



# **Report and Financial Statements**

**For the Year Ended 31 July 2010**

**2009-2010**

# UNIVERSITY OF WOLVERHAMPTON

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**THE UNIVERSITY OF WOLVERHAMPTON**

**CHANCELLOR**

The Lord Paul of Marylebone

**BOARD OF GOVERNORS**

**Membership**

**Independent Members:** Ms K Copestake (from November 2009)  
Mr M Elliott (Chair) (Deputy Chair to November 2009)  
Ms K Gee (Deputy Chair from November 2009)  
Dr J Johnson  
Cllr K S Sahota  
Mr J Sharp  
Mr B J Sharples (Chair) (Retired November 2009)  
Mr A J Smith (Pro Chancellor) (Retired November 2009)  
Mr S Towe CBE  
Mr J Wooldridge CBE  
Dr S Walford

**Co-opted Members:** Ms C Burgher (from November 2009)  
Mr J Chorley  
Ms L Cutting  
Mr I Hyde  
Ms A Kimbley (from September 2009)

**Vice-Chancellor:** Professor C V Gipps

**Academic Board Nominee Members:**

Dr B Conway (from September 2009)  
Professor J Gilkison

**Student Nominee Member:**

Mr B Singh

**Clerk to the Board of Governors:**

Mr A W Lee

**Bankers**

Barclays Bank PLC  
Queens Square  
Wolverhampton  
WV1 1TE

**Internal Auditors**

RSM Bentley Jennison (now RSM Tenon)  
5, Ridge House  
Ridge House Drive  
Stoke on Trent  
ST1 5SJ

**External Auditors**

KPMG LLP  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

## **Statement of Primary Responsibilities**

The principal responsibilities of the Board of Governors of the University of Wolverhampton are set out in the Instrument and Articles of Government but in accordance with the CUC Model Statement of Primary Responsibilities may be summarised as follows:-

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 delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and personnel 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.
3. 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.
4. To ensure 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.
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 higher education 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 University'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 the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the senate or academic board.
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.

## 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 i-CD Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in Wolverhampton Science Park Limited. The University has a 33.33% share in Unibyte Ltd, a 5% share in Flyte Ltd and a 32% share in Equiami Ltd, but these results are not consolidated on the grounds of materiality.

The subsidiaries undertake activities including training, courses, research, testing, consultancy and property development 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

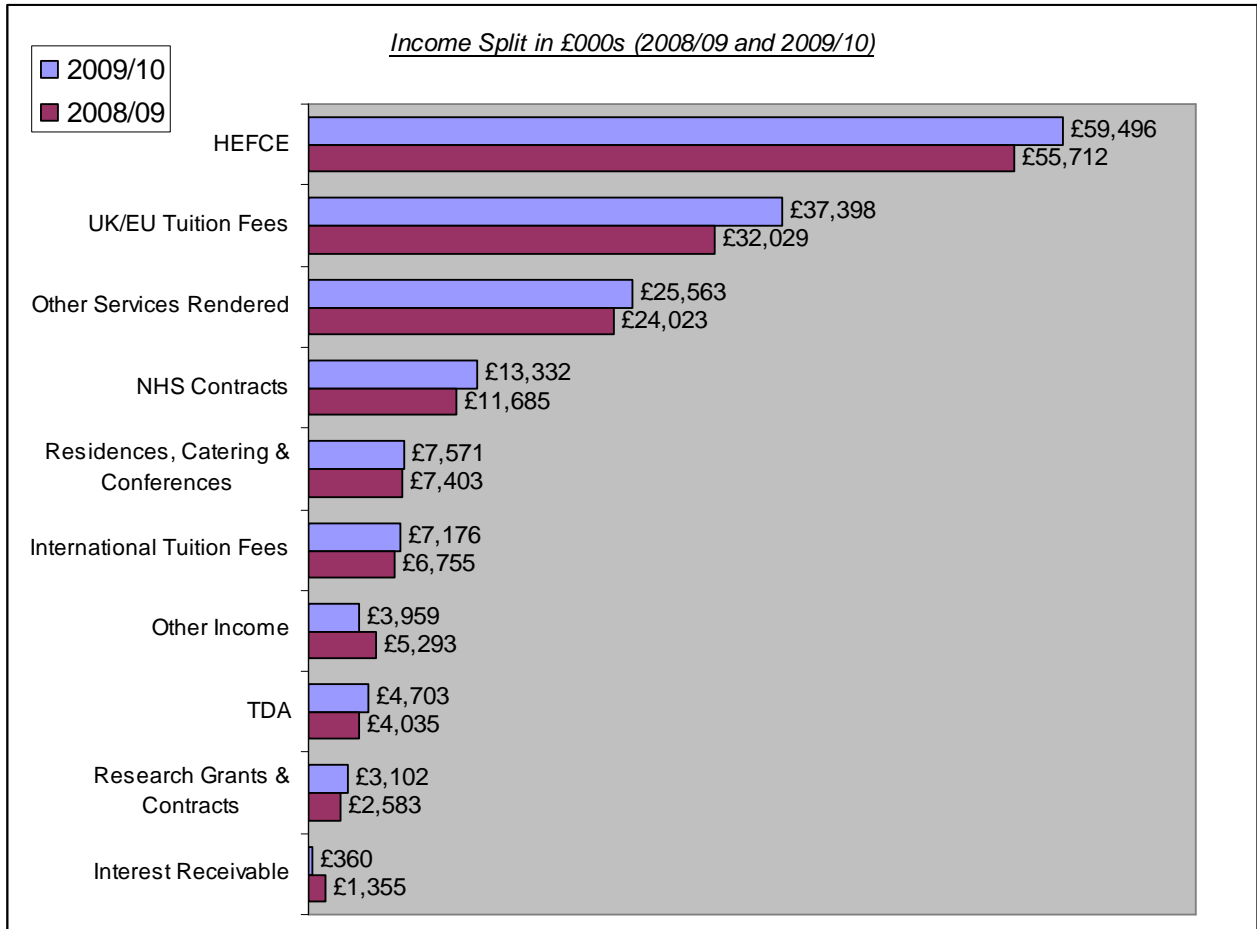
The University's Consolidated Income and Expenditure position for the year to 31 July 2010 is summarised as follows:

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Income   | 162,660                        | 150,873                        |
| Expenditure  | (158,165)                      | (162,659)                      |
| Exceptional Restructuring Costs  | (5,151)                        | (1,786)                        |
|  | <hr/>                          | <hr/>                          |
| Deficit after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax                   | (656)                          | (13,572)                       |
| Taxation   | 0                              | 0                              |
|  | <hr/>                          | <hr/>                          |
| Deficit on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax | (656)                          | (13,572)                       |
|  | <hr/>                          | <hr/>                          |
| Surplus/(Deficit) for the year on a Historical Cost Basis  | 1,000                          | (12,414)                       |
|  | <hr/>                          | <hr/>                          |

The University's Consolidated Income and Expenditure position for the year to 31 July 2010 shows a surplus of £1.0M on an historical cost basis.

## INCOME

Income has grown to over £162M, an overall increase of 7.8% on 2008/09. A breakdown of income is shown in the diagram below:



Funding council income shows an overall increase of nearly £4.5M. Recurrent grants from the Higher Education Funding Council for England (HEFCE) and the Training Development Agency (TDA) were increased by 2.00% for 2009/10 to reflect assumed levels of inflation. In 2008/09, the University experienced holdback against both HEFCE and TDA contracts totalling £4.1M. Following discussions with HEFCE, the level of holdback relating to both current and prior years was reduced, resulting in a significant improvement in the overall grant position. Stronger recruitment of students against TDA targets has also reduced holdback against this contract.

Overall tuition fee income rose by £7.4M to £57.9M. Fee income from Full Time Home/EU students continued to grow strongly, moving from £27.4M to £32.4M, reflecting robust demand for full time undergraduate places, and improved retention. Tuition fees from overseas students rose by 6% from 2008/09 levels, and continue to provide an important source of income which is not constrained by caps on recruitment. Despite a fall in part time student numbers, fee income from this source rose slightly as a result of the University's decision to continue to increase fee levels to a more economically sustainable position. The level of franchised provision continues to grow, showing a 7% increase over 2008/09. Following the stabilisation of NHS contract income experienced in 2008/09, income from this source grew strongly in 2009/10, mainly due to recent uplifts to national benchmark prices and improvements in student attrition rates.

Externally funded project income continued to increase during the year despite difficult trading conditions. Income from residences and catering operations rose slightly to £7.6M reflecting stable levels of occupancy in student residences. Despite increasing cash balances, investment income continues to fall following the Bank of England's decision to hold base rates at historically low levels

## EXPENDITURE

The main area of expenditure, salaries and wages, fell by 4.5% to £91.9M excluding restructuring costs. Following significant pay rises in the three year period 2006 to 2009, a rise of 0.5% was agreed for the 2009/10 financial year. The University carried out a repositioning exercise that resulted in 167 staff leaving the University through voluntary redundancy at a cost of £5.2M. These factors, together with stringent post control procedures, have resulted in the observed reduction in the underlying pay bill.

In 2009/10, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £1.3M to pay costs (2008/09: £2.9M). A further £3.0M (2008/09: £1.9M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £4.3M, a decrease of £0.5M over 2008/09. Decreased pension costs have arisen primarily as a result of a rise in the discount rate from 5.6% p.a. to 6.3% p.a., offset by a small increase in the assumed rate of future inflation (and hence salary increases and pension increases) from 3.7% p.a. to 3.8% p.a. The assumed life expectancy of scheme members has remained largely unaltered.

Other expenses have fallen to £54.0M from £55.4M despite additional expenditure against externally funded projects and increased payments to college partners for franchised provision. This reflects overall downward pressure on non pay spend in schools and departments through reduced budget provision.

Depreciation includes accelerated depreciation of £1.3M arising from the current vacant status of two blocks of residences at Telford, the pending demolition of WB building on the Walsall campus, and the limited future life of WL building due to the development of the Performance Hub at Walsall campus.

### Statement of Total Recognised Gains and Losses

On 22<sup>nd</sup> June 2010 the Chancellor announced that from April 2011 the Government would use the Consumer Prices Index (CPI) rather than the normally higher Retail Prices Index (RPI) to determine pension increases for public sector schemes. Pension rises in the West Midlands Metropolitan Authorities' Pension Fund are set by the annual increase announced under the Social Security Pensions Act 1975, and the Scheme is therefore included as a public sector pension scheme for this purpose. The University has considered the scheme rules and has concluded that CPI inflation should be assumed as the basis for future increases in pensions in payment and deferred pensions. CPI inflation is assumed to be on average 0.5% lower than RPI. This change of assumption results in a significant reduction in the level of scheme deficit, this gain being recognised in the Statement of Total Recognised Gains and Losses.

### Cash Flow

The consolidated Cash Flow Statement shows a net increase in cash of £10.3M. Payments in the year on acquiring fixed assets totalled £5.3M funded from receipts of grant from the Funding Council and the University's own resources. A total of 6.8M was received in capital grant funding, but this is largely retained for funding construction of the new Performance Hub on the Walsall Campus. Despite the small operating loss, the net cash received from operating activities was £10.9M. This is largely the result of the significant level of non-cash adjustments in expenditure, particularly depreciation and FRS17 adjustments.

### Key Future Financial Issues

Currently demand for places in higher education is buoyant and the University has recruited well during 2009/10 and 2010/11, taking additional students through the University Modernisation Fund in 2010/11. The impact of the proposed changes in HE funding on HEFCE grant income, fee levels and student demand is unpredictable. Furthermore, income will be impacted on by changes to TDA numbers and proposed reductions in contract numbers on pre-registration NHS courses.

Student number restrictions do not currently apply to part-time and international students, and the University is actively pursuing growth in these areas. The Browne Review proposals to extend student support to part-time students may increase part-time demand in and beyond 2012/13; however, increased competition in the international market in the medium term may impact on University plans.

Cash balances remain healthy; however, interest rates will probably continue at low levels for the foreseeable future and limit the amount of interest received from investing these balances.

Pay rises in 2009/10 were limited to 0.5% and the proposal for 2010/11 is for a rise of 0.4%. Government proposals for a freeze on public sector pay do not directly apply to HE staff, but the overall climate of cuts to public funding means that control of pay costs is a critical factor in limiting financial risk going forward.

The overall impact of FRS17 and enhanced pension costs has decreased in 2009/10, and the move to link pension increases to CPI should cause a fall in future adjustments. In the long run, pension costs remain an area of financial exposure. Government policy in this area is likely to develop over the next year in response to the recommendations contained in the Hutton Report on Public Sector Pensions.

A full actuarial valuation of the West Midlands Pension Fund has recently taken place. At this stage the impact on the contribution rates of individual employing authorities is unknown. There is a risk that, if the overall deficit in the scheme has grown, contribution rates for the University could rise.

The University has recently entered into new electricity and gas contracts which will protect against price rises for the life of these contracts. However, evidence suggests that energy costs are likely to rise and this will impact beyond 2010/11 as these contracts come up for renewal. To offset this, the University is actively seeking to reduce usage through a comprehensive Carbon Management Plan developed in conjunction with the Carbon Trust.

### **The Student Experience**

Over the last twelve months the University has maintained its continuous drive to improve the overall student experience – whether in the classroom, on-line, elsewhere on campus, directly student facing systems and “back office” processes.

This is evident in a continued investment in facilities – in direct response to student feedback: improving classroom facilities, investing in IT hardware and software, and developing new social spaces for students on campus. Our investments yield results that can be measured through a variety of mechanisms – although principal among these are the National Student Survey and the University’s own Internal Student Satisfaction Survey.

Results from the recently published (2010) National Student Survey (which canvassed final year students in May 2009) continue to show high levels of satisfaction with the University’s “Learning Services”:

- 85% of respondents were satisfied with the University Learning Centres provision (as compared to a national, sector wide satisfaction level of 80%)
- 89% of respondents were satisfied with the availability of IT (as compared to a national, sector wide satisfaction level of 83%)

“Overall satisfaction” remained at 78%.

The University continues to achieve high levels of satisfaction and recognition for our work in e-learning -



***The University of Wolverhampton has beaten tough international competition to win a platinum award for its achievement in enhancing learning and teaching through the 'high impact' use of technology.***

*The Instructional Management Systems (IMS) Learning Impact Awards took place in California last week with a shortlist drawn from educational institutions from all across the world.*

*These awards recognise and reward highly successful uses of technology to support learning and the achievement acknowledges the University as a world leader in this area.*

*The University's Institute for Learning Enhancement's Blended Learning Unit put together the winning submission. They focused on the use of electronic personal development planning (ePDP) in its curriculum, demonstrating how this has made a difference to the success and achievement of students.*

*May 2010.*

Other aspects of the University's "Teaching & Learning" continue to rate highly but we acknowledge that there is far more work to be done in this area. Over the last twelve months we have continued to work towards implementation of the new undergraduate curriculum – launched September 2010 – under the banner of "**Learning Works**" where we are drawing on our past and current successes to ensure that the University, our students and our graduates are fit and ready for a challenging future.

***The new curriculum is:***

- *More flexible and focussed on student needs and demands;*
- *Improved to provide a clearer course structure with more core modules to help guide students' studies;*
- *Designed to offer all students the opportunity to participate in volunteering, a work placement or other relevant experience;*
- *Designed to distribute assessments more evenly across the academic year;*
- *Supported and delivered through consistently good teaching and underpinned by effective, high quality resources.*

In developing the new curriculum structure the University is aiming to promote the distinctiveness of Wolverhampton graduates as they enter or return to employment, or as they seek to develop their careers, through three graduate attributes:

- Digitally Literate
- Knowledgeable and Enterprising
- Global Citizens

"Employability" is a key component of the student experience and one which students (nationally) increasingly view as the main reason for going to University. Improved earning potential, career development opportunities and access to professions are viewed as the "return" on the individual's investment, which is currently estimated as being between £15,000 and £20,000 per student for a "typical" three year undergraduate degree. These costs are likely to increase in the wake of the Browne Review.

The University closely monitors the employability and employment paths that our students take as a key indicator of the Institution's performance.

The national Destinations of Leavers from Higher Education Survey (DLHE) enquires as to students' employment 6 months after graduation from the University. This key survey tool, operated on behalf of the Higher Education Funding Council for England (HEFCE) has recently reported results for graduates who left University in July 2009. The Performance Indicator looks at a sub-set of leavers within the target population

(full time first degree leavers) and is calculated as the number in employment and/or study on the census date. Overall results for Wolverhampton University compared to benchmark institutions and the UK average are shown below.

|                | Wolverhampton % | Benchmark % | UK average % |
|----------------|-----------------|-------------|--------------|
| 2007/08        | 89.2            | 88.7        | 91.0         |
| <b>2008/09</b> | <b>87.8</b>     | <b>87.3</b> | <b>89.9</b>  |

In absolute terms the proportion of all Wolverhampton graduates surveyed who are in employment and/or further study is closer to **91%**, with specific subject areas improving on this still further: for example, the survey reports that **93%** of our graduates with initial teacher training awards are employed in the teaching profession, compared to 87% nationally.

**The “Student Experience”, in all its forms, remains at the top of the institutional agenda for investment and development; maintaining already high standards and acting on areas identified for improvement will be essential going forward.**

### Student Numbers

In 2009/10 the University enrolled 23,769 students (2008/09 23,610), comprising 14,853 full time and sandwich students (2008/09 13,827) and 8,916 part time students (2008/09 9,783). 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 2009/10.

| Home, EU and Overseas numbers | 2009/10      | 2008/09      |
|-------------------------------|--------------|--------------|
| Home                          | 19920        | 19894        |
| EU                            | 1228         | 1200         |
| Overseas                      | 2621         | 2516         |
| <b>Grand Total</b>            | <b>23769</b> | <b>23610</b> |

| Level of Study        | 2009/10      | 2008/09      |
|-----------------------|--------------|--------------|
| Foundation            | 1093         | 883          |
| Undergraduate         | 18514        | 18000        |
| Postgraduate taught   | 3929         | 4484         |
| Postgraduate research | 233          | 243          |
| <b>Grand Total</b>    | <b>23769</b> | <b>23610</b> |

| Mode disaggregated by School          | 2009/10              |             |              |
|---------------------------------------|----------------------|-------------|--------------|
|                                       | Full Time & Sandwich | Part Time   | Total        |
| Art & Design                          | 1164                 | 285         | <b>1449</b>  |
| Law, Social Sciences & Communications | 2948                 | 1037        | <b>3985</b>  |
| Wolverhampton Business School         | 1383                 | 1026        | <b>2409</b>  |
| Applied Sciences                      | 1590                 | 507         | <b>2097</b>  |
| Computing & Information Technology    | 1349                 | 358         | <b>1707</b>  |
| Engineering & the Built Environment   | 997                  | 1099        | <b>2096</b>  |
| Education                             | 1350                 | 2881        | <b>4231</b>  |
| Sports, Performing Arts & Leisure     | 1569                 | 258         | <b>1827</b>  |
| Health                                | 2503                 | 1465        | <b>3968</b>  |
| <b>Grand Total</b>                    | <b>14853</b>         | <b>8916</b> | <b>23769</b> |

## Capital Investments

The University is currently developing the next phase of its Estates Strategy. This must be underpinned by alignment to strategic objectives, sound financial planning and an explicit delivery programme. The physical appearance of the University's campuses and the manner in which they support the learning and working environment send a powerful message about aspiration and achievement. In recognising this, the University seeks to create an environment which is welcoming, secure, supportive and sustainable, and provides a range of spaces appropriate for delivering and experiencing modern higher education, thereby creating a positive learning, working and social culture.

The University is committed to maintain and improve the quality of its physical estate, provide sustainable facilities to support the increased use of technology for teaching and learning, and promote safety, security, accessibility and environmental awareness on the University's campuses. The University is committed to developing efficient and effective integrated systems that support students, staff and visitors. These will be provided through the use of appropriate information technology based on a resilient infrastructure.

Indicators of Success will include:

- A fit for purpose University estate;
- Excellent and well-used library and IT facilities for students and staff;
- Improved energy efficiency and waste recycling.

Thus far the University has made huge strides towards the consolidation of its estate. The University is actively monitoring the efficiency of space utilisation and will take action to improve performance in those areas where current utilisation is poor.

The key capital development currently in progress is the Performance Hub on the Walsall Campus. The new building will house both performing arts and a learning resource centre. The estimated cost of the development is £18M. The project is now in the construction phase and is scheduled for completion in July 2011 and following a period of fit-out will be ready for occupation at the start of the 2011/12 Academic Year in September 2011.

Capital developments completed in the last year include:

Walsall Campus:

- Extension to the refectory works are now complete providing a student social interaction space and dining facilities.

City Campus:

- Refurbishment of the former School of Legal Studies building (MN Building) has been completed and the Business School (UWBS) have taken up occupation. Consequential impact projects at City, Telford and Compton have also been completed addressing student support and social learning provision requirements.
- MB Building – under-utilised specialist teaching space has been refurbished to provide high quality, centrally timetabled teaching accommodation.
- The MD Student Union building has been substantially refurbished providing office accommodation for SU Staff, meeting rooms, student social provision and welfare support.
- The former Student Union accommodation on the 1<sup>st</sup> Floor of MD building has been converted into a research suite for post graduates.
- Randall Lines Student Accommodation (RMR Building) - Refurbishment of bathrooms, kitchens and security access works has been completed.

#### Science Park:

- Refurbishment of PB Building at the Science Park to provide a Business Solutions Centre as a key element to the University's Innovation and Enterprise Strategy.

#### Future plans for capital development comprise:

- The University's Innovation and Enterprise Strategy. The starting point for the implementation of the strategy has been completed by relocating the Business School from the Telford Campus.
- A proposed new science facility at City Campus, in order to establish suitable and sufficient facilities for this burgeoning department.
- Alternative main access and replacement car parking at the Walsall campus.
- MB Building - the upgrade of the external fenestrations, internal circulation and vertical transportation and envelope.
- Telford Campus - Upgrade/Refurbishment of two accommodation blocks to support additional conference trade.
- Remodelling of the Harrison Learning Centre at City Campus to provide for additional book stock/journals and student PC provision.

For each of these projects an options and appraisals report will be undertaken and subjected to the provision of a robust business case with particular reference to alignment with the institutions strategic objectives and plans, affordability and risk management. Consideration will be given to the condition of the existing building stock and maintaining the existing estate.

#### **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.

#### **Sustainability and Environmental Management**

The University of Wolverhampton recognises that virtually all activities in Higher Education have some impact on the environment. The University's performance as a well recognised Higher Education Institution operating from Wolverhampton and its associated Campuses will be measured not only by our pedagogic performance, but also by our impact on the shared environment. The University recognises its responsibilities towards protecting the environment for future generations. 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 has developed a Sustainability and Environmental Policy that will embed the principles of sustainable and environmental development in its values, strategies, operations and organisational learning. The University undertakes to carry out a sustainability and environmental review which will identify:

- legislative compliance requirements; and
- significant direct and indirect sustainability and environmental aspects of its activities

As part of this process, the University has developed a series of objectives and targets in the areas of energy and emissions, waste, paper use, construction, procurement, transport and training.

The University has successfully participated in Phase 5 of the Carbon Trust Higher Education Carbon Management (HECM) Program. This program has given the University the opportunity to make significant progress towards reducing its carbon emissions. Through this program the University has developed a robust Carbon Management Plan that clearly demonstrates to students, staff, visitors, local communities

and the HEI sector as a whole, that the University as an institution through its Governing Body and Executive is committed to minimising the impact of its activities' on the environment.

The University has commenced the implementation its Carbon Management Plan (CMP) at a time when climate change is becoming a high profile issue for the UK Government Agenda. The University of Wolverhampton has made a budgetary commitment of £3.3 Million to deliver the CMP which is a significant commitment in times of financial uncertainty and cut backs. To date the university has implemented over 60% of the 34 proposed technical projects contained within the plan, and is currently embarking on a University-wide energy awareness campaign, which is designed to be sustainable over the next five years. This will ensure students, staff and visitor engagement is maximised.

Analyzing 2009/2010 energy consumption data for all campuses, already an overall 5% reduction in energy consumption has been achieved, despite experiencing the coldest winter in recent years. The CMP will be implemented to deliver the predicted 25% reduction in carbon emissions over the five year period.

A review of the Carbon Management Plan for alignment with the latest HEFCE guidance has been completed, the outcome indicates that the target of 43% reduction in emissions by 2020 against a 2005 baseline is achievable. In order to meet this target and achieve the reductions, the plan will be updated with additional projects identified that will deliver the reductions. These projects will require further budgetary commitment and investment from the university over the second five year period 2015/2020.

### **Equality and Diversity**

The legislation on race, sex, disability, sexual orientation, religion and belief, and age make unjustifiable discrimination illegal. In April 2010 an Equalities Act was passed which evens-up the legal protection for the equality rights of these 6 equality strands. Now public institutions are required to comply with the following General Duties with regard to all the equality strands mentioned above.

- 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 commitment to equality and diversity and its various policies and plans may be found at [www.wlv.ac.uk/edu](http://www.wlv.ac.uk/edu).

The University has an Equality and Diversity Unit to take forward its aims and objectives. The Unit's staff work closely with the Equality and Diversity Committee and other committees and schools and departments to encourage good practice and to deliver the outcomes of the University's Strategic Objectives in the area of Equality and Diversity. The indicators of success for our 2012 strategic objectives in the area of Equality and Diversity are:

- **'An ethnically diverse staff and student body**
- **Equivalent levels of satisfaction for all groups of students**
- **Good progression rates for all categories of student'**

## **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. In addition the University has a Disability Equality Scheme which is 'a demonstration of the University's Commitment to promoting equality for disabled people'. There is a section on staff related issues and the whole scheme may be found along with other equality related information at [www.wlv.ac.uk/edu](http://www.wlv.ac.uk/edu).

It is the responsibility of the Board of Governors and the University Executive to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Advisory Committee that is responsible to the Vice-Chancellor and the Board of Governors and reports to them once a year. 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 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 Schools and Departments on their provision for disabled staff and students.

It is the policy of the University to employ disabled persons in suitable posts and 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 working with DisabledGo to ensure that any person with a disability 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 a comprehensive two-way communications strategy and employs a wide range of techniques to involve staff across the whole of the University.

Communications about policies, progress and events are delivered via both paper-based and electronic media. Open Meetings with the Vice-Chancellor and staff from each Campus also take place during the year. The University seeks views on a wide diversity of issues from its staff through participation on various committees and working groups.

The University has an extensive Corporate Staff Development Programme that provides and promotes a range of courses both at the University and at Partner Colleges.

In the production of the Disability Scheme the University held widespread consultations with staff and students with disabilities and have continued to hold focus groups to review the progress of the scheme. In addition the University has two staff networks in relation to disability. One is for the support and information sharing between disabled staff, the other is to discuss disability issues between staff involved in the provision of reasonable adjustments for staff and students with disabilities. There is also a Black and Minority Ethnic (BME) staff network, a Lesbian, Gay, Bisexual and Transgender (LGBT) staff network and a Gender network focussing on issues around these equality strands.

## Knowledge Transfer

The University of Wolverhampton is a major provider of Knowledge Transfer activities for business and the wider community, predominantly in the City and region but also nationally and internationally. It is at the forefront of the sector in working with regional businesses and currently delivers more than thirty Knowledge Transfer Partnerships (KTPs) a year, securing first position in the West Midlands and second position nationally for the number of KTPs it operates; often winning National and Regional awards for their impact to business. In addition, the University is engaged in promoting innovation and enterprise in the Black Country, Telford and Wrekin and Shropshire. It continues to lead on the Wolverhampton Telford Technology Corridor and provides leadership for the other West Midlands Universities in the delivery of a range of regional collaborative projects such as the Regional Knowledge Transfer Partnership Programme and the West Midlands Centre for Constructing Excellence. The University also has a number of centres and institutions that provide services to individuals and businesses for high level skills development, business incubation and start-up including: a Continuing Professional Development company (i-CD Ltd), an ICT business incubator (e-Innovation Centre), a Creative Industries incubator (SP/ARK), a student placements programme for Entrepreneurs in Education (SPEED) and an Institute for Innovation and Enterprise. The University's knowledge transfer and incubation activities are delivered primarily at the Wolverhampton Science Park and Telford Campus locations.

In the past, the University of Wolverhampton has been particularly successful in attracting funding both revenue and capital, from the Regional Development Agency and Government Office West Midlands (GOWM) to part fund many of these activities. These funding streams have reduced significantly or disappeared altogether over the past year, partly due to the recession and partly due to changing Government priorities. With the Regional Development Agency being abolished by spring 2012 and replaced by Local Enterprise Partnerships (LEPs), the University is engaged in the creation of the LEPs in the geographical areas which are relevant to its activities.

All current business involving knowledge transfer, training and similar activities that are intended to be surplus generating are now 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) operate through the University's accounts. Furthermore the major NHS contract for nursing education delivered in the School of Health and Wellbeing is also handled through University of Wolverhampton Corporate Services Ltd. HMRC has recently confirmed that from 1 August 2010 there will be changes in the VAT status of University subsidiary companies and this may result in a change in the way such companies can be used in the future.

Although the overall level of activity has continued to grow, all sectors are now beginning to show signs of slowdown. Although private sector activity has been slow for some time, the public sector and overseas activities have been compensating for it. However this is now likely to change as the UK public sector shows signs of the Government's funding cuts. National Health Service business has not yet been affected but it is expected to slowdown even in the Government's priority spending areas.

Whilst a number of existing projects will continue during 2010/11 as work-in-progress, it is expected that 2011/12 will see improving levels of private sector activity but at the expense of significantly reduced levels of public sector activity.

## Key Performance Indicators (KPIs)

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 21 KPIs as the means by which it monitors the overall health of the institution. These gauge performance in a range of areas including: student application, recruitment and retention; academic and research quality; financial health; performance of the estate; and staffing. Performance against these KPIs is reported annually to the Board of Governors via the relevant University Committee. Each KPI is awarded a status from 1 – 4 where:

- 1 = Good
- 2 = Satisfactory but room for improvement
- 3 = Requires further action
- 4 = Unsatisfactory

Of the 21 KPIs, 9 have been reviewed and reported on during the year and a further 10 will be reported on to Governors in November. In general, the University has performed well on the majority of KPIs. In those areas where less than satisfactory performance has been reported, the University is committed to taking action where possible to make the necessary improvements.

- The University continues to invest significant effort in improving student retention and progression. There are a number of projects ongoing that aim to enhance the educational experience of students. The University Strategy for Learning & Teaching “aims to embed the quality, relevance, effectiveness and efficiency of our learning environments into the mainstream processes and procedures of University planning and implementation, so as to enhance the lives, the educational experience and employability of our students.”
- The University continues to closely monitor the results of the National Student Survey. The survey covers seven assessment categories which reflect student satisfaction with their experience at the University.
- The University continues to invest significant sums to improve the functional suitability and utilisation of the estate. Alongside this, the University is actively reviewing 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 a general reduction in floor-space and the disposal of older and functionally unsuitable teaching accommodation. Frequency and Occupancy Rates have both increased each year since 2005/6 and it is anticipated that this trend will continue. During academic year 2010/11, we will begin to introduce a central scheduling system enabling space to be centrally allocated to schools and departments. Once fully implemented, this system should result in significant improvements in both process time and space efficiency. Physical space audits are carried out annually.
- The University is committed to maintaining and enhancing the diversity of student and staff populations. The University has an Equality and Diversity Unit that puts in place policies and plans to fulfill the positive duty to promote equal opportunities and to take active steps to prevent discrimination occurring. Equality and diversity issues are included in school and department plans that are produced annually.

## **Risk Management**

The University’s approach to Risk Management has continued to develop during the year. The function now resides in the newly formed Strategy Unit where the role has been expanded to cover Business Continuity. The Strategy Unit focuses on Strategic Planning, one of its objectives being to integrate the disciplines of strategic planning and risk management as part of the University planning cycle.

During this period of change, the University has continued to use existing processes to maintain the corporate Risk Register, and registers at school and department level. The University risk register contains 19 high level risks, which link to the corporate strategic objectives and KPI’s. The risk areas cover: recruitment and retention of staff and students, data assurance, health and safety, business continuity and emergency planning, The Risk Register is updated regularly and reported to the Executive and Audit Committee.

A review of current risk management processes commenced over the summer 2010 period and is ongoing. This review aims to further develop and enhance existing processes, enabling risk management to be better integrated within the organisation. Outcomes will be implemented during autumn 2010.

Other key developments during the year have been in the following areas:

- Risk management staff met schools and departments individually to provide feedback on risk registers submitted as part of the 2010 planning process, and presented heat maps of local school and department risks.



- The University Business Continuity Steering Group was formed – the group set itself the initial task of developing the University Major Incident Plan.
- The second cohort of School and Service department staff have attended and passed the Management of Risk (M\_o\_R) course.

### **Current and Future Key Risks & Issues**

The Browne Review of Higher Education Funding and Student Finance produced their final report in October 2010. The report made a number of wide-ranging proposals including:

- removing the cap on fees that universities can charge, thereby resulting in an increase in income from this source;
- withdrawing state funding for teaching other than for priority subjects;
- opening up competition in the sector by removing the restriction on institutions' ability to grow provision in response to demand;
- restricting access to higher education by setting a national threshold according to the number of UCAS tariff points.

On 20<sup>th</sup> October 2010 the Department of Business, Innovation and Skills announced that, in response to cuts of 25% in its resource budget announced as part of the Government's Spending Review, the Higher Education budget excluding research would be cut by 40% over the four years of the Review period. They also announced that, in line with recommendations in the Browne Review, the way HE is funded would be changed to push greater costs onto students. STEM subjects (Science, Technology, Engineering and Mathematics) would continue to be funded. At this time, the details of how these funding changes will be implemented are unavailable and the precise impact on individual institutions cannot be modelled. The impact of proposed changes in HE funding on HEFCE grant income, fee levels and student demand is unpredictable. Furthermore, income will be impacted on by changes to TDA numbers and proposed reduction in contract numbers on pre-registration NHS courses. The University will consider a wide range of issues before determining its strategic response.

The current difficult economic conditions increase pressure on the University in a number of key areas. The economy has moved out of recession but the recovery is fragile and it is possible that reduced economic activity and pressure on disposable incomes will adversely impact on demand from new and existing customers. Whilst non-pay inflation is currently low, there are significant risks of cost increases for the supply of energy in the short to medium term.

Taken together, these risks could have a significant impact on the position of University finances. The balance sheet remains strong and the University has taken action to re-balance income and expenditure and expects to move into surplus during 2010/11. However, the proposed changes to HE funding will mean that controlling expenditure remains a key concern.

In the wake of the significant reduction in staffing levels following the repositioning exercise, University management are cognisant of the need to ensure resilience and maintain staff wellbeing. A number of initiatives are underway in this area including a task and finish group in the area of staff morale and wellbeing.

One of risks on the University Risk Register relates to data on funding returns. The revised HEFCE Financial Memorandum published in June 2008 introduced a new requirement for Audit Committees to provide assurance on the management and quality assurance arrangements for data submitted to the Higher Education Statistics Agency (HESA), HEFCE and other funding bodies. During the year a working group under the leadership of the Pro Vice Chancellor Student Affairs has continued to examine how to deliver the necessary assurance. The Group has continued to develop the processes used for collation and preparation of the data, and validation and sign-off of the return. The Group has also paid attention to ensuring that ongoing changes in data definitions and return requirements are captured and fed into return preparation.

## Conclusion

The results paint a picture of a financially successful year for the University of Wolverhampton. University income has increased significantly, mainly through growth in grants, tuition fees and externally funded project income, and student demand remains buoyant. Furthermore, pay and non-pay costs were kept under control and there was a decrease in the additional cost of FRS17 pension adjustments. One-off costs arising from the impairment of fixed assets and exceptional restructuring costs caused a small overall deficit, but there is an underlying surplus on continuing operations before charging one-off costs, and trading continues to generate significant positive cash balances.

The impact of the Browne Review and the CSR remains uncertain. However, having taken action to deal with its recent financial difficulties, the University is in a stronger position to cope with any changes that emerge in the current climate of uncertainty.

Approved by the Board of Governors on 25<sup>th</sup> November 2010 and signed on its behalf by:

M.Elliott

Chairman of the Board of Governors

## **PUBLIC BENEFIT STATEMENT**

### **The University as a Charity**

From incorporation in 1988 the University of Wolverhampton has been an Exempt Charity at Law and since its earliest days in the mid 19<sup>th</sup> Century, the University and its forebears have had a purpose to provide the benefits of further and higher education to as many people in the community having the motivation and academic ability to do well. The provision of such opportunities overall has public benefit in terms of contributing to the economic and social well-being of all the communities the University serves. The Charities Act 2006 requires charities to include in their Financial Statements a report of the public benefits derived from its activities. The trustees of the University are the members of the Board of Governors shown on page 1. In setting and reviewing the University's objectives and activities, The Board has had due regard to the Charity Commission's guidance on the reporting of public benefit

The University of Wolverhampton is a Higher Education Corporation incorporated under the provision of the Education Reform Act 1988. Section 124 of the Act confers the powers of the University to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of those powers. In setting the character and mission of the University of Wolverhampton within those powers, the Board of Governors have adopted the following mission statement

"We are a learning community promoting excellence, innovation and creativity. We are committed to being:

- An agent for social inclusion and social change
- An arena for the development of ideas and critical thinking
- A strategic force driving educational and cultural strategy for the City and the region
- An educational hub supporting the economy through employment, entrepreneurship, creativity, knowledge transfer, research and development.

Through knowledge, innovation and enterprise we aim to transform the lives of those who engage with us."

The Public Benefit derived from the mission may be summarised as follows, although these are illustrative examples and not an exhaustive list. Readers who seek further information on any aspect of the University's mission are invited to visit the University of Wolverhampton website at [www.wlv.ac.uk](http://www.wlv.ac.uk).

### **Social Inclusion and Social Change**

The University aims to deliver this part of its mission through the development of a course portfolio that equips students with knowledge and skills that are not only relevant to their subject of study, but which provide Graduate Attributes (being digitally literate, knowledgeable, enterprising global citizens). The University aims to develop a lifelong relationship with its graduates responding to their lifelong learning and professional development needs to the benefit of the Graduates themselves, as well as their employers and the community at large.

Students/Graduates and Staff are encouraged to become positive contributors to the communities in which they belong and an ethos of active volunteering is both encouraged and is a growing facet of the University learning experience.

While the resources in terms of tuition fees and other sources of income listed in our accounts are vital to the delivery of our mission, the University is ever mindful that its mission of social inclusion must be based on providing an equality of opportunity for all those with a motivation and academic ability to make best use of the life enhancing opportunities the University offers irrespective of the social, ethnic, cultural or economic background of applicants. Widening Participation (more of which below) is also central to the delivery of the mission, as are our schemes to provide bursary support towards the cost of studying at Wolverhampton for those of limited means as well as the emergency and hardship funds that are disbursed to address social inclusivity and hopefully assist students to achieve their study aspirations and vocational outcomes.

In terms of social change, the University conducts its research objectives in selected areas in a user-led collaborative way aimed at maximising the societal impact of our research outcomes. We aim to contribute to economic development and wealth generation in the development and commercialisation of innovative

products, processes and services, as well as making our advice and expertise readily accessible to the [business] community and the development of firm and long-lasting relationships.

The University plays a leading role in the economic prosperity of the region by encouraging the creation of graduate start-up businesses in the University's incubator facilities and elsewhere as well as assistance given to enhance business competitiveness in the rapidly changing global economy.

### **Development of Ideas and Critical Thinking**

The University of Wolverhampton recognises that the intellectual capital it holds or has an interest in – whether – vested in its staff, students, graduates or business associates – is of critical importance to the benefit of society as a whole. Its value however, is maintained only if there is a corporate encouragement and challenge to its members to constantly review, refresh and develop ideas and to be open to constructive critical thinking. The development of our course portfolios; the learning and teaching methods we employ and the learning resources and information and communication technologies we invest in are provided to students and others with a view to the constant development of ideas and critical thinking which can only be of benefit to society at large.

### **A force for driving educational and cultural strategy for the City and the Region.**

The University is committed to having a student body that is balanced and diverse in terms of background and experience drawn from the Region, nationally and internationally with all the educational and cultural benefits that such diversity brings.

As part of our strategy for widening participation, we have made a clear commitment to ensuring that, as fees increase, students with genuine financial need are in receipt of good advice and appropriate financial assistance. Our aim is to ensure that no student has legitimate reason to be deterred from applying to Wolverhampton because of the costs of living and studying here. In 2009, the University disbursed over £3.2M in financial support for students from low-income groups, scholarships and bursaries. The University has a well established programme of outreach activities designed to raise level of attainment, aspirations and applications among under-represented groups.

Once they are at the University, we are committed to ensuring that all our students benefit from an excellent teaching and learning experience as well as extra-curricular opportunities, including a range of community volunteering programmes, that enable students to develop as individuals and enhance future employability. We provide a range of student services to ensure student welfare and a successful passage through University life and beyond, including health advice, counselling, specialist provision for disabled students, sport and exercise facilities, careers, financial advice and support via the University of Wolverhampton Students' Union and the University Faith's Centre.

In the wide cultural context, the University both collectively and through the encouragement of societies and individual initiative seeks to play a very active role in the community it serves. For example, we run a successful small scale Theatre – the Arena Theatre, which compliments larger arts venues in the City; the field, pitch and track facilities we own as well as the indoor sport and fitness facilities are open to wider community use as are our learning centres (libraries). Though both staff and student representation on civic, voluntary, faith and cultural bodies, the University remains a key participant in the diverse cultural and community life of the City and the Region.

### **An Educational Hub supporting the economy through employee entrepreneurship creativity Knowledge Transfer research and development**

The University of Wolverhampton is recognised as one of the most entrepreneurial, business-facing Institutions in the region providing business support, consultancy, skills development and research, which contributes significantly to the economic regeneration and prosperity of those living and working within the West Midlands communities. The University is at the forefront in Knowledge Transfer Programmes – providing businesses with the opportunity to make best use of the skills of our graduates. We view graduate employability as a vital part of what we do, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of our region. The University also aims to offer continuing professional development to businesses and individuals to maintain the competitive edge for the region in an internationally competitive and ever changing economy – seeking to secure and optimise the skills and opportunities for the communities we serve.

## **CORPORATE GOVERNANCE STATEMENT**

The University is committed to exhibiting best practice in all aspects of corporate governance which relate to a Higher Education Corporation and an exempt charity. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued in June 2008 in so far as it is applicable to a Higher Education Corporation. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector and it has complied throughout the year ended 31 July 2010.

### **The Governing Body**

The membership of the University's Board of Governors, the majority of which is non-executive, comprises independent co-opted staff and student members together with the Vice-Chancellor appointed in accordance with the University's Instrument of Government. The roles of the Chairman and Deputy Chairman of the Board of Governors are separated from the role of the University's designated Principal 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 Act) and the Articles of Government of the University, and under the Financial Memorandum with the HEFCE and the Funding Agreement with the TDA. 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 Executive 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 and has several committees, which include Audit Committee, Employment Policy and Finance Committee, Senior Posts Review Committee and Nominations Committee. All of these committees are formally constituted with Terms of Reference and are chaired by an independent member of the Board. In addition, the Articles of Government provide for matters of academic policy to be determined by the Academic Board.

### **Appointments to the Governing Body**

The Nominations Committee considers and recommends nominations to fill vacancies in the independent and co-opted categories of Board membership.

### **Audit Committee**

The Audit Committee meets regularly throughout the year and has been granted plenary powers from the Board of Governors. 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. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee meets with External Auditors on their own for independent discussions.

### **Employment Policy and Finance Committee**

The Employment Policy and Finance Committee has plenary powers to act on behalf of the Board on all matters of employment and financial policy, except where provided otherwise by the Act or by the Articles of Government, or by a specific decision of the Board. This Committee meets three times a year.

### **Senior Posts Review Committee**

The Senior Posts Review Committee also has plenary powers to consider and approve the grading, appraisal, pay and conditions, and service of designated senior post holders in conformance with good management practice and the requirements of the Financial Memorandum between the HEFCE and the University.

## Internal Control

The University is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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. The complete process was in place at the start of the financial year 2009/2010, namely:

- a. an approved Risk Management Policy;
- b. a Risk Committee, with appropriate terms of reference, which normally meets 3 times a year;
- c. a ranked University Risk Register and local risk registers within Academic Schools and Service Departments; and
- d. an annual assurance report.

The process has been developed further during the course of the year in the following ways:

- a. the further development of local risk registers for almost all Academic Schools and Service Departments across the University;
- b. the procurement and deployment of specific risk management software to assist with the analysis and ranking of risks; and
- c. the identification of key risks by Executive members in the light of the strategic plan.

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

- a. The Audit Committee provides oversight of the process of internal control. The Board receives periodic reports from the audit committee concerning the processes of internal control and risk management;
- b. The 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 the 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 the Audit Committee regarding the operation of risk management processes; and
- g. The work of the managers within the institution, 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, TDA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2010 and up to the date of signing these accounts.

### **Going Concern**

After making appropriate enquiries the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. The University has actively pursued a programme of cost reduction during the year in order to realign its cost base to current and forecast income levels. The University is budgeting for a surplus in 2010/11 and predicts surpluses for the remainder of the forecast period. For these reasons the Board of Governors continue to adopt the going concern basis in preparing the financial statements.

## STATEMENT OF THE BOARD OF GOVERNORS' RESPONSIBILITIES

In accordance with the Education Reform Act 1988, the Board of Governors of The University of Wolverhampton is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP) for Higher Education Institutions and the relevant accountancy standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the University's Board of Governors. The Board of Governors through the Vice Chancellor as its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cash flows for that year.

In causing the financial statement to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors has taken reasonable steps to:

- Ensure that the funds from the HEFCE and the TDA are used only for the purpose for which they have been provided and in accordance with the Financial Memorandum between the HEFCE and the University and any other conditions which the HEFCE and the TDA may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud;
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, Deans of School, Directors and Heads of Services;
- A professional internal audit team whose annual programme is approved by the Audit Committee;
- A comprehensive medium and short term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- A quarterly review of financial results, involving variance reports and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal, detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive Financial Regulations detailing financial controls and procedures, approved by the Audit Committee and the Board of Governors.

Any system of internal financial control can, however, only provide reasonable but not absolute assurance against material mis-statement or loss. In 17 March 2005 the Board resolved to adopt the CUC Governance Code of Practice <http://www.shef.ac.uk/cuc/pubs/CUC-Summary-Guide-HEFCEFinal.pdf> and further resolved to undertake a full review of Governance effectiveness in accordance with the Code every four years. The next full review will be in the financial year ending 31 July 2011.



## **Independent auditors' report to the Board of Governors of the University of Wolverhampton**

We have audited the Group and University financial statements (the "financial statements") of the University of Wolverhampton for the year ended 31 July 2010 which the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors, as a body, 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 it 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 Board of Governors, for our audit work, for this report, or for the opinions we have formed.

### **Respective Responsibilities of the University Board of Governors and Auditors**

The University Board of Governors' responsibilities for preparing the Operating and Financial Review and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 22.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008 and the Financial Memorandum with the Training and Development Agency for Schools. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

### **Basis of Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the University's Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

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

## Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group and the University's affairs as at 31 July 2010 and of the Group's deficit of expenditure over income for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008 and the Financial Memorandum with the Training and Development Agency for Schools.

**Michael Rowley**  
**for and on behalf of KPMG LLP. Statutory Auditor**  
*Chartered Accountants*

One Snow Hill  
Snow Hill Queensway  
Birmingham  
B4 6GH

25 November 2010

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1. Accounting Convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings inherited from Walsall and Wolverhampton Local Authorities and transferred from the Commission for the New Towns at valuation, and in accordance with both the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions (SORP - 2007) and applicable Accounting Standards.

### 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 2010. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited, UOW Properties Limited and i-CD Limited. The University of Wolverhampton Enterprise Limited has a majority share holding (81%) in Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in Wolverhampton Science Park amounted to £40,852 in 2009/2010 (£25,090 in 2008/2009). This has not been separately disclosed in the University's Consolidated Financial Statements. Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University. The University has a 33.33% share in Unibyte Ltd a company spun out in August 2005, a 32% holding in Equiami Ltd and a 5% holding in Flyte Ltd. These companies have not been consolidated on the basis of materiality.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University.

### 3. Recognition of Income

The recurrent grant from HEFCE and the TDA represents the funding allocation which is attributable to the current financial year and is credited direct to the income and expenditure account.

Grants which are applied to acquire tangible fixed assets are credited to deferred capital grants and released to the income and expenditure account over the estimated useful lives of the relevant assets.

Tuition fees represent all fees chargeable to students, or their sponsors, received and receivable where service provision is attributable to the current accounting year. This is shown net of any fees waived by the University.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or services concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contribution towards overhead costs.

### 4. Pension Schemes

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 FRS17 "Retirement 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. There are nineteen members of staff in the Universities Superannuation Scheme. This scheme is accounted for in a similar manner to TPS.

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. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

## 5. Foreign Currencies

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.

## 6. Leases

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

## 7. Tangible Fixed Assets

### (a) Land and Buildings

Freehold land and buildings are stated at valuation except for the buildings constructed since the last valuation, which are shown at cost. The basis of valuation is depreciated replacement costs for specialised buildings or open market value for other buildings. The valuation was carried out by W S Atkins Consultants Limited, Chartered Surveyors, as at 31 July 1996 in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

On adoption of FRS 15, the University followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful life. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings. The buildings' expected useful lives vary from 5 to 50 years as recommended in the valuation report from W S Atkins Consultants Limited.

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

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 £5,000 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 treated as a deferred capital grant and released to income over the expected life of the equipment.

#### 8. **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.

#### 9. **Stocks**

The stocks are stores of oil held by the Estates Department, computer stock bought through bulk purchase agreement, catering provisions held in the refectories, and other small stocks held for resale. They are valued at the lower of cost or net realisable value.

#### 10. **Maintenance of Premises**

The cost of long term and routine maintenance is charged to the Income and Expenditure Account in the period it is incurred.

#### 11. **Taxation Status**

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

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, The University of Wolverhampton Corporate Services Limited, i-CD limited, and The University of Wolverhampton Enterprise Limited (including its subsidiary 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, in accordance with FRS 21, on an annual basis.

#### 12. **Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision for enhancing the on-going pensions of former members of staff is renewed annually with reference to updated actuarial tables.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, asset arising from a past event.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 July 2010**

|   | Notes | 2009/10<br>£'000 | 2008/09<br>£'000 |
|---|-------|------------------|------------------|
| <b>INCOME</b>   |       |                  |                  |
| Funding Council Grants  | 1     | 64,199           | 59,747           |
| Academic Fees and Support Grants  | 2     | 57,906           | 50,469           |
| Research Grants and Contracts   | 3     | 3,102            | 2,583            |
| Other Operating Income  | 4     | 37,093           | 36,719           |
| Endowment Income and Interest Receivable  | 5     | 360              | 1,355            |
|   |       | <hr/>            | <hr/>            |
| <b>Total Income</b>   |       | 162,660          | 150,873          |
|   |       | <hr/>            | <hr/>            |
| <b>EXPENDITURE</b>  |       |                  |                  |
| Staff Costs   | 6     | 91,885           | 96,216           |
| Restructuring Costs   | 6     | 5,151            | 1,786            |
| Other Operating Expenses  | 7     | 53,989           | 55,391           |
| Depreciation  | 10    | 7,967            | 7,781            |
| Interest Payable  | 8     | 4,324            | 3,271            |
|   |       | <hr/>            | <hr/>            |
| <b>Total Expenditure</b>  |       | 163,316          | 164,445          |
|   |       | <hr/>            | <hr/>            |
| Deficit on Continuing Operations after Depreciation<br>of Fixed Assets at Valuation and Before Tax        |       | (656)            | (13,572)         |
| Taxation  |       | 0                | 0                |
|   |       | <hr/>            | <hr/>            |
| Deficit before Disposal of Fixed Assets   |       | (656)            | (13,572)         |
| Profit on Disposal of Fixed Assets  |       | 0                | 0                |
|   |       | <hr/>            | <hr/>            |
| Deficit on Continuing Operations after Depreciation of<br>Assets at Valuation, Disposal of Assets and Tax |       | (656)            | (13,572)         |
|   |       | <hr/>            | <hr/>            |
| Deficit for the Year Transferred from Accumulated<br>Income in Endowment Funds                            |       | 32               | 10               |
|   |       | <hr/>            | <hr/>            |
| Deficit for the Year Retained Within General Reserves   |       | (624)            | (13,562)         |
|   |       | <hr/>            | <hr/>            |

The income and expenditure account is in respect of continuing activities.

The Governors believe that there is no corporation tax liability for the year.

**NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS****For the year ended 31 July 2010**

|   | <b>Notes</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
|---|--------------|--------------------------|--------------------------|
| Deficit on Continuing Operations  |              | (656)                    | (13,572)                 |
| Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount | 22           | 1,656                    | 1,158                    |
|   |              | _____                    | _____                    |
| Historical Cost Surplus/(Deficit) for the Year before Taxation  |              | 1,000                    | (12,414)                 |
|   |              | =====                    | =====                    |

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 July 2010**

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Deficit on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax | (656)                          | (13,572)                       |
| Actuarial Gain on Local Government Pension Fund  | 2,487                          | 3,329                          |
| Actuarial Loss on Enhanced Pensions  | (401)                          | 0                              |
| New Endowments   | 36                             | 47                             |
| Impairment of Fixed Asset to Revaluation Reserve   | (185)                          | (286)                          |
|  | <hr/>                          | <hr/>                          |
| Total Recognised Gains/(Losses) Relating to the Year   | 1,281                          | (10,482)                       |
| Reconciliation:  |                                |                                |
| Opening Reserves and Endowments  | 72,482                         | 82,964                         |
| Total Recognised Gains/(Losses) Relating to the Period   | 1,281                          | (10,482)                       |
|  | <hr/>                          | <hr/>                          |
| Closing Reserves and Endowments  | <u>73,763</u>                  | <u>72,482</u>                  |



## BALANCE SHEETS AS AT 31 JULY 2010

|  | Notes | Consolidated  |               | University    |               |
|--|-------|---------------|---------------|---------------|---------------|
|  |       | 2010<br>£'000 | 2009<br>£'000 | 2010<br>£'000 | 2009<br>£'000 |
| <b>FIXED ASSETS</b>  |       |               |               |               |               |
| Tangible Assets  | 10&11 | 170,412       | 173,477       | 158,621       | 161,350       |
| Investments  | 12    | 36            | 36            | 36            | 36            |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
|  |       | 170,448       | 173,513       | 158,657       | 161,386       |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>ENDOWMENT ASSET INVESTMENTS</b>                             | 13    | 164           | 160           | 164           | 160           |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>CURRENT ASSETS</b>  |       |               |               |               |               |
| Stock and Stores in Hand                                       | 14    | 110           | 167           | 110           | 167           |
| Debtors  | 15    | 13,405        | 10,623        | 10,715        | 9,240         |
| Investments  |       | 26,047        | 26,310        | 26,047        | 26,310        |
| Cash at Bank and in Hand                                       |       | 34,946        | 24,644        | 36,366        | 26,325        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
|  |       | 74,508        | 61,744        | 73,238        | 62,042        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>          | 16    | 43,896        | 37,572        | 40,223        | 34,632        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>NET CURRENT ASSETS</b>                                      |       | 30,612        | 24,172        | 33,015        | 27,410        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | 201,224       | 197,845       | 191,836       | 188,956       |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b> | 17    | 22,233        | 22,436        | 18,780        | 18,790        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  | 19    | 6,950         | 6,880         | 6,950         | 6,880         |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>NET ASSETS excluding pension liability</b>                  |       | 172,041       | 168,529       | 166,106       | 163,286       |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>PENSION LIABILITY</b>                                       |       | 50,386        | 48,599        | 50,386        | 48,599        |
|  |       | <hr/>         | <hr/>         | <hr/>         | <hr/>         |
| <b>NET ASSETS including pension liability</b>                  |       | 121,655       | 119,930       | 115,720       | 114,687       |
|  |       | <hr/> <hr/>   | <hr/> <hr/>   | <hr/> <hr/>   | <hr/> <hr/>   |

**BALANCE SHEETS AS AT 31 JULY 2010**

|                                   | Notes | Consolidated  |               | University    |               |
|-----------------------------------|-------|---------------|---------------|---------------|---------------|
|                                   |       | 2010<br>£'000 | 2009<br>£'000 | 2010<br>£'000 | 2009<br>£'000 |
| <b>DEFERRED CAPITAL GRANTS</b>    | 20    | 47,893        | 47,448        | 39,852        | 39,166        |
| <b>ENDOWMENTS</b>                 |       |               |               |               |               |
| Restricted Expendable             | 21    | 164           | 160           | 164           | 160           |
| <b>RESERVES</b>                   |       |               |               |               |               |
| Revaluation Reserve               | 22    | 32,278        | 34,120        | 31,906        | 33,753        |
| I and E Excluding Pension Reserve | 23    | 91,706        | 86,801        | 94,184        | 90,207        |
| Pension Reserve                   |       | (50,386)      | (48,599)      | (50,386)      | (48,599)      |
| I and E Including Pension Reserve |       | 41,320        | 38,202        | 43,798        | 41,608        |
| <b>TOTAL FUNDS</b>                |       | 121,655       | 119,930       | 115,720       | 114,687       |

The Financial Statements on pages 25 to 54 were approved by the Board of Governors on 25th November 2010 and signed on its behalf by:

M.Ellott                                      Chairman of the Board of Governors

Professor C. Gipps                          Member of the Board of Governors and Designated Principal Office Holder

G.Sproston                                    Deputy Vice Chancellor and Director of Finance

**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2010**

|  | <b>Notes</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
|--|--------------|--------------------------|--------------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                               | 24           | 10,858                   | 5,144                    |
| Returns on Investments and Servicing of Finance                          | 25           | (1,228)                  | (233)                    |
| Capital Expenditure and Financial Investment                             | 26           | 1,572                    | 4,671                    |
| Management of Liquid Resources   | 27           | 263                      | (1,940)                  |
| Financing  | 28           | (1,159)                  | (1,094)                  |
|  |              | <hr/>                    | <hr/>                    |
| <b>INCREASE IN CASH IN THE YEAR</b>                                      | 29           | 10,306                   | 6,548                    |
|  |              | <hr/> <hr/>              | <hr/> <hr/>              |
| <br><b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT</b> |              |                          |                          |
| Increase in Cash in the Year   | 29           | 10,306                   | 6,548                    |
| (Decrease)/Increase in Short Term Deposits                               | 27           | (263)                    | 1,940                    |
| Repayment of Debt  | 28           | 1,159                    | 1,094                    |
|  |              | <hr/>                    | <hr/>                    |
| <b>Movement in Net Funds in the Year</b>                                 | 29           | 11,202                   | 9,582                    |
| <b>Net Funds as at 1 August</b>  | 29           | 27,613                   | 18,031                   |
|  |              | <hr/>                    | <hr/>                    |
| <b>Net Funds as at 31 July</b>   | 29           | 38,815                   | 27,613                   |
|  |              | <hr/> <hr/>              | <hr/> <hr/>              |

**NOTES TO THE ACCOUNTS**

|   | <b>2009/10</b> | <b>2008/09</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| <b>1. FUNDING COUNCIL GRANTS</b>                    |                |                |
| <b>Recurrent Grants</b>                             |                |                |
| HEFCE   | 54,666         | 50,192         |
| TDA   | 3,180          | 2,663          |
| <b>Specific Grants</b>                              |                |                |
| HEFCE:  |                |                |
| Special Initiatives                                 | 3,988          | 4,366          |
| TDA:  |                |                |
| Graduate Teacher Scheme                             | 789            | 725            |
| Other Special Initiatives                           | 734            | 647            |
| <b>Deferred Capital Grants Released in the Year</b> |                |                |
| HEFCE:  |                |                |
| Buildings   | 838            | 996            |
| Equipment   | 4              | 158            |
|   | <hr/>          | <hr/>          |
|   | 64,199         | 59,747         |
|   | <hr/>          | <hr/>          |
| <b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>          |                |                |
| Full-time UK and EU Students                        | 32,377         | 27,365         |
| Full-time Students Charged Overseas Fees            | 7,176          | 6,755          |
| Part-time UK and EU Students                        | 3,240          | 3,014          |
| Franchised Courses                                  | 1,781          | 1,650          |
| Education Contracts                                 | 13,332         | 11,685         |
|   | <hr/>          | <hr/>          |
|   | 57,906         | 50,469         |
|   | <hr/>          | <hr/>          |
| <b>3. RESEARCH GRANTS AND CONTRACTS</b>             |                |                |
| Research Council                                    | 917            | 915            |
| UK Based Charities                                  | 258            | 146            |
| Other Research Grants and Contracts                 | 1,927          | 1,522          |
|   | <hr/>          | <hr/>          |
|   | 3,102          | 2,583          |
|   | <hr/>          | <hr/>          |

**NOTES TO THE ACCOUNTS**

|   | <b>2009/10</b> | <b>2008/09</b> |
|---|----------------|----------------|
|   | <b>£'000</b>   | <b>£'000</b>   |
| <b>4. OTHER OPERATING INCOME</b>                          |                |                |
| Residences, Catering and Conferences                      | 7,571          | 7,403          |
| Other Services Rendered                                   | 25,563         | 24,023         |
| Released from Deferred Capital Grants                     | 585            | 701            |
| Other Income  | 3,374          | 4,592          |
|   | <hr/>          | <hr/>          |
|   | 37,093         | 36,719         |
|   | <hr/>          | <hr/>          |
| <b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>        |                |                |
| Transferred from Endowments                               | 0              | 2              |
| Other Investment Income                                   | 360            | 1,353          |
|   | <hr/>          | <hr/>          |
|   | 360            | 1,355          |
|   | <hr/>          | <hr/>          |
| <b>6. STAFF</b>   |                |                |
| Staff Costs:  |                |                |
| Wages and Salaries  | 75,634         | 78,028         |
| Social Security Costs                                     | 6,041          | 6,267          |
| Other Pension Costs (Including FRS 17 Adjustment)         | 10,210         | 11,921         |
| Restructuring Costs Excluding Pension                     | 3,551          | 1,454          |
| Restructuring Costs Pension Element                       | 1,600          | 332            |
|   | <hr/>          | <hr/>          |
|   | 97,036         | 98,002         |
|   | <hr/>          | <hr/>          |
| Emoluments of the Vice-Chancellor for the year to 31 July | 235            | 228            |
|   | <hr/>          | <hr/>          |

The emoluments of the Vice-Chancellor are shown inclusive of employer's pension contribution. The University's pension contributions to the Universities Superannuation Scheme are paid at the rate of 16% and amount to £33,176 (2008/09 £27,816).

|   | <b>Number</b> | <b>Number</b> |
|---|---------------|---------------|
| The full time equivalent number of staff employed on 31 July by major category: |               |               |
| Academic  | 807           | 870           |
| Technical, Administrative and Clerical  | 973           | 1,036         |
| Other, including Manual   | 284           | 314           |
|   | <hr/>         | <hr/>         |
|   | 2,064         | 2,220         |
|   | <hr/>         | <hr/>         |

**NOTES TO THE ACCOUNTS**

Remuneration of the other higher paid staff, excluding employers' pension contributions

|                     | <b>2009/10</b> | <b>2008/09</b> |
|---------------------|----------------|----------------|
| £100,000 - £109,999 | 5              | 4              |
| £110,000 - £119,999 | 2              | 3              |
| £120,000 - £129,999 | 5              | 2              |
| £130,000 - £139,999 | 2              | 1              |
| £140,000 - £149,999 | 1              | 1              |
| £150,000 - £159,999 | 1              | 0              |
| £160,000 - £169,999 | 0              | 3              |
| £190,000 - £199,999 | 1              | 0              |

These numbers include staff whose pay exceeded £100,000 in the year due to payments from voluntary redundancy.

|  | <b>2009/10</b> | <b>2008/09</b> |
|--|----------------|----------------|
|  | <b>£'000</b>   | <b>£'000</b>   |
| <b>7. OTHER OPERATING EXPENSES</b>                               |                |                |
| Residences, Catering and Conferences                             | 1,117          | 1,166          |
| Books and Consumables  | 2,885          | 3,112          |
| Equipment  | 3,178          | 4,938          |
| Printing and Stationery  | 1,828          | 1,955          |
| Heat, Light, Water and Power                                     | 2,703          | 2,092          |
| Repairs and General Maintenance                                  | 2,560          | 2,525          |
| Long Term Maintenance  | 986            | 679            |
| Grants to University of Wolverhampton Students' Union            | 804            | 834            |
| Rents  | 1,410          | 1,317          |
| Rates  | 832            | 664            |
| Auditors' Remuneration   | 124            | 135            |
| Auditors' Remuneration in Respect of Non-Audit Services          | 9              | 39             |
| Equipment Operating Lease Rentals                                | 36             | 34             |
| Franchise Payments to Colleges                                   | 4,735          | 4,176          |
| Staff Travel and Subsistence                                     | 1,665          | 1,510          |
| Staff Recruitment Costs  | 147            | 437            |
| Staff Development  | 1,214          | 1,507          |
| Student Placements and Travel Costs                              | 5,053          | 6,031          |
| Partners and Consultancy   | 13,366         | 12,730         |
| Telecommunications and Postage                                   | 755            | 880            |
| Provision for Bad Debts  | 1,039          | 960            |
| Cleaning Costs   | 675            | 634            |
| Legal, Professional and Other                                    | 2,123          | 1,753          |
| Insurance  | 385            | 418            |
| Aim Higher   | 554            | 828            |
| Publicity  | 880            | 1,199          |
| Subscriptions  | 581            | 409            |
| Other  | 2,345          | 2,429          |
|  | <hr/>          | <hr/>          |
|  | 53,989         | 55,391         |
|  | <hr/>          | <hr/>          |
| Auditors remuneration includes:                                  | <b>2009/10</b> | <b>2008/09</b> |
| Auditors remuneration:   | <b>£'000</b>   | <b>£'000</b>   |
| - Financial statements audit                                     | 47             | 53             |
| - Internal audit   | 77             | 82             |
| Auditors remuneration in respect of non-audit services includes: |                |                |
| - Financial statements audit – other services                    | 9              | 39             |

**NOTES TO THE ACCOUNTS****Trustees**

No trustee has received any remuneration/waived payments from the University Group during the year (2008/09 Nil)

The total expenses paid to or on behalf of trustees was £8,428 (2008/09 £5,046). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**8. INTEREST PAYABLE**

|   | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|---|--------------------------------|--------------------------------|
| Bank Loan Not Wholly Repayable Within Five Years          | 1,323                          | 1,409                          |
| Net Pension Interest Cost in respect of FRS17             | 2,722                          | 1,603                          |
| Net Pension Interest Cost in respect of Enhanced Pensions | 279                            | 259                            |
|   | <hr/>                          | <hr/>                          |
|   | 4,324                          | 3,271                          |
|   | <hr/>                          | <hr/>                          |

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

|                                      | <b>Staff</b><br><b>Costs</b><br><b>£'000</b> | <b>Dep'n</b><br><b>£'000</b> | <b>Other</b><br><b>Operating</b><br><b>Expenses</b><br><b>£'000</b> | <b>Interest</b><br><b>Payable</b><br><b>£'000</b> | <b>Total</b><br><b>£'000</b> |
|--------------------------------------|--|------------------------------|---|---|------------------------------|
| Academic Departments                 | 48,338                                       |                              | 10,413  |   | 58,751                       |
| Academic Services                    | 7,210  |                              | 3,169   |   | 10,379                       |
| Research Grants and Contracts        | 1,922  |                              | 1,108   |   | 3,030                        |
| Residences, Catering and Conferences | 2,746  |                              | 2,958   |   | 5,704                        |
| Premises                             | 6,355  |                              | 6,947   |   | 13,302                       |
| Administration                       | 21,395                                       |                              | 12,609  |   | 34,004                       |
| Other Expenses                       | 9,070  | 7,967                        | 16,785  | 4,324   | 38,146                       |
|                                      | <hr/>  | <hr/>                        | <hr/>   | <hr/>   | <hr/>                        |
|                                      | 97,036                                       | 7,967                        | 53,989  | 4,324   | 163,316                      |
|                                      | <hr/>  | <hr/>                        | <hr/>   | <hr/>   | <hr/>                        |

The Depreciation Charge has been funded by:

|                              |       |
|------------------------------|-------|
| Deferred Capital Grant       | 1,427 |
| Revaluation Reserve Released | 1,656 |
| General Income               | 4,884 |
|                              | <hr/> |
|                              | 7,967 |
|                              | <hr/> |

**NOTES TO THE ACCOUNTS****10. TANGIBLE ASSETS**

|                             | <b>Land and<br/>Buildings<br/>Freehold<br/>£'000</b> | <b>Equipment<br/>£'000</b> | <b>Consolidated<br/>Assets in<br/>the Course of<br/>Construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|-----------------------------|--|----------------------------|--|------------------------|
| <b>Valuation/Cost</b>       |  |                            |  |                        |
| At 1 August 2009            |  |                            |  |                        |
| Valuation                   | 78,233   | 0                          | 0  | 78,233                 |
| Cost                        | 139,300  | 37,744                     | 1,633  | 178,677                |
| Additions at Cost           | 977  | 406                        | 3,704  | 5,087                  |
| Transfers at Cost           | 83   | 0                          | (83)   | 0                      |
| Impairment Through Reserves | (184)  | 0                          | 0  | (184)                  |
|                             | -----  | -----                      | -----  | -----                  |
| At 31 July 2010             |  |                            |  |                        |
| Valuation                   | 78,233   | 0                          | 0  | 78,233                 |
| Cost                        | 140,176  | 38,150                     | 5,254  | 183,580                |
|                             | -----  | -----                      | -----  | -----                  |
| <b>Depreciation</b>         |  |                            |  |                        |
| At 1 August 2009            | 47,454   | 35,980                     | 0  | 83,434                 |
| Charge for Year             | 7,173  | 794                        | 0  | 7,967                  |
|                             | -----  | -----                      | -----  | -----                  |
| At 31 July 2010             | 54,627   | 36,774                     | 0  | 91,401                 |
|                             | -----  | -----                      | -----  | -----                  |
| <b>Net Book Value</b>       |  |                            |  |                        |
| At 31 July 2010             | 163,782  | 1,376                      | 5,254  | 170,412                |
|                             | =====  | =====                      | =====  | =====                  |
| At 1 August 2009            | 170,079  | 1,764                      | 1,633  | 173,476                |
|                             | =====  | =====                      | =====  | =====                  |
| Inherited                   | 32,278   | 0                          | 0  | 32,278                 |
| Financed by Capital Grant   | 47,560   | 333                        | 0  | 47,893                 |
| Other                       | 83,691   | 1,296                      | 5,254  | 90,241                 |
|                             | -----  | -----                      | -----  | -----                  |
| <b>Net Book Value</b>       |  |                            |  |                        |
| At 31 July 2010             | 163,529  | 1,629                      | 5,254  | 170,412                |
|                             | =====  | =====                      | =====  | =====                  |

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained. The basis of valuation is depreciated replacement cost or open market value for existing use and was carried out by a firm of independent surveyors in 1996.

Asset value has been reduced in 2009/10 by £184,000 for the impairment of part of the Telford Residences. There has also been an increase in depreciation released to Income and Expenditure of £1,294,000 in respect of Telford Residences, WB and WL buildings on the Walsall Campus, and CC building on the Compton Campus.



**NOTES TO THE ACCOUNTS****11. TANGIBLE ASSETS**

|                           | <b>Land and<br/>Buildings<br/>Freehold<br/>£'000</b> | <b>Equipment<br/>£'000</b> | <b>University<br/>Assets in<br/>the Course of<br/>Construction<br/>£'000</b> | <b>Total<br/>£'000</b> |
|---------------------------|--|----------------------------|--|------------------------|
| <b>Valuation/Cost</b>     |  |                            |  |                        |
| At 1 August 2009          |  |                            |  |                        |
| Valuation                 | 70,848   | 0                          | 0  | 70,848                 |
| Cost                      | 131,018  | 36,292                     | 1,633  | 168,943                |
| Additions at Cost         | 977  | 406                        | 3,704  | 5,087                  |
| Transfers at Cost         | 83   | 0                          | (83)   | 0                      |
| Impairment                | (184)  | 0                          | 0  | (184)                  |
|                           | -----  | -----                      | -----  | -----                  |
| At 31 July 2010           |  |                            |  |                        |
| Valuation                 | 70,848   | 0                          | 0  | 70,848                 |
| Cost                      | 131,894  | 36,698                     | 5,254  | 173,846                |
|                           | -----  | -----                      | -----  | -----                  |
| <b>Depreciation</b>       |  |                            |  |                        |
| At 1 August 2009          | 43,801   | 34,640                     | 0  | 78,441                 |
| Charge for Year           | 6,950  | 682                        | 0  | 7,632                  |
|                           | -----  | -----                      | -----  | -----                  |
| At 31 July 2010           | 50,751   | 35,322                     | 0  | 86,073                 |
|                           | -----  | -----                      | -----  | -----                  |
| <b>Net Book Value</b>     |  |                            |  |                        |
| At 31 July 2010           | 151,991  | 1,376                      | 5,254  | 158,621                |
|                           | =====  | =====                      | =====  | =====                  |
| At 1 August 2009          | 158,065  | 1,652                      | 1,633  | 161,350                |
|                           | =====  | =====                      | =====  | =====                  |
| Inherited                 | 31,906   | 0                          | 0  | 31,906                 |
| Financed by Capital Grant | 39,496   | 356                        | 0  | 39,852                 |
| Other                     | 80,313   | 1,296                      | 5,254  | 86,863                 |
|                           | -----  | -----                      | -----  | -----                  |
| <b>Net Book Value</b>     |  |                            |  |                        |
| At 31 July 2010           | 151,715  | 1,652                      | 5,254  | 158,621                |
|                           | =====  | =====                      | =====  | =====                  |

**NOTES TO THE ACCOUNTS****12. INVESTMENTS**

|                        | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                        | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Balance as at 1 August | 36                       | 36                       | 36                       | 36                       |
| Acquisitions           | 0                        | 0                        | 0                        | 0                        |
| Impairment             | 0                        | 0                        | 0                        | 0                        |
|                        | —                        | —                        | —                        | —                        |
| Balance as at 31 July  | 36                       | 36                       | 36                       | 36                       |
|                        | —                        | —                        | —                        | —                        |

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  |
| i-CD Limited   | 100 fully paid up £1 shares  |
| University of Wolverhampton Corporate Services Limited | 100 fully paid up £1 shares  |
| UoW Properties Limited                                 | 1000 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     |

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 Wolverhampton Science Park Limited.

The University owns 33.33% of the Share Capital in Unibyte Ltd.

The University owns 5% of the share capital in Flyte Ltd.

The University owns 32% of the share capital in Equiami Ltd.

**NOTES TO THE ACCOUNTS****13. ENDOWMENT ASSET INVESTMENTS**

|                            | <b>Consolidated and University</b> |                          |
|----------------------------|------------------------------------|--------------------------|
|                            | <b>2009/10<br/>£'000</b>           | <b>2008/09<br/>£'000</b> |
| Balance as at 1 August     | 160                                | 123                      |
| Net Additions              | 4                                  | 37                       |
|                            | ———                                | ———                      |
| Balance as at 31 July      | 164                                | 160                      |
|                            | ———                                | ———                      |
| Represented by:            |                                    |                          |
| C.O.I.F. Charities Deposit | 3                                  | 3                        |
| Cash Balances              | 161                                | 157                      |
|                            | ———                                | ———                      |
|                            | 164                                | 160                      |
|                            | ———                                | ———                      |

**14. ASSETS HELD FOR RESALE/STOCK AND STORES IN HAND**

|                         | <b>Consolidated and University</b> |                          |
|-------------------------|------------------------------------|--------------------------|
|                         | <b>2009/10<br/>£'000</b>           | <b>2008/09<br/>£'000</b> |
| Computer Bulk Purchases | 0                                  | 57                       |
| Catering Provisions     | 63                                 | 53                       |
| Print Unit Services     | 33                                 | 38                       |
| Consumables             | 5                                  | 3                        |
| Fuel                    | 0                                  | 5                        |
| Other Materials         | 9                                  | 11                       |
|                         | ———                                | ———                      |
|                         | 110                                | 167                      |
|                         | ———                                | ———                      |

**NOTES TO THE ACCOUNTS****15. DEBTORS**

|                                      | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                      | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Amounts Falling Due Within One Year: |                          |                          |                          |                          |
| Debtors:                             |                          |                          |                          |                          |
| Subsidiary Companies                 | 0                        | 0                        | 0                        | 1,097                    |
| Other                                | 12,520                   | 10,151                   | 10,010                   | 7,942                    |
| Prepayments and Accrued Income       | 885                      | 472                      | 705                      | 201                      |
|                                      | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |
|                                      | 13,405                   | 10,623                   | 10,715                   | 9,240                    |
|                                      | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                  | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|----------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                  | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Mortgages and Unsecured Loans    | 1,226                    | 1,159                    | 1,032                    | 975                      |
| Subsidiary Companies             | 0                        | 0                        | 177                      | 0                        |
| Payments Received on Account     | 22,959                   | 15,081                   | 20,389                   | 12,955                   |
| Trade Creditors                  | 17,145                   | 17,927                   | 16,069                   | 17,656                   |
| Other Taxation & Social Security | 2,566                    | 3,405                    | 2,556                    | 3,046                    |
|                                  | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |
|                                  | 43,896                   | 37,572                   | 40,223                   | 34,632                   |
|                                  | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                 | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|-----------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                 | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Unsecured Loans | 21,113                   | 22,339                   | 17,758                   | 18,790                   |
| Other           | 1,120                    | 97                       | 1,022                    | 0                        |
|                 | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |
|                 | 22,233                   | 22,436                   | 18,780                   | 18,790                   |
|                 | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |

Unsecured Loans represent a bank loan in respect of the Science Park Buildings and the University Capital Programme taken out in March 2003 for 20 years, at 0.42% over libor for the first two years and 5.74% fixed for the remaining years.

**NOTES TO THE ACCOUNTS****18. BORROWINGS**

|                                      | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|--------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                      | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Bank Loans are repayable as follows: |                          |                          |                          |                          |
| In one year or less                  | 1,226                    | 1,159                    | 1,032                    | 975                      |
| Between one and two years            | 1,294                    | 1,225                    | 1,087                    | 1,032                    |
| Between two and five years           | 4,375                    | 4,128                    | 3,681                    | 3,471                    |
| In five years or more                | 15,444                   | 16,986                   | 12,990                   | 14,287                   |
|                                      | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |
|                                      | 22,339                   | 23,498                   | 18,790                   | 19,765                   |
|                                      | <hr/>                    | <hr/>                    | <hr/>                    | <hr/>                    |

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

|   | <b>Consolidated and University</b>     |                        |                        |
|---|--|------------------------|------------------------|
|   | <b>Enhanced<br/>Pensions<br/>£'000</b> | <b>Other<br/>£'000</b> | <b>Total<br/>£'000</b> |
| At 1 August 2009                                | 4,537                                  | 2,343                  | 6,880                  |
| Expenditure in the year                         | (338)                                  | 0                      | (338)                  |
| Transfer from Income and Expenditure<br>Account | 7                                      | 0                      | 7                      |
| Actuarial Loss                                  | 401                                    | 0                      | 401                    |
|   | <hr/>                                  | <hr/>                  | <hr/>                  |
| At 31 July 2010                                 | 4,607                                  | 2,343                  | 6,950                  |
|   | <hr/>                                  | <hr/>                  | <hr/>                  |

The enhanced pension provision comprises an estimate of the amounts payable by the University in respect of pension contributions for members of staff who have taken early retirement.

**NOTES TO THE ACCOUNTS****20. DEFERRED CAPITAL GRANTS**

|  | <b>Consolidated</b>                  |  |                        | <b>University</b>                    |  |                        |
|--|--------------------------------------|--|------------------------|--------------------------------------|--|------------------------|
|  | <b>Funding<br/>Council<br/>£'000</b> | <b>Other<br/>Grants<br/>and<br/>Benefactions<br/>£'000</b> | <b>Total<br/>£'000</b> | <b>Funding<br/>Council<br/>£'000</b> | <b>Other<br/>Grants<br/>and<br/>Benefactions<br/>£'000</b> | <b>Total<br/>£'000</b> |
| At 1 August 2009                       |                                      |  |                        |                                      |  |                        |
| Buildings                              | 30,516                               | 16,448   | 46,964                 | 30,516                               | 8,146  | 38,662                 |
| Equipment                              | 280                                  | 204  | 484                    | 280                                  | 224  | 504                    |
|  | -----                                | -----  | -----                  | -----                                | -----  | -----                  |
| <b>Total</b>                           | <b>30,796</b>                        | <b>16,652</b>  | <b>47,448</b>          | <b>30,796</b>                        | <b>8,370</b>   | <b>39,166</b>          |
|  | -----                                | -----  | -----                  | -----                                | -----  | -----                  |
| Cash Received/Receivable               |                                      |  |                        |                                      |  |                        |
| Buildings                              | 1,503                                | 369  | 1,872                  | 1,503                                | 369  | 1,872                  |
| Equipment                              | 0                                    | 0  | 0                      | 0                                    | 0  | 0                      |
|  | -----                                | -----  | -----                  | -----                                | -----  | -----                  |
| <b>Total</b>                           | <b>1,503</b>                         | <b>369</b>   | <b>1,872</b>           | <b>1,503</b>                         | <b>369</b>   | <b>1,872</b>           |
|  | =====                                | =====  | =====                  | =====                                | =====  | =====                  |
| Released to Income and<br>Expenditure: |                                      |  |                        |                                      |  |                        |
| Buildings                              | 838                                  | 438  | 1,276                  | 838                                  | 200  | 1,038                  |
| Equipment                              | 4                                    | 147  | 151                    | 4                                    | 144  | 148                    |
|  | -----                                | -----  | -----                  | -----                                | -----  | -----                  |
| <b>Total</b>                           | <b>842</b>                           | <b>585</b>   | <b>1,427</b>           | <b>842</b>                           | <b>344</b>   | <b>1,186</b>           |
|  | =====                                | =====  | =====                  | =====                                | =====  | =====                  |
| At 31 July 2010                        |                                      |  |                        |                                      |  |                        |
| Buildings                              | 31,181                               | 16,379   | 47,560                 | 31,181                               | 8,315  | 39,496                 |
| Equipment                              | 276                                  | 57   | 333                    | 276                                  | 80   | 356                    |
|  | -----                                | -----  | -----                  | -----                                | -----  | -----                  |
| <b>Total</b>                           | <b>31,457</b>                        | <b>16,436</b>  | <b>47,893</b>          | <b>31,457</b>                        | <b>8,395</b>   | <b>39,852</b>          |
|  | =====                                | =====  | =====                  | =====                                | =====  | =====                  |

**NOTES TO THE ACCOUNTS****21. ENDOWMENTS****Consolidated and University**

|                      | <b>Restricted<br/>Expendable<br/>£'000</b> | <b>Permanent<br/>£'000</b> | <b>Total<br/>£'000</b> |
|----------------------|--|----------------------------|------------------------|
| At 1 August 2009     | 160  | 0                          | 160                    |
| Additions            | 36   | 0                          | 36                     |
| Income for Year      | 0  | 0                          | 0                      |
| Expenditure for Year | (32)                                       | 0                          | (32)                   |
|                      | —  | —                          | —                      |
| At 31 July 2010      | 164  | 0                          | 164                    |
|                      | —  | —                          | —                      |
| Representing:        |  |                            |                        |
| Prize Funds          | 164  | 0                          | 164                    |
| Accumulated Income   | 0  | 0                          | 0                      |
|                      | —  | —                          | —                      |
|                      | 164  | 0                          | 164                    |
|                      | —  | —                          | —                      |

Prior to 2008/09 endowments were analysed as general and specific endowments. The revised headings above reflect the requirements of the SORP and the University's accounting policies.

**22. REVALUATION RESERVE**

|   | <b>Consolidated</b>      |                          | <b>University</b>        |                          |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
|   | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2008/09<br/>£'000</b> |
| Balance b/fwd at 1 August                     | 34,120                   | 35,564                   | 33,753                   | 35,202                   |
| Impairment of Fixed Asset                     | (185)                    | (286)                    | (185)                    | (286)                    |
| Release to the Income and Expenditure Account | (1,657)                  | (1,158)                  | (1,662)                  | (1,163)                  |
|   | —                        | —                        | —                        | —                        |
| At 31 July                                    | 32,278                   | 34,120                   | 31,906                   | 33,753                   |
|   | —                        | —                        | —                        | —                        |

The Revaluation Reserve arose primarily as a result of the transfer of tangible fixed assets from Local Authorities and the Commission for New Towns. The reserve also takes account of subsequent professional revaluations of assets.

**NOTES TO THE ACCOUNTS****23. INCOME AND EXPENDITURE ACCOUNT**

|                                   | Consolidated     |                  | University       |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|
|                                   | 2009/10<br>£'000 | 2008/09<br>£'000 | 2009/10<br>£'000 | 2008/09<br>£'000 |
| As at 1 August                    | 38,202           | 47,278           | 41,608           | 53,762           |
| Deficit for the Year              | (624)            | (13,562)         | (1,558)          | (16,646)         |
| Transfer from Revaluation Reserve | 1,657            | 1,158            | 1,662            | 1,163            |
| Pension Gain FRS17                | 2,487            | 3,329            | 2,487            | 3,329            |
| Pension Loss Enhanced Pensions    | (401)            | 0                | (401)            | 0                |
| As at 31 July                     | 41,320           | 38,202           | 43,798           | 41,608           |

**24. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES**

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Deficit before Tax                                   | (656)            | (13,572)         |
| Depreciation (Note 10)                               | 7,967            | 7,781            |
| Deferred Capital Grants Released to Income (Note 20) | (1,427)          | (1,855)          |
| Interest Payable                                     | 4,324            | 3,271            |
| Pension Cost less Contributions Payable              | 1,552            | 2,735            |
| Decrease in Stock                                    | 57               | 76               |
| (Increase)/Decrease in Debtors/Pre-payments          | (2,800)          | 1,721            |
| Increase in Creditors/Receipts in Advance            | 2,532            | 6,321            |
| (Decrease)/Increase in Provisions                    | (331)            | 21               |
| Interest Receivable                                  | (360)            | (1,355)          |
| <b>Net Cash Inflow from Operating Activities</b>     | <b>10,858</b>    | <b>5,144</b>     |

**25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

|  | 2009/10<br>£'000 | 2008/09<br>£'000 |
|--|------------------|------------------|
| Income from Endowments   | 4                | 2                |
| Income from Short Term Investments   | 374              | 1,440            |
| Interest Paid  | (1,606)          | (1,675)          |
| <b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b> | <b>(1,228)</b>   | <b>(233)</b>     |



**NOTES TO THE ACCOUNTS****26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Purchase of Tangible Fixed Assets  | (5,274)                        | (3,645)                        |
| Sale of Tangible Fixed Assets  | 0                              | 0                              |
| Deferred Capital Grants Received   | 6,810                          | 8,269                          |
| New Endowment  | 36                             | 47                             |
|  | <hr/>                          | <hr/>                          |
| <b>Net Cash Inflow from Capital Expenditure and Financial Investment</b> | <b>1,572</b>                   | <b>4,671</b>                   |
|  | <hr/>                          | <hr/>                          |

The Deferred Capital Grant received balance includes a sum of £4.938M (2008/09 £6.833M) in respect of funds received that is included within payments on account in line with the phasing of the capital programme.

**27. MANAGEMENT OF LIQUID RESOURCES**

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Withdrawals from Deposits  | 263                            | 0                              |
| Placing of Deposits  | 0                              | (1,940)                        |
|  | <hr/>                          | <hr/>                          |
| <b>Net Cash Inflow/(Outflow) from Management of Liquid Resources</b> | <b>263</b>                     | <b>(1,940)</b>                 |
|  | <hr/>                          | <hr/>                          |

**28. FINANCING**

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| Mortgages and Loans acquired           | 0                              | 0                              |
| Repayment of Amounts Borrowed          | (1,159)                        | (1,094)                        |
|  | <hr/>                          | <hr/>                          |
| <b>Net Cash Outflow from Financing</b> | <b>(1,159)</b>                 | <b>(1,094)</b>                 |
|  | <hr/>                          | <hr/>                          |

**29. ANALYSIS OF CHANGES IN NET FUNDS**

|                             | <b>At</b><br><b>1 August 2009</b><br><b>£'000</b> | <b>Cash</b><br><b>Flows</b><br><b>£'000</b> | <b>Other</b><br><b>Changes</b><br><b>£'000</b> | <b>At</b><br><b>31 July 2010</b><br><b>£'000</b> |
|-----------------------------|---|---|--|--|
| Cash at Bank and in Hand    | 24,644  | 10,302                                      | 0  | 34,946   |
| Endowment Asset Investments | 157   | 4   | 0  | 161  |
|                             | <hr/>   | <hr/>                                       | <hr/>  | <hr/>  |
|                             | 24,801  | 10,306                                      | 0  | 35,107   |
| Short Term Deposits         | 26,310  | (263)                                       | 0  | 26,047   |
| Debt Due within One Year    | (1,159)   | 1,159                                       | (1,226)  | (1,226)  |
| Debt Due after One Year     | (22,339)  | 0   | 1,226  | (21,113)   |
|                             | <hr/>   | <hr/>                                       | <hr/>  | <hr/>  |
|                             | 27,613  | 11,202                                      | 0  | 38,815   |
|                             | <hr/>   | <hr/>                                       | <hr/>  | <hr/>  |

**NOTES TO THE ACCOUNTS****30. CASH FLOW RELATING TO RESTRUCTURING**

|                                       | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|---------------------------------------|--------------------------------|--------------------------------|
| Provision as at 1 August              | 0                              | 102                            |
| Income and Expenditure Account Charge | 0                              | (102)                          |
| Operating Cash Outflow                | 0                              | 0                              |
|                                       | <hr/>                          | <hr/>                          |
| Provision as at 31 July               | 0                              | 0                              |
|                                       | <hr/>                          | <hr/>                          |

**31. PENSION SCHEMES**

The two principal pension schemes for the University's staff are Teachers' Pension Scheme (TPS) and the West Midlands Metropolitan Authorities' Pension Fund (WMMAPF). The pension charged for the period was as follows. There are nineteen members of staff in the Universities Superannuation Scheme (USS).

|  | <b>2009/10</b><br><b>£'000</b> | <b>2008/09</b><br><b>£'000</b> |
|--|--------------------------------|--------------------------------|
| TPS and USS – contributions                            | 5,131                          | 5,224                          |
| WMMAPF – contributions                                 | 5,399                          | 4,113                          |
| WMMAPF – FRS 17 adjustment                             | 1,552                          | 2,735                          |
|  | <hr/>                          | <hr/>                          |
|  | 12,082                         | 12,072                         |
| Enhanced pensions                                      | (272)                          | 181                            |
|  | <hr/>                          | <hr/>                          |
| Total per note 6                                       | 11,810                         | 12,253                         |
|  | <hr/>                          | <hr/>                          |
| Enhanced Pensions Interest Cost                        | 279                            | 259                            |
| Enhanced Pensions Actuarial Loss                       | 401                            | 0                              |
| Benefits Paid  | (338)                          | (317)                          |
|  | <hr/>                          | <hr/>                          |
| Total Movement on Enhanced Pension Provision (note 19) | 70                             | 123                            |
|  | <hr/>                          | <hr/>                          |

**Universities Superannuation Scheme**

Due to the low value of contributions and small number of participants in the USS no disclosures have been made on the grounds of materiality.

**NOTES TO THE ACCOUNTS****Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit pension scheme. Contributions are made to a notional fund held by the Exchequer under arrangements governed by the Superannuation Act 1972. Not less than every four years the Government Actuary conducts a formal review of the TPS, using normal actuarial principles, to specify the level of future contributions.

The latest actuarial valuation was carried out as at 31<sup>st</sup> March 2004. Key assumptions used in the valuation were:

|   |      |
|---|------|
| Rate of return on investments             | 6.5% |
| Real rate of return in excess of prices   | 3.5% |
| Real rate of return in excess of earnings | 2.0% |
| Real rate of earnings growth              | 1.5% |

Based on these assumptions, the valuation assessed scheme liabilities as £166,500 million and assets as £163,240.

For the period from 1 April 2003 to 31 March 2004 the employer contribution rate was 8.35%, increasing to 13.5% with effect from 1 April 2004. As from 1<sup>st</sup> January 2007, as part of the cost sharing agreement agreed between employers' and teachers' representatives, the total contribution to the scheme was assessed as 20.5%, which translates into an employee contribution rate of 6.4% and an employer rate of 14.1%. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

**FRS 17**

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits) the TPS and USS are multi-employer pension schemes. The University is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were a defined contribution scheme.

**West Midlands Metropolitan Authorities' Pension Fund**

The WMMAPF is a funded defined benefit scheme, with the assets held in separate administered funds. The scheme is valued every three years by professionally qualified independent actuaries using the projected unit method.

The latest available actuarial valuation of the scheme was carried out as at 31<sup>st</sup> March 2007. This revealed a fund deficit of £1,681m, giving a funding level of 82%. Employer contribution rates were set for a three year period as follows:

|         |       |
|---------|-------|
| 2008/09 | 12.5% |
| 2009/10 | 12.9% |
| 2010/11 | 13.3% |

The latest full actuarial valuation of the fund took place as at 31<sup>st</sup> March 2010, with results expected to be released towards the end of 2010.

**FRS 17**

The figures as at 31<sup>st</sup> July 2010 are based on projecting forward the results of the latest actuarial valuation as at 31<sup>st</sup> March 2007. The projection is based on cashflows (e.g. contribution income, pension payments, etc.) over the year to 31<sup>st</sup> March 2010.

**NOTES TO THE ACCOUNTS****Amounts recognised in the balance sheet**

|                                       | <b>At year-end<br/>31/07/2010<br/>£'000</b> | <b>At year-end<br/>31/07/2009<br/>£'000</b> |
|---------------------------------------|---|---|
| Present value of funded obligations   | 147,860                                     | 129,133                                     |
| Fair value of plan assets             | 97,474                                      | 80,534                                      |
|                                       | <u>(50,386)</u>                             | <u>(48,599)</u>                             |
| Present value of unfunded obligations | -   | -   |
|                                       | <u>(50,386)</u>                             | <u>(48,599)</u>                             |
| Related deferred tax assets           | -   | -   |
| Net amount recognised                 | <u>(50,386)</u>                             | <u>(48,599)</u>                             |
| Amounts recognised as:                |   |   |
| Liabilities                           | (50,386)                                    | (48,599)                                    |
| Assets                                | -   | -   |
| Net amount recognised                 | <u>(50,386)</u>                             | <u>(48,599)</u>                             |

**Components of pension cost**

|  | <b>Year to<br/>31/07/2010<br/>£'000</b> | <b>Year to<br/>31/07/2009<br/>£'000</b> |
|--|---|---|
| Current service cost                             | 5,292                                   | 6,526                                   |
| Interest cost                                    | 8,216                                   | 7,560                                   |
| Expected return on plan assets                   | (5,494)                                 | (5,957)                                 |
| Past service cost                                | 1,659                                   | 322                                     |
| Effect of curtailments or settlements            | -                                       | -                                       |
| Total pension cost recognised in the P&L account | <u>9,673</u>                            | <u>8,451</u>                            |
| Actuarial (gains)/losses immediately recognised  | (2,487)                                 | (3,329)                                 |
| Change in surplus cap                            | -                                       | -                                       |
| Total pension cost recognised in STRGL           | <u>(2,487)</u>                          | <u>(3,329)</u>                          |
| Actual return on plan assets                     | 14,262                                  | (7,327)                                 |

The actuarial gain of £2.487m above represents an actuarial loss of £7.592m offset against a gain of £10.079m resulting from the change in using the Retail Price Index to the Consumer Price Index to base future increases in pensions.

**Change in benefit obligation**

|   | <b>Year to<br/>31/07/2010<br/>£'000</b> | <b>Year to<br/>31/07/2009<br/>£'000</b> |
|---|---|---|
| Benefit obligation at beginning of year | 129,133                                 | 132,137                                 |
| Current service cost                    | 5,292                                   | 6,526                                   |
| Interest cost                           | 8,216                                   | 7,560                                   |
| Member contributions                    | 1,944                                   | 2,024                                   |
| Past service costs                      | 1,659                                   | 322                                     |
| Actuarial (gains)/losses                | (6,281)                                 | (16,613)                                |
| Benefits paid                           | (4,665)                                 | (2,823)                                 |
| Effect of exchange rate changes         | -                                       | -                                       |
| Benefit obligation at end of year       | <u>147,860</u>                          | <u>129,133</u>                          |

**NOTES TO THE ACCOUNTS****Change in plan assets**

|  |         |          |
|--|---------|----------|
| Fair value of plan assets at beginning of year | 80,534  | 84,547   |
| Expected return on plan assets                 | 5,494   | 5,957    |
| Actuarial gains/(losses)                       | 8,768   | (13,284) |
| Employer contribution                          | 5,399   | 4,113    |
| Member contributions                           | 1,944   | 2,024    |
| Benefits paid                                  | (4,665) | (2,823)  |
| Effect of exchange rate changes                | -       | -        |
| Fair value of plan assets at end of year       | 97,474  | 80,534   |

**Plan assets**

The weighted-average asset allocation at the year-end were as follows

| Asset Category   | Expected rate of return | Plan assets at 31/07/2010 | Expected rate of return | Plan assets at 31/07/2009 |
|------------------|-------------------------|---------------------------|-------------------------|---------------------------|
| Equities         | 7.50%                   | 69,401                    | 7.50%                   | 54,924                    |
| Government Bonds | 4.20%                   | 8,773                     | 4.50%                   | 9,745                     |
| Other Bonds      | 5.10%                   | 7,993                     | 5.80%                   | 6,121                     |
| Property         | 6.50%                   | 9,358                     | 6.50%                   | 7,409                     |
| Other            | 0.50%                   | 1,949                     | 0.50%                   | 2,335                     |
|                  | 6.77%                   | 97,474                    | 6.71%                   | 80,534                    |

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns from each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumed for the portfolio. This resulted in the selection of the above assumptions.

**Weighted average assumptions used to determine benefit obligations at:**

|                          | 31/07/2010 | 31/07/2009 |
|--------------------------|------------|------------|
| Discount rate            | 5.50%      | 6.30%      |
| Rate of salary increase  | 5.00%      | 5.55%      |
| Rate of pension increase | 3.00%      | 3.80%      |
| RPI Inflation assumption | 3.50%      | 3.80%      |
| CPI Inflation assumption | 3.00%      | n/a        |

Assumed life expectations on retirement at age 65 are:

|                      |      |      |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 21.7 | 21.2 |
| Females              | 24.9 | 24.0 |
| Retiring in 20 years |      |      |
| Males                | 23.5 | 22.2 |
| Females              | 26.8 | 25.0 |

**NOTES TO THE ACCOUNTS****Weighted average assumptions used to determine net pension cost for year ended:**

|  | <b>31/07/2010</b> | <b>31/07/2009</b> |
|--|-------------------|-------------------|
| Discount rate                            | 6.30%             | 5.60%             |
| Expected long-term return on plan assets | 6.71%             | 6.91%             |
| Rate of salary increase                  | 5.55%             | 5.45%             |
| Rate of pension increase                 | 3.80%             | 3.70%             |
| Inflation assumption                     | 3.80%             | 3.70%             |

Assumed life expectations on retirement at age 65 are:

|                      |      |      |
|----------------------|------|------|
| Retiring today       |      |      |
| Males                | 21.2 | 21.1 |
| Females              | 24.0 | 24.0 |
| Retiring in 20 years |      |      |
| Males                | 22.2 | 22.2 |
| Females              | 25.0 | 25.0 |

The government announced on 8 July 2010 that they will in future use the Consumer Prices Index ("CPI") for future increases in public sector pension schemes rather than, as previously, the Retail Price Index (RPI). The University has considered the LGPS (West Midlands Metropolitan Authorities Pension Fund) scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

**Five year history**

|  | <b>Financial year ending in</b> |             |             |             |             |
|--|---------------------------------|-------------|-------------|-------------|-------------|
|  | <b>2010</b>                     | <b>2009</b> | <b>2008</b> | <b>2007</b> | <b>2006</b> |
| Benefit obligation at end of year                              | 147,860                         | 129,133     | 132,137     | 103,802     | 97,807      |
| Fair value of plan assets at end of year                       | 97,474                          | 80,534      | 84,547      | 84,461      | 72,988      |
| Deficit  | (50,386)                        | (48,599)    | (47,590)    | (19,341)    | (24,819)    |
| Difference between expected and actual return on scheme assets |                                 |             |             |             |             |
| Amount (£'000)   | 8,768                           | (13,284)    | (9,197)     | 3,823       | 3,666       |
| Percentage of scheme assets                                    | 9.0%                            | -16.5%      | -10.9%      | 4.5%        | 5.0%        |
| Experience gains and losses on scheme liabilities              |                                 |             |             |             |             |
| Amount (£'000)   | -                               | -           | 7,340       | -           | (2,793)     |
| Percentage of scheme liabilities                               | 0.0%                            | 0.0%        | 5.6%        | 0.0%        | -2.9%       |
| Total amount recognised in STRGL                               |                                 |             |             |             |             |
| Amount (£'000)   | 2,487                           | 3,329       | (25,157)    | 7,336       | (2,687)     |
| Percentage of scheme liabilities                               | 1.7%                            | 2.6%        | -19.0%      | 7.1%        | -2.7%       |

**Contributions**

The University expects to contribute £3,871,000 in the year to 31<sup>st</sup> July 2011. The employer contribution rate payable from 1<sup>st</sup> April 2011 is being reviewed as part of the Fund's 31<sup>st</sup> March 2010 actuarial valuation.

**NOTES TO THE ACCOUNTS****32. CAPITAL COMMITMENTS**

|  | <b>Consolidated and University</b> |                |                |
|--|------------------------------------|----------------|----------------|
|  | <b>2009/10</b>                     | <b>2008/09</b> | <b>2007/08</b> |
|  | <b>£'000</b>                       | <b>£'000</b>   | <b>£'000</b>   |
| Commitments Contracted at 31 July        | 1,065                              | 1,251          | 446            |
| Authorised but not Contracted at 31 July | 14,963                             | 0              | 0              |
|  | <u>16,028</u>                      | <u>1,251</u>   | <u>446</u>     |

**33. FINANCIAL COMMITMENTS**

|  | <b>Consolidated and University</b> |                |
|--|------------------------------------|----------------|
|  | <b>2009/10</b>                     | <b>2008/09</b> |
|  | <b>£'000</b>                       | <b>£'000</b>   |
| Operating Lease Commitments in Respect of Land,<br>Buildings and Equipment on Leases Expiring: |                                    |                |
| Within One Year  | 0                                  | 33             |
| Between Two and Five Years   | 163                                | 147            |
| Over Five Years  | 0                                  | 0              |
|  | <u>163</u>                         | <u>180</u>     |

**34. ACCESS FUNDS**

|                                | <b>Consolidated and University</b> |                |
|--------------------------------|------------------------------------|----------------|
|                                | <b>2009/10</b>                     | <b>2008/09</b> |
|                                | <b>£'000</b>                       | <b>£'000</b>   |
| Balance Unspent as at 1 August | 34                                 | 0              |
| Funding Council Grants         | 714                                | 841            |
| Interest Earned                | 1                                  | 7              |
|                                | <u>749</u>                         | <u>848</u>     |
| Disbursed to Students          | (695)                              | (814)          |
|                                | <u>54</u>                          | <u>34</u>      |

Funding Council Grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**NOTES TO THE ACCOUNTS****35. TEACHER TRAINING BURSARIES**

|                                       | <b>Consolidated and University</b> |                  |
|---------------------------------------|------------------------------------|------------------|
|                                       | <b>2009/10</b>                     | <b>2008/09</b>   |
|                                       | <b>£'000</b>                       | <b>£'000</b>     |
| Balance Unspent as at 1 August        | 131                                | 420              |
| Funding Council/Agency Grants         | 2,373                              | 1,646            |
| Adjustment from 2008/09               | (52)                               |                  |
|                                       | <hr/>                              | <hr/>            |
| Disbursed to Students                 | 2,452<br>(2,722)                   | 2,066<br>(1,935) |
|                                       | <hr/>                              | <hr/>            |
| Balance (Owed)/ Unspent as at 31 July | (270)                              | 131              |
|                                       | <hr/>                              | <hr/>            |

The University acts only as a paying agent for these bursaries received from Funding Council and TDA. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.