and benefit obligation reconciliation for the year to 31 July 2017

	At Year End 31/07/2017 £'000	At Year End 31/07/2016 £'000
Opening Defined Benefit Obligation	292,168	222,859
Current Service Cost	9,247	6,979
Interest Cost	7,553	8,403
Change in Financial Assumptions	30,013	57,397
Change in Demographic Assumptions	(7,082)	0
Experience loss/(gain) on defined benefit obligation	(10,709)	0
Estimated benefits paid net of transfers in	(5,555)	(5,580)
Past Service Cost	0	0
Contributions by scheme participants and other employers	2,200	2,110
Closing Defined Benefit Obligation	317,835	292,168

Change in Plan Assets

	At Year End 31/07/2017 £'000	At Year End 31/07/2016 £'000
Opening fair value of Fund Assets	172,108	152,073
Interest on Assets	4,523	5,826
Return on Assets less Interest	26,626	11,773
Other actuarial gains/(losses)	4,890	0
Administration expenses	(77)	(91)
Contributions by employer including unfunded	7,097	5,997
Contributions by scheme participants and other employers	2,200	2,110
Estimated benefits paid net of transfers in	(5,555)	(5,580)
Closing Defined Benefit Obligation	211,812	172,108

The total return on the fund assets for the year to 31 July 2017 is £31,149,000.

Notes to the Accounts
for the year ended 31 July 2017

29 Pension Schemes (continued)

Assets

The return on the Fund (on a bid value basis) for the year to 31 July 2017 is estimated to be 18%.

The estimated asset allocation for the University of Wolverhampton as at 31 July 2017 is as follows:

Asset breakdown	31/07/2017		31/07/2016	
	£000s	%	£000s	%
Equities	134,004	63	102,130	59
Government bonds	15,496	7	11,940	7
Other bonds	8,159	4	14,732	9
Property	15,484	7	13,696	8
Cash/liquidity	10,536	5	11,046	6
Other	28,133	13	18,564	11
Total	211,812	100	172,108	100

Financial Assumptions as at	31/07/2017	31/07/2016
	% p.a.	% p.a.
Discount Rate	2.70%	2.60%
Pension increases	2.70%	2.00%
Salary increases	4.20%	3.75%

These assumptions are set with reference to market conditions as at 31 July 2017. The estimate of duration of the Employer's liabilities is 20 years.

The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA rate corporate bond yield curve.

Assumed life expectations on retirement at age 65 are:

Retiring today	31/07/2017	31/07/2016
Males	21.8	23.0
Females	24.3	25.7

Retiring in 20 years

Males	23.9	25.3
Females	26.6	28.1

