



# **Report and Financial Statements**

**For the Year Ended 31 July 2012**

**2011-2012**

# 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  
Mr M Elliott (Chair)  
Ms K Gee (Deputy Chair)  
Mr I Hyde  
Dr J Johnson  
Cllr K S Sahota  
Mr J Sharp  
Mr S Towe CBE  
Dr S Walford

**Co-opted Members:** Ms C Burgher  
Prof M Chambers  
Dr J Bergin  
Ms L Cutting  
Ms A Kimbley

**Vice-Chancellor:** Professor G Layer

**Academic Board Nominee Members:**

Dr B Conway  
Mr J Pymm

**Student Nominee Member:**

Mr K Harris

**Clerk to the Board of Governors:**

Mr A W Lee

**Banker**

Barclays Bank PLC  
Queens Square  
Wolverhampton  
WV1 1TE

**Internal Auditor**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

**External Auditor**

KPMG LLP  
One Snow Hill  
Snow Hill Queensway  
Birmingham  
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 which are published on the website [www.wlv.ac.uk](http://www.wlv.ac.uk) but in accordance with the Committee of University Chairs (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 Vice-Chancellor as head of the institution and as accountable officer, for the academic, corporate, financial, estate and human resource management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
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 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 The University of Wolverhampton Social Enterprises Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in The University of Wolverhampton Science Park Limited, which is consolidated into the University Group accounts. The University 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, and consultancy for a wide variety of commercial and other organisations. The companies' taxable profits are transferred back to the University under a deed of covenant arrangement.

### Review of Financial Performance

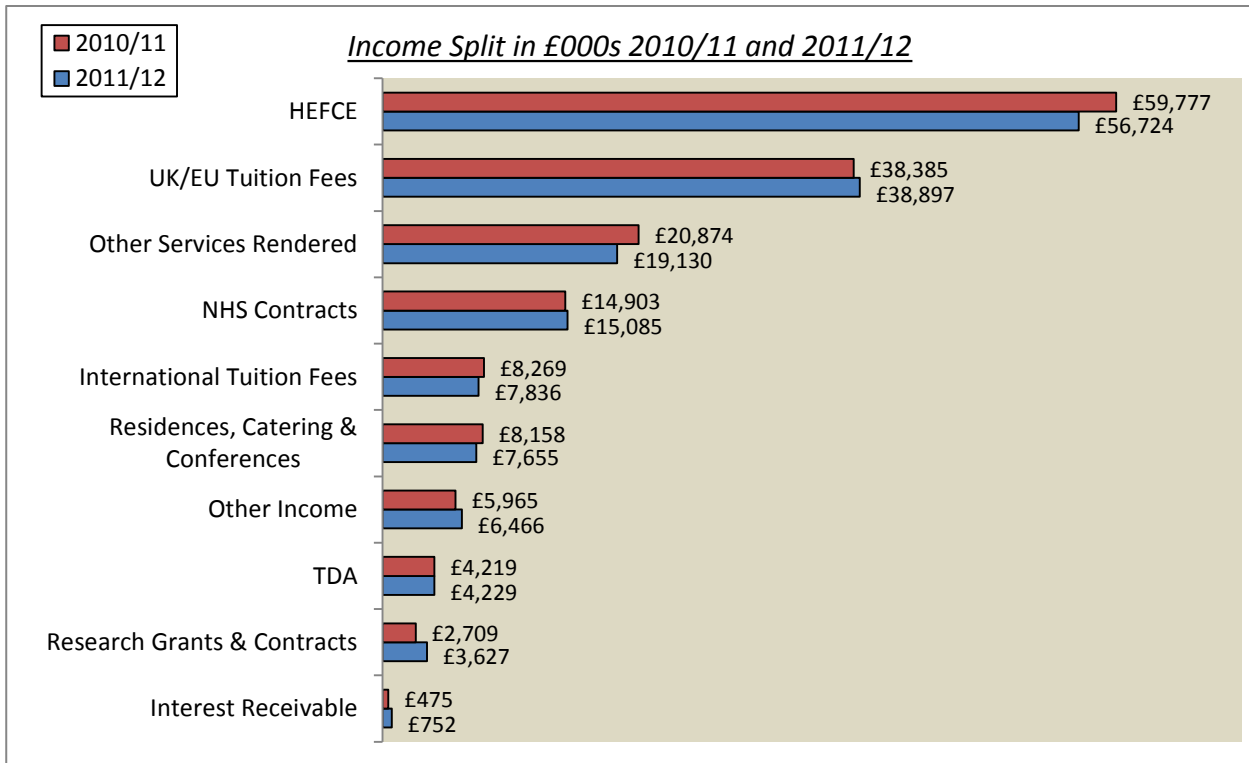
The University's Consolidated Income and Expenditure position for the year to 31 July 2012 is summarised as follows:

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Income	160,401	163,734
Expenditure	(147,812)	(150,848)
Exceptional Restructuring Costs	(353)	(924)
Profit on Disposal of Assets	472	0
	<hr/>	<hr/>
Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	12,708	11,962
Taxation	0	0
	<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	12,708	11,962
	<hr/>	<hr/>
Surplus for the year on a Historical Cost Basis	17,766	13,814
	<hr/>	<hr/>

The University's Consolidated Income and Expenditure position for the year to 31 July 2012 shows a surplus of £17.77M on an historical cost basis.

## Income

Income has fallen to £160.4M, an overall decrease of 2.0% compared to 2010/11. A breakdown of income is shown in the diagram below:



HEFCE income has fallen by £3.1M, equivalent to 5% of total HEFCE income. The allocation for core teaching funding consolidated the 2.8% cut made by HEFCE to the 2010/11 core grant and included a further 3.6% reduction. Moderation funding was made available to the University in 2010/11 because of the overall fall in teaching grant. In 2011/12 no equivalent funding was included for this institution since moderation funding was restricted to "institutions most adversely affected by reductions in their recurrent grant". Nationally, the value of research funding was cut by 1.7% in 2010/11 and a further 1.1% in 2011/12, a significantly lower level than the cuts to teaching funding. However, in response to Government instructions to protect research of the highest quality, HEFCE reduced grant available for lower rated 2\* research and increased grant available for 3\* and 4\* research. This resulted in an overall cut in research funding to this University of £0.3M. Overall, HEFCE contract funding fell by 10.7% in cash terms. HEFCE normally increase grant year-on-year by the GDP deflator forecast for the following year. However, for 2011/12, there was no increase in grant to reflect inflationary pressure. The results also reflect the ending of Aim higher funding.

In 2010/11 the University successfully bid for additional students under the University Modernisation Fund (UMF). Total funding of £3.6M was received for one year only, with one-third of the money funding the students' first year at University and the other two-thirds available to spend on creating efficiency savings. The University made provision in its 2010/11 accounts for possible holdback against this funding. Following discussions with HEFCE, the University has released these funds into 2011/12 HEFCE grant.

Overall tuition fee income rose marginally by £0.2M to £61.8M, following stronger growth in the previous year. Fee income from Full Time Home/EU students remained relatively static, growing by £0.5M or 1.3%, slightly below the level of fee increases. Tuition fees from overseas students fell by £0.4M, a fall of 5.2% compared to 2010/11. This reflects a slight falling back of demand compared to the 15% growth experienced in 2010/11, but still compares favourably with the historic position. These fees continue to provide an important source of income which is not constrained by caps on recruitment and the University is committed to growing income from international students.

Part time fee income was £0.5M down on the 2010/11 outturn figure as a result of a further fall in part time student numbers. The level of franchised provision also fell following under-recruitment of full and part time numbers against target in colleges. NHS contract income was marginally up due mainly to continued improvements in student attrition rates.

Research grant and contract income rose by £0.9M overall, an increase of 34%, despite a fall in income from research councils due to a strong performance on other research funding. Externally funded project income fell by £1.7M during the year, mainly due to projects finishing in year and a fall in the number of Knowledge Transfer Partnerships. This has been matched by a reduction in pay and non-pay costs. Income from residences and catering operations fell from £8.2M to £7.7M. Although income from residences rose by £0.3M reflecting healthy occupancy levels, catering outturned slightly better than the previous year, and conferencing at Telford experienced growth, there was a fall in overall conference activity. Overall trading performance was nonetheless better than budget. Investment income increased by nearly 60% to £0.75M. Although interest rates have remained at low levels following the Bank of England's decision to hold base rates, the University benefitted from slightly higher cash balances and a move to placing investments for longer periods.

### **Expenditure**

The main area of expenditure, salaries and wages, fell by 0.9% to £85.5M excluding restructuring costs, following a fall of 6.1% in the previous year. Following significant pay increases in the three year period 2006 to 2009, smaller rises have been agreed for the last three years: 0.5% in 2009/10, 0.4% in 2010/11 and a flat rate rise of £150 for each full time member of staff in 2011/12. The University has continued to exercise stringent post control procedures, which has resulted in a the maintenance of pay costs at more sustainable levels.

In 2011/12, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £1.5M to pay costs (2010/11: £1.5M). A further £1.8M (2010/11: £1.8M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £3.3M, the same as the charge for 2010/11. The level of pension costs is influenced by a number of factors. In this case the fall in expectations concerning salary increases from 5.00% to 4.75% is offset by a slight drop in the discount rate from 5.5% to 5.3% resulting in a similar level of charge. The expected level of CPI inflation which governs pension rises in retirement remains at 3%.

Other expenses have fallen to £51.3M from £53.4M on the back of a £1.2M fall in payments to colleges for franchised students reflecting the drop in franchised numbers discussed earlier, and a £1.4M fall in partner and consultancy payments caused primarily by the fall in total project income. Repairs and maintenance expenditure held steady following the increase of £1.1M in 2010/11 as the University continues to spend on ensuring the quality of the built environment.

Depreciation included the first year of use of the new Performance Hub at the Walsall Campus. There were no impairments of fixed assets during the financial year.

### **Cash Flow**

The consolidated Cash Flow Statement shows a net decrease in cash of £6.7M. This reduction is primarily caused by the movement of cash into deposits of £12.4M. Overall cashflow from operating activities was £14.9M. The University made total payments in the year on fixed assets of £12.9M, spent on a range of projects including the finalisation of the Performance Hub, City Campus South Combined Heat and Power (CHP) development and the Relocation of the School of Applied Sciences. The figures also incorporate the purchase of the former Varsity public house. The University's overall funding position remains strong with net funds in the year increasing by £7.5M to £50.9M.

### **Key Future Financial Issues**

Recent demand for places in higher education has been buoyant, and the University has recruited well during 2009/10, 2010/11 and 2011/12. From 2012/13, overall funding from HEFCE will fall progressively with the loss in funding being offset by tuition fee income tied directly to the recruitment and retention of full time home students. Some controls on the total number of new full time undergraduate students that can be

recruited will remain in place, but core student numbers are expected to fall as a market is created for students with higher grades and other “margin” places.

The University has recruited to target for its full time undergraduate courses in 2012/13. However, retention of these students becomes critical in the new fees regime. Furthermore, it is likely that competition from existing and new providers will increase as understanding of the new market arrangements improves and market positioning is refined.

Student number restrictions do not currently apply to postgraduate, part-time undergraduate and international students, and the University is actively pursuing growth in these areas. At this stage the impact of extending student support to part-time students is unclear, and the University will monitor trends in this area and look to take action if required. There are concerns that the postgraduate market will be affected as higher fees at undergraduate level begin to impact on overall levels of student debt and consequential repayment levels.

The initial signs for 2012/13 are that University recruitment of international students to study in the UK has held up. The impact of UKBA controls and increased competition in the international market in the medium term may impact on University plans for growth. The University will continue to consider alternative strategies for accessing international markets.

There is also uncertainty surrounding the future direction of funding for teacher training. Furthermore, recent reductions in contract numbers on pre-registration NHS courses will begin to impact on total income from this source from 2012/13.

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, 2010/11 and 2011/12 were below the level of inflation. Union demands for 2012/13 are significantly above the current sector offer. 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 fallen in recent years, but remains significant. In the long run, pension costs remain an area of financial exposure. Government policy in this area is to reduce the cost of public sector pensions to the public purse; however, opposition to changes from public sector unions remains strong.

The University has recently entered into new electricity and gas agreements which fix prices for the life of the contracts. Both contracts resulted in energy prices at levels significantly above the previous agreements. Evidence suggests that energy costs will continue to rise. 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

**“Providing a high quality student experience which adds value, is at the heart of our mission...”**

*University of Wolverhampton Strategic Plan 2012-2017.*

The development of the University’s new strategic plan over the last twelve months has further reinforced the necessity and our emphasis on continually improving the student experience:

***“We will continually improve the student experience and we will enhance our student facing facilities. Through student feedback, we will ensure that the services and facilities available will be appropriate and fit for purposes for all types of student.”***

Over the last twelve months students have enjoyed the first full year of the new Performance Hub and Learning Centre at the Walsall Campus; internal improvements to the Harrison Learning Centre and significant investment in the Students’ Union facilities at both Walsall and Wolverhampton campuses. These developments have been well received by current students and the continuing investment in the



learning environment is noted positively by visitors and prospective students visiting the campus for open days and events.

Our investment and efforts in developing the overall student experience; in facilities, in the classroom, in support, systems, organisation and management have had a positive impact on our results in the National Student Survey 2012.

### National Student Survey Headline Results 2012.

CATEGORY OF QUESTION	University of Wolverhampton 2011 % Satisfaction	University of Wolverhampton 2012 % Satisfaction	
The teaching on my course	79%	81	(+2)
Assessment & Feedback	67%	70	(+3)
Academic Support	70%	74	(+4)
Organisation & Management	68%	73	(+5)
Learning Resources	85%	85	(-)
Personal Development	80%	81	(+1)
Overall Satisfaction	77%	80	(+3)

For the first time, in the 2012 survey, a new question was added that seeks to assess the impact of the institutions Students' Union on the student experience:

**Question 23: "I am satisfied with the Students' Union at my institution..."**

The University achieved a 62% satisfaction level in response to this question, which compares well with the average for other universities in the Million+ Mission group of 63%. A higher than expected outcome in response to this question can be attributed, in part, to the first phase of investment and development in Students' Union facilities, which has allowed the Students' Union, through its own efforts, to reach out to more students. The second phase of development (opened September 2012) reflects the University's emphasis on a partnership with the Students' Union in line with our stated strategic ambitions:

***"We will develop a culture through which students are recognised as lifelong partners in the vibrant university community and educational process".***

While these improved survey outcomes are cause for celebration, the University remains behind the sector and some of our key comparator institutions in some categories. This is particularly important as the results of the National Student Survey alongside the results from the Destinations of Leavers from Higher Education (DLHE) are used to populate the new Key Information Set (KIS) and published via the new national "comparison site" UNISTATS<sup>1</sup>.

Another key feature of the University's new strategic plan is to improve the employment outcomes for our students. This will be a high priority for the year ahead in the face of a continuing economic challenge that has impacted hard on the West Midlands and the Black Country region in particular. The University has set itself ambitious targets to develop staff and students who are "entrepreneurial and eminently employable" through investment and development of the curriculum; an aim to offer the opportunity for all students to undertake work experience, offering sandwich years free of any fees, and leading by example employing our own students and offering a range of graduate internships within the organisation.

In the last twelve months the University has employed up to 40 of our own recent graduates on dedicated internship schemes across the University. Whether working within the Registry to support applicant conversion; in the Careers Centre promoting graduate employment opportunities or our student support interns who work within each of the academic schools to support new students through their transition into higher education by sharing their own experiences, each scheme has been a notable success. Our team of student recruitment interns have enabled us in the last year to reach out to more schools and colleges than previously to promote the benefits of a higher education at the University of Wolverhampton. This scheme,

<sup>1</sup> **UNISTATS: The official website for comparing UK higher education course data.** Includes official data on each university and college's satisfaction scores in the National Student Survey, jobs and salaries after study and other key information for prospective students. [www.unistats.direct.gov.uk](http://www.unistats.direct.gov.uk)

in particular has been one of the most positive factors in securing a strong recruitment position of new students joining the University in September 2012.

Students joining the University in 2012 will be the first cohort to pay the higher annual tuition fees (£8500 at the University of Wolverhampton) and while this results in no additional income to the Institution, students will have higher expectations and increasingly consumer-type attitudes and behaviours. The University has published a new Student Charter (September 2012) which seeks to establish our shared expectations within a framework of partnership between the University and our students. The Student Charter [available at [www.wlv.ac.uk/wlvstudentcharter](http://www.wlv.ac.uk/wlvstudentcharter)] is only one way in which the University is responding to the new challenges of the higher fees regime alongside our commitments to continuously invest in and develop the student experience as a key factor in ensuring the institutions sustained successes.

## Student Numbers

In 2011/12 the University enrolled 22,444 students (2010/11 22,692), comprising 14,915 full time and sandwich students (2010/12 14,713) and 7,529 part time students (2010/11 7,979). 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 2011/12.

Home, EU and Overseas numbers	2011/12	2010/11
Home	18,416	18,948
EU	1,118	1,132
Overseas	2,910	2,612
<b>Grand Total</b>	<b>22,444</b>	<b>22,692</b>

Level of Study	2011/12	2010/11
Foundation	920	1,085
Undergraduate	17,502	17,342
Postgraduate taught	3,768	4,020
Postgraduate research	254	245
<b>Grand Total</b>	<b>22,444</b>	<b>22,692</b>

Mode disaggregated by School	2011/12		
	Full Time & Sandwich	Part Time	Total
Art & Design	1,258	173	<b>1,431</b>
Law, Social Sciences & Communications	2,853	776	<b>3,629</b>
Wolverhampton Business School	1,428	812	<b>2,240</b>
Applied Sciences	1,697	432	<b>2,129</b>
Technology	2,259	1,378	<b>3,637</b>
Education	1,211	2,161	<b>3,372</b>
Sports, Performing Arts & Leisure	1,563	218	<b>1,781</b>
Health	2,646	1,579	<b>4,225</b>
<b>Grand Total</b>	<b>14,915</b>	<b>7,529</b>	<b>22,444</b>

## **Campus Developments**

The University Estates Strategy dated 4<sup>th</sup> November 2010 has been further underpinned by the development of a Campus Strategy which was adopted by Corporate Management Team on the 26<sup>th</sup> September 2012. This includes alignment to strategic objectives, the need for sound financial planning, the requirement for a robust business case to be developed for each proposal, and an explicit delivery programme.

The University of Wolverhampton's campuses are a vital element in symbolising what the University stands for: '**vision, ambition and pride**'. The University seeks to consolidate what is good about the existing campuses and to create a vibrant, friendly place to study, work and live. It will provide fit for purpose facilities within a genuine campus community, which will create focused improvements to deliver business performance that the University stakeholders' will be proud of.

The University is committed to maintaining and improving the quality of its physical estate, provide sustainable facilities to support the increased use of technology for teaching and learning, and promoting safety, security, wellbeing, 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 Learning Centres and IT facilities for students and staff;
- Improved energy efficiency and waste recycling;
- Positive feedback from recognised survey data, such as NSS and Green League.

Thus far the University has made huge strides towards the consolidation of its estate. This can be demonstrated by the strategic withdrawal from Compton Campus and leased properties, and a structured approach towards the reduction of the backlog maintenance, with a focus on legislative compliance issues, followed by condition.

### ***Condition of the Estate***

The University of Wolverhampton commissioned Chartered Surveyors Drake & Kannemeyer (D&K) to undertake a Condition and Legislative Compliance Audit on the whole University Estate, commencing in January 2010 with the final report being received in July 2010. The output report was used as a basis for the development of a long term maintenance plan, with the first tranche of funding to be focussed on addressing the legislative compliance scheduled DX and D works. The DX remedial works have been completed and the D remedial works are nearing completion.

### ***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, functionally unsuitable teaching accommodation.

Physical space audits are carried out annually by Registry and since 2008 such audits include specialist teaching space as well as centrally timetabled space.

The University has put in place structured management and reporting arrangements which have delivered a steady improvement in space utilisation. The greatly enhanced space audit provides invaluable output information that is considered by respective Campus Space Management Groups, the Timetabling Group, the Operational Planning Group and the former Estates Committee. The space audit carried out in October 2011 showed an improvement of 5% (from 27% to 32%) in the utilisation ratio since the previous space audit in February 2011. Further space audits carried out in February 2012, which have not been reported as yet in our HESA return, indicate further improvement.

Emphasis will be placed on good space management with a view to reducing the overall buildings footprint and generating better space utilisation. The analysis of space will continue and a Space Assessment Model (SAM) will be adopted to strategically manage space and its allocation, with a view to driving down operational costs. The proposed SAM will be developed in alignment with the new Resource Allocation Model.

### ***Carbon Management***

The Carbon Management Plan (CMP) was launched on 26th May 2010, following formal approval by the University's Governing Body, which included a financial commitment of £3.3 million within the Capital Programme. The CMP identified carbon reduction projects to be implemented over a five-year period to deliver a 25% reduction from approximately 16,000 tonnes of CO<sub>2</sub> in 2007/08 to 12,000 tonnes of CO<sub>2</sub> by 2015. Actual emissions for the 2010/11 financial year were 13,200 tonnes, which indicates that good progress has been made towards achieving the targets, i.e. approximately 2 years ahead of schedule.

### ***Sustainability & 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 acknowledges and 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 of Wolverhampton has developed a Sustainability and Environmental Policy (SEP) which has been approved by the former Estates Committee and considered by Governors in March 2012. Within the Policy there is provision for various pilot schemes and initiatives such as increased waste recycling, and bin-less open plan offices. In addition to the policy, the Sustainability and Environmental Group have completed an annual report for 2011, which provides an update of progress made on objectives and targets set in the previous year.

In August 2010 the University of Wolverhampton appointed a total waste management contractor – Weir Waste Limited. This strategic arrangement has transformed the management of waste from the University, complete with robust data reporting. In the first full year of the new waste management contract the percentage of waste recycled improved from 18% in 2009/10 to 81% in 2010/11.

The University Sustainability Enabling Strategy is currently under development, together with a brief for an Environmental Impact Assessment.

The University of Wolverhampton completed the Green League submission to People and Planet, on 23<sup>rd</sup> March 2012 and successfully gained a 2:1 which gave a league position of 53<sup>rd</sup> as opposed to 80<sup>th</sup> in 2011. The University expects to strengthen its commitment to the sustainability agenda through the development of its environmental profile by embedding sustainability into the curriculum and in all estates management projects.

### ***Estates Strategy and Capital Programme***

The current Estates Strategy adopted on the 4<sup>th</sup> November 2010, is now in the process of further development in light of the new Strategic Plan 2012-17. It is anticipated that the current Estates Strategy will be updated to reflect the recent Masterplanning studies for consideration in January 2013.

The Compton Park development with key stakeholders Wolverhampton Wanderers FC, Building Schools for the Future (BSF) and Redrow Homes, was granted planning permission on the 20<sup>th</sup> December 2011. The University provided vacant possession on the site for BSF on 5 April 2012.

The Molineux Quarter Masterplan has been completed by AECOM/EC Harris. This work has been adopted by the City of Wolverhampton and some of the action plan is in the process of being implemented.

The North Campus Masterplanning Study was commissioned with AECOM, building on their involvement with the Molineux Quarter Masterplan, a key component of which includes proposals for a new Business School on Molineux Street linking the existing Business School building with the School of Health and Wellbeing

The Science Centre Feasibility Study has now been completed by Berman Guedes Stretton (BGS), which also included Masterplanning of the South campus following the acquisition of the Varsity Public House (The George). The output report was considered and further options have been explored in a second Masterplan study of the South Campus completed by the 24<sup>th</sup> September 2012.

### **Project Update**

Walsall Campus:

- WL Building (former Learning Centre) demolition and landscaping has been completed.
- WD Building upper floors (former music teaching and practice rooms) are being remodelled to provide office accommodation for SSPAL Sports, Leisure and Tourism staff, together with sports psychology labs. The refurbishment is scheduled for completion at the end of October 2012

City Campus:

- ML Building former teaching accommodation has been remodelled to provide Faith Facilities to replace existing facilities. This work was completed in September 2012.
- Phase 2 remodelling of the MD Students' Union was also completed in September 2012. This £400,000 development provides exciting new facilities that will allow students to socialise and study in a comfortable and attractive space.
- A new CHP on City Campus South is due to be commissioned in December 2012. This forms part of the carbon management strategy and represents a continuing commitment to reducing carbon emissions.

Telford Campus:

- The remodelling of the existing Learning Centre into teaching space and re-purposing the upper floor of SA Building for a learning centre and office space has been completed. The repurposing of SB Building for grow-on incubation space is scheduled for completion in early 2013.

Wolverhampton Science Park:

- Business Solutions Centre Innovation 1st Project utilising ERDF funds is scheduled to be completed in December 2012

### **Payment of Creditors**

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

## Equality and Diversity

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

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

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

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

The University's new Strategic Plan 2012-2017 encompasses values to promote equality and diversity within the mainstream.

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, other committees, schools and departments to support a journey beyond compliance to culture change and tangible improvement.

## Employment of Disabled Persons

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

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

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

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

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

## Employee Involvement

The University is in the process of developing a comprehensive internal communications strategy for its staff. This will build on the mechanisms that we already have in place for involving and engaging staff. These include regular paper-based and electronic updates on policies, procedures, organisational change, and events that impact on staff. The Vice-Chancellor also holds quarterly staff meetings across all three main campuses which include briefings and also the opportunity for staff to ask questions of the VC on what has been discussed.

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

The University of Wolverhampton People Strategy has a specific work stream around staff involvement and engagement. Members of the HR Department, management and Trade unions are developing more effective ways of how we can ensure staff are actively involved and engaged in how the University of Wolverhampton operates. One of the key elements of this work stream is the roll-out of the Staff Opinion Survey in November and December 2012 (the first for many years) which will be issued to all staff. The responses from this survey will provide us with clear evidence on *how* our staff wish to be engaged and involved, and *what* they want to be engaged and involved with in the future.

The University of Wolverhampton has four active staff networks: BME, Disabled, LGBT, Women in Research. And we are hoping to work more closely with these groups in the coming months around active staff participation and involvement, particularly around equality and diversity issues. The University has had wide-spread consultations with disabled staff and students to comply with its duties and previous disability legislation, and has continued to hold focus groups to review the progress of its policies and plans in respect of disability/equality.

## 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 West Midlands but also nationally and internationally. It is at the forefront of the Higher Education sector in working with regional businesses securing first position in the West Midlands and first position in England for the number of Knowledge Transfer Partnerships it operated between 2008-2011, 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 the University of Wolverhampton Science Park as well as providing leadership for the other West Midlands Universities in the delivery of a range of regional collaborative projects such as the Classic Knowledge Transfer Partnership Programme (that includes the new KEEN product).

The University also has a number of centres and institutions that provide services to individuals and businesses for business incubation and business start-up including: an ICT business incubator (e-Innovation Centre), a Creative Industries incubator (SP/ARK), a regional student placements programme for Entrepreneurs in Education (SPEED Plus) and a Graduate Enterprise Department. The University's knowledge transfer and incubation activities are delivered primarily from the University of Wolverhampton Science Park and Telford Innovation Campus locations. This activity is being further strengthened through the creation of two Business Solution Centres, the first of which has already been established in Wolverhampton, with a second Centre at Telford due to open in early 2013. The Centres provide an opportunity for collaboration between local Councils, Colleges and business support agencies, providing a single point of access for business support.

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 Offices 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 has been engaged in the creation of the LEPs in the Black Country and the Marches region and has representation on both Boards, actively contributing to the Skills, Innovation and Enterprise

agendas. The University also participates at a regional level with partners in the design of the new UK ERDF & ESF programmes with government departments DBIS and DCLG.

All current business involving knowledge transfer, training and similar activities that are intended to be surplus generating, and do not lead to a university level qualification, 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), or that lead to a university level qualification, operate through the University's accounts. From 2011/12 the major NHS contract for nursing education delivered in the School of Health and Wellbeing operated through the University instead of Wolverhampton Corporate Services Ltd as in previous years.

Although the overall level of activity has continued to grow, traditional 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 and means we have to develop new approaches to new opportunities offered by this change. National Health Service business has not yet been affected but is expected to slow down even in the Government's priority spending areas.

Whilst a number of existing projects will continue during 2012/13 as work-in-progress, it is expected that 2013/14 will see improving levels of private sector activity replacing reduced levels of public sector activity. In addition, the Higher Education sector will see traditional research income sources squeezed nationally providing an impetus to maximise the opportunity of research funding from Europe that is currently set to increase through established programmes. This includes significant elements of their Framework Programme (FP7 and emerging Horizon 2020: worth around €90billion) and niche areas associated with European Challenges that align with University expertise.

Additional business to business knowledge transfer activities, traditionally treated on an *ad hoc* basis, will be formalised and driven by Business Solutions to maximise additional external income generation opportunities.

### Key Performance Indicators (KPIs)

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 22 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; staffing; and carbon management. 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

Following recommendations by auditors, the KPI Overview sheet summarising the status of the University KPIs now includes the direction of travel (improved, maintained or downgrading) of each KPI compared to the previous year.

The status of KPIs was last reported to Board of Governors in July 2012. At this stage:

- 8 had a status of good
- 7½ were satisfactory with room for improvement
- 5½ required further action

No KPIs were given a status of unsatisfactory, compared to the position in November 2011 where 1½ were rated as unsatisfactory.

From the KPIs presented at the July Board of Governors, 3 KPIs – retention and progression, space utilisation and carbon emissions - improved in their performance compared to the previous year. 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'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.

The only KPI presented to July Board of Governors to worsen was research income which fell from good to satisfactory with room for improvement. As part of a new strategy for research, the University has committed to a significant increase in research funding for the three years from 2012/13, matching the overall level of QR funding from internal funds.

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 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. The University also continues to invest significant sums to improve the quality and functional suitability of the estate.

Improving graduate employability is one of the key goals in the recent strategic plan. In order to prepare students for the world of work we will:

- develop a comprehensive enterprise and employability process that enables them to be professionally articulate;
- introduce them to the workplace through a range of opportunities both within the University and with our stakeholders; and
- engage with employers to ensure the curriculum has practitioner input and that students have opportunities for assessed work experience.

Students will also have the opportunity for self-employment through the provision of incubation space, mentoring programmes and an infrastructure to support the practical application of skills acquired through study.

## **Risk Management**

The University is making key changes to the Risk Management process following the Internal Audit review on Risk Management this year. The University is currently working on developing a balanced Risk Appetite process combining both Risk Appetite (the pursuit of risk) and Risk Tolerance (the level of risk an organisation is willing to take). By combining both Risk Appetite and Risk Tolerance, the University will develop a more structured approach to risk taking.

Schools and Departments have submitted Risk Registers as part of the Annual Planning process, alongside Annual Assurance Statements. Feedback meetings will commence in the autumn to discuss risk management processes at local level.

The University Corporate Risk Register has been maintained throughout the year. The Risk Register contains 14 high level risks, which link to the corporate strategic objectives. The risk areas cover: recruitment and retention of students and staff, student expectation, changes in government policy, implementation of new systems and processes, business continuity and emergency planning. The Risk Register is updated regularly and reported to CMT and Audit Committee.

Key developments during the year have been in the following areas:

- Internal Audit Review including identified areas of work – Risk Appetite;
- The Strategic Planning Officer and Risk and Business Continuity Officer will conduct follow up meetings with Deans and Directors/Department Heads in the Autumn for the purpose of monitoring and continuous improvement of the risk and planning processes;

- The University Business Continuity Management Committee has introduced a new sub group, the Emergency Planning Group, to take forward the implementation of the University Major Incident Plan (UMIP);
- Development work in relation to Emergency Planning, continues with the planning of the Annual Desktop Exercise; and
- Development work in relation to Business Continuity Planning continues by conducting Business Impact Analysis with a small pilot group.

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

The Government White Paper 'Higher education: students at the heart of the system' set out proposals for reform of higher education in England. The Government has implemented a student funding system that will reduce direct Government funding for HE and replace this with student fees funded by subsidised Government loans. The overall fee level charged by institutions has risen to make up for the loss of grant funding. Coupled with these changes, student numbers will increasingly be made available to direct competition, and the HE market will be opened up to new entrants such as further education colleges and private providers. There are a number of resulting areas of uncertainty going forward including:

- The level of core student numbers that the University will have allocated to it;
- To what extent overall student demand will be affected by the rise in tuition fees;
- To what extent price will be a determinant in dictating demand and whether students will look for lower price alternatives at home and abroad;
- The level of new entrants into the HE market for various subject areas, and what fee level will be sustainable; and
- The cost to the Government of the new funding arrangements and whether this system is sustainable with the current number of students entering HE.

Sector recruitment in 2012/13 indicates there has been some fall in demand for HE, but it is unclear whether this will recover and what student behaviours will emerge as the new system becomes more familiar and information from initiatives such as the Key Information Set becomes available.

There is also uncertainty surrounding the impact of funding changes for teacher training, and the level of contract numbers on pre-registration NHS courses in the medium term.

The University has highlighted a number of high level risks associated with these issues and continues to develop systems to manage and mitigate these risks.

The current difficult economic conditions increase pressure on the University in a number of key areas. The economy has recently registered its first quarter of growth after emerging from a double-dip recession, but the robustness of the recovery is unclear and it is possible that reduced economic activity and pressure on disposable incomes will adversely impact on demand from new and existing customers.

Taken together, these risks could have a significant impact on the position of University finances. The balance sheet remains strong and the University's previous action to re-balance income and expenditure has resulted in a healthy surplus from 2010/11 and 2011/12 trading. However, the instability caused by the changes to HE funding will mean that controlling expenditure remains a key concern.

In addition, it is important for the University to diversify its income types and income sources to reduce over-dependence on existing income streams. The University has recognised the development of new income sources as a key strategic driver and actively manages the risks and opportunities through a range of management processes and mitigating activities.

In May 2012, University of Wolverhampton Social Enterprises Limited was incorporated by change of name of the former Intelligent Career Development Limited. This wholly-owned subsidiary company will undertake various social enterprise initiatives. One key area of work is providing support, via the Education Central operating division, for schools academies. In a further development of this work, the University has incorporated a subsidiary of University of Wolverhampton Social Enterprises Limited as a Multi-Academy Trust for schools which convert to academy status. Funding for this is provided by the Department for

Education. The University is intending to provide some services to these academies on an arms-length basis.

### **Conclusion**

The results paint a picture of another financially successful year for the University of Wolverhampton. Although income fell as a result of cuts to HEFCE grant, control of pay and non-pay costs ensured a healthy surplus was returned. Student demand remained buoyant for 2011/12 and initial signs are that full time undergraduate recruitment in 2012/13 has held up despite a fall in demand nationally. Trading continues to generate significant positive cash balances.

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

Approved by the Board of Governors on 22<sup>nd</sup> November 2012 and signed on its behalf by:

M.Elliott

Chairman of the Board of Governors

## PUBLIC BENEFIT STATEMENT

The University of Wolverhampton exists to provide people with an opportunity: an opportunity to learn, to innovate, to debate and ultimately, to better themselves. Although we celebrate our 21<sup>st</sup> anniversary as a university in 2013 we have a rich history dating back to the 1850s.

Since university status was conferred we have been an Exempt Charity at Law, meaning today, just as we did when we first opened our doors 150 years ago, we exist to provide education to people from across the Black Country, West Midlands, UK and beyond. We are a leading modern university and a major part of the UK higher education sector, a key contributor to knowledge transfer, economic development, wealth creation and social justice.

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. 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.

This year the University has taken the opportunity to reflect on its role and to commit to a new strategic vision for the next five years. This seeks to address how the University will face up to the challenges within the Higher Education sector over the next five years as it delivers its own approach to economic regeneration, academic excellence, social inclusion and global engagement. It sets out a vision in which we will continue to provide a broad range of educational opportunities focussed on making a real difference to the lives of individuals, communities and businesses. We will strive to build ladders of progression and social mobility in order to improve individual life chances.

The University's Vision is:

*To be the Opportunity University- renowned for our creativity and innovation- developing students and staff who are entrepreneurial, eminently employable and well-connected within a research and professionally informed environment.*

The University's Mission is:

*To be an employer-focused university connected with our local, national and global communities delivering opportunity and academic excellence.*

The University's core values are to be:

- Ethical
- Respectful
- Transparent
- Inclusive and fair
- Challenging
- Confident
- Collaborative
- Professional

## Supporting our Students

The University is committed to enhancing the student experience and improving the life chances of our graduates.

Our OFFA access agreement outlines the University's support for students from a diverse range of backgrounds, including the Continuing Achievement Reward, which enables eligible students who progress to their second year of study to receive a retrospective £1,000 waiver on their first year fee.

We also participate in the National Scholarship Programme and have introduced a new bursary for Deaf students and for those who have been in care. This year we also introduced a distinction scholarship to students obtaining AAB or equivalent.

Our Start Right Bursary, aimed at low income families, can give students up to £500 in each year they study with us - and does not have to be paid back.

If they can demonstrate outstanding achievement in sport our students can also receive money for the length of the course - up to £3,000.

### **Business engagement and employability**

The University of Wolverhampton has a long and successful history of supporting businesses locally, regionally and internationally – whether through skills development, knowledge transfer or by providing innovative solutions to current business issues.

The University of Wolverhampton is the top university in the West Midlands for delivering Knowledge Transfer Partnerships (KTPs) with industry, and is consistently in the top five nationally. Placing recently qualified graduates within businesses to work on projects that help boost performance and profitability, KTPs are strategically important to the regional economy.

The insights we gain through our collaboration with industry allow us to incorporate the latest professional practice into the curriculum and extend greater opportunities for employer engagement to our students.

We offer business incubation opportunities at our Science Park and Telford Innovation Campus and our Innovation 1<sup>st</sup> project aims to help SMEs explore and adopt new technologies that will have a positive impact on their business.

Wolverhampton plays a key role in the SPEED Plus program. This offers students and graduates from any course the opportunity to develop their business ideas. As part of the SPEED Plus programme they can access mentoring support, tailored training, networking, access to incubation space and the opportunity to bid for a limited amount of financial support.

We want to share our expertise and talent directly with businesses. Knowledge Exchange and Enterprise Network (KEEN) helps small to medium sized enterprises (SMEs) to realise their potential through working with a recent graduate, known as an Affiliate, who is recruited to work full-time on a commercial growth project, developed in association with the University. The programme can run between six months and two years, giving the Affiliate the opportunity to make an impact and embed the positive outcomes of their project within the company. They are mentored throughout the process by a University expert and are able to access the University's resources and expertise.

### **Research**

As a University we look to develop world class applied research. We were the first in the world to uncover one of the processes in the body that can cause type 2 diabetes; developers of Europe's first metal laser sintering machine; provided breakthrough research into brain tumours; and have world-leading analysis of web content and traffic.

All of our academic schools have areas of research strength, overseen by our established Research Institutes and Centres, many of which work closely with industry on large-scale projects. In the last Research Assessment Exercise (RAE 2008), our efforts in research were recognised with a £2 million investment - testament to dedicated, hard-working staff, and a mark of the University's constant drive for discovery and innovation.

## **Volunteers**

The University's strong commitment to the community is demonstrated through the many volunteering activities of students and staff, who share their existing skills and expertise while enhancing a sense of community involvement.

The University runs a volunteer of the year award and a Volunteering Certificate with the Students' Union to recognise the importance of volunteering.

Our Active Volunteers programme enables staff and students to gain new skills and valuable experiences by volunteering with local voluntary and community groups. Active Volunteers are involved in helping groups from a range of diverse areas including children and young people, the elderly, local community groups, disability groups, aiding education and conservation environmental groups.

## **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 Board of 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 2012.

### **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 Accountable Officer, the Vice-Chancellor. The matters reserved specifically to the Board of Governors for decisions are set out in the Education Reform Act 1988 (the 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, Finance and General Purposes Committee, Senior Posts Reviews 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. Three members of the governing body are also Academic Board members and a report of Academic Board business is provided to the Board of Governors throughout the year.

### **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. The Audit Committee submits a formal Annual Report to the Board and the Vice-Chancellor as Accountable Officer and this annual report, once approved, is one of the documents that is submitted to HEFCE annually.

### **Finance and General Purpose Committee**

The Finance and General Purposes 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 six times a year.

### **Senior Posts Review Committee**

The Senior Posts Reviews Committee also has plenary powers to consider and approve the grading, appraisal, pay and conditions, and service of the Vice-Chancellor and other 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 2011/2012, 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 2012 and up to the date of signing these accounts.

### **Going Concern**

A review of the University's trading and cashflow performance for the current year, together with the key financial risks it is likely to face in the near future, are set out in the Report of the Board of Governors. This report also covers the Institution's approach to capital investment and risk management. The University has a strong cash and net funds position at year end, and retains healthy reserves. The University adopts a prudent approach to investment of cash balances, placing deposits with institutions with a Fitch long term rating of "A", and limiting total amounts deposited with a single institution.

The University has actively pursued a programme of cost reduction during recent years in order to maintain its cost base within current and forecast income levels. The University is budgeting for a modest surplus in 2012/13, and will continue to maintain downward pressure on pay and non-pay expenditure. Financial forecasts covering a 5 year period are produced for the Board at least annually, the latest in June 2012. The Board believe that, despite changes to student funding, future recruitment uncertainty and the general economic outlook, projections indicate that University is well placed to manage its business risks successfully, and has adequate resources to continue in operational existence for the foreseeable future.

Professor Geoff Layer took up office as Vice-Chancellor and Accountable Officer on 1st August 2011 and following his appointment he has directed the formulation of a new five-year strategic plan for the University. This responds to the significant changes and impact that are the result of Government policy towards higher education provision in England. This new Strategic Plan was adopted by the Board of Governors on 24 November 2011. The Plan addresses the challenges for the University head-on and is structured to maintain sound finances in the years to come.

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



## 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 2005 the Board resolved to adopt the CUC Governance Code of Practice and further resolved to undertake a full review of Governance effectiveness in accordance with the Code every four years.

**INDEPENDENT AUDITOR'S 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 2012, which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to 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 Board of Governors and auditor**

As explained more fully in the Statement of the Board of Governors' Responsibilities set out on page 23 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

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

**Independent auditor's report to the Board of Governors of the University of Wolverhampton (continued)**

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

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

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

**A Argyle**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 22 November 2012

## 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.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below. The accounts have been prepared on a going concern basis as disclosed on page 22.

### 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 2012. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited and University of Wolverhampton Social Enterprises Ltd. The University of Wolverhampton Enterprise Limited has a majority share-holding (81%) in University of Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in University of Wolverhampton Science Park amounted to £57,198 in 2011/2012 (£51,570 in 2010/2011). This has not been separately disclosed in the University's Consolidated Financial Statements. University of Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University. The University 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 twenty two 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 catering provisions held in the refectories, print materials held by the Print Services Unit and other small stocks held for resale. They are valued at the lower of cost or net realisable value.

#### 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, University of Wolverhampton Social Enterprises 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 2012**

	Notes	2011/12 £'000	2010/11 £'000
<b>INCOME</b>			
Funding Council Grants	1	60,953	63,996
Academic Fees and Support Grants	2	61,818	61,557
Research Grants and Contracts	3	3,627	2,709
Other Operating Income	4	33,251	34,997
Endowment Income and Interest Receivable	5	752	475
		<hr/>	<hr/>
<b>Total Income</b>		160,401	163,734
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff Costs	6	85,548	86,298
Restructuring Costs	6	353	924
Other Operating Expenses	7	51,286	53,445
Depreciation	10	8,036	8,032
Interest Payable	8	2,942	3,073
		<hr/>	<hr/>
<b>Total Expenditure</b>		148,165	151,772
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Fixed Assets at Valuation and Before Tax		12,236	11,962
Taxation		0	0
		<hr/>	<hr/>
Surplus before Disposal of Fixed Assets		12,236	11,962
Profit on Disposal of Fixed Assets		472	0
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		12,708	11,962
		<hr/>	<hr/>
Deficit for the Year Transferred from Accumulated Income in Endowment Funds		18	23
		<hr/>	<hr/>
Surplus for the Year Retained Within General Reserves		12,726	11,985
		<hr/> <hr/>	<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 2012**

	<b>Notes</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Surplus on Continuing Operations		12,708	11,962
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	5,058	1,852
		————	————
Historical Cost Surplus for the Year before Taxation		17,766	13,814
		=====	=====

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 July 2012**

	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	12,708	11,962
Actuarial (Loss)/Gain on Local Government Pension Fund	(8,874)	1,120
New Endowments	9	15
Impairment of Fixed Asset to Revaluation Reserve	0	(268)
	<hr/>	<hr/>
Total Recognised Gains Relating to the Year	3,843	12,829
Reconciliation:		
Opening Reserves and Endowments	86,592	73,763
Total Recognised Gains Relating to the Period	3,843	12,829
	<hr/>	<hr/>
Closing Reserves and Endowments	90,435	86,592
	<hr/> <hr/>	<hr/> <hr/>

## BALANCE SHEETS AS AT 31 JULY 2012

		Consolidated		University	
	Notes	2012 £'000	2011 £'000	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10&11	176,731	178,799	165,603	167,340
Investments	12	36	36	36	36
		<hr/>	<hr/>	<hr/>	<hr/>
		176,767	178,835	165,639	167,376
		<hr/>	<hr/>	<hr/>	<hr/>
<b>ENDOWMENT ASSET INVESTMENTS</b>	13	148	157	148	157
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Stock and Stores in Hand	14	181	147	172	110
Debtors	15	13,608	11,574	13,657	17,130
Investments		61,370	48,924	61,066	48,924
Cash at Bank and in Hand		10,540	17,259	9,415	11,252
		<hr/>	<hr/>	<hr/>	<hr/>
		85,699	77,904	84,310	77,416
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	26,081	33,248	24,959	31,458
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		59,618	44,656	59,351	45,958
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		236,533	223,648	225,138	213,491
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	19,316	21,194	16,387	18,046
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	4,909	4,942	4,909	4,942
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS excluding pension liability</b>		212,308	197,512	203,842	190,503
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PENSION LIABILITY</b>		63,799	52,162	63,799	52,162
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS including pension liability</b>		148,509	145,350	140,043	138,341
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2012**

	<b>Notes</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	24	14,856	21,928
Returns on Investments and Servicing of Finance	25	(398)	(911)
Capital Expenditure and Financial Investment	26	(6,946)	(14,483)
Management of Liquid Resources	27	(12,446)	(22,877)
Financing	28	(1,794)	(1,351)
		<hr/>	<hr/>
<b>DECREASE IN CASH IN THE YEAR</b>	29	(6,728)	(17,694)
		<hr/> <hr/>	<hr/> <hr/>
 <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT</b>			
Decrease in Cash in the Year	29	(6,728)	(17,694)
Increase in Short Term Deposits	27	12,446	22,877
Repayment of Debt	28	1,794	1,351
		<hr/>	<hr/>
<b>Movement in Net Funds in the Year</b>	29	7,512	6,534
<b>Net Funds as at 1 August</b>	29	43,349	36,815
		<hr/>	<hr/>
<b>Net Funds as at 31 July</b>	29	50,861	43,349
		<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
<b>1. FUNDING COUNCIL GRANTS</b>		
<b>Recurrent Grants</b>		
HEFCE	53,152	54,441
TDA	2,667	2,865
<b>Specific Grants</b>		
HEFCE:		
Special Initiatives	2,351	4,389
TDA:		
Graduate Teacher Scheme	823	733
Other Special Initiatives	739	621
<b>Deferred Capital Grants Released in the Year</b>		
HEFCE:		
Buildings	1,219	945
Equipment	2	2
	-----	-----
	60,953	63,996
	-----	-----
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>		
Full-time UK and EU Students	34,132	32,735
Full-time Students Charged Overseas Fees	7,836	8,269
Part-time UK and EU Students	3,140	3,673
Franchised Courses	1,625	1,977
Education Contracts	15,085	14,903
	-----	-----
	61,818	61,557
	-----	-----
<b>3. RESEARCH GRANTS AND CONTRACTS</b>		
Research Council	377	536
UK Based Charities	395	302
Other Research Grants and Contracts	2,855	1,871
	-----	-----
	3,627	2,709
	-----	-----

**NOTES TO THE ACCOUNTS**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
<b>4. OTHER OPERATING INCOME</b>		
Residences, Catering and Conferences	7,655	8,158
Other Services Rendered	19,130	20,874
Released from Deferred Capital Grants	439	522
Other Income	6,027	5,443
	<hr/>	<hr/>
	33,251	34,997
	<hr/>	<hr/>
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>		
Transferred from Endowments	0	0
Other Investment Income	752	475
	<hr/>	<hr/>
	752	475
	<hr/>	<hr/>
<b>6. STAFF</b>		
Staff Costs:		
Wages and Salaries	70,008	70,888
Social Security Costs	5,732	5,675
Other Pension Costs (Including FRS 17 Adjustment)	9,808	9,735
Restructuring Costs Excluding Pension	265	835
Restructuring Costs Pension Element	88	89
	<hr/>	<hr/>
	85,901	87,222
	<hr/>	<hr/>
Emoluments of the Vice-Chancellor for the year to 31 July	211	250
	<hr/>	<hr/>

The emoluments of the Vice-Chancellor are shown inclusive of employers' pension contribution. The University's pension contributions to the Universities Superannuation Scheme are paid at the rate of 16% and amount to £28,800 (2010/11 £34,192).

	<b>Number</b>	<b>Number</b>
The full time equivalent number of staff employed on 31 July by major category:		
Academic	770	791
Technical, Administrative and Clerical	924	910
Other, including Manual	266	274
	<hr/>	<hr/>
	1,960	1,975
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

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

	2011/12	2010/11
£100,000 - £109,999	2	2
£110,000 - £119,999	3	1
£120,000 - £129,999	0	2
£130,000 - £139,999	0	0
£140,000 - £149,999	0	1

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

	2011/12 £'000	2010/11 £'000
<b>7. OTHER OPERATING EXPENSES</b>		
Residences, Catering and Conferences	1,220	1,059
Books and Consumables	2,643	3,268
Equipment	3,968	3,990
Printing and Stationery	1,580	1,464
Heat, Light, Water and Power	2,613	2,535
Repairs and Maintenance	4,678	4,696
Grants to University of Wolverhampton Students' Union	801	803
Rents	1,252	1,261
Rates	826	884
Auditors' Remuneration	106	132
Auditors' Remuneration in Respect of Non-Audit Services	198	54
Equipment Operating Lease Rentals	42	31
Franchise Payments to Colleges	3,147	4,333
Staff Travel and Subsistence	2,101	1,833
Staff Recruitment Costs	295	245
Staff Development	1,057	1,240
Student Bursaries, Placements and Travel Costs	5,365	5,131
Payments to Partners	6,489	3,490
Consultancies on External Projects	3,003	7,371
Other Consultancies	1,544	1,513
Telecommunications and Postage	628	815
Provision for Bad Debts	615	1,182
Cleaning Costs	716	669
Legal, Professional and Other	2,759	2,093
Insurance	421	471
Aim Higher	0	568
Publicity	1,226	1,015
Subscriptions	578	565
Other	1,415	734
	<hr/>	<hr/>
	51,286	53,445
	<hr/>	<hr/>

Auditors remuneration includes:	<b>2011/12</b>	<b>2010/11</b>
Auditors remuneration:	<b>£'000</b>	<b>£'000</b>
- Financial statements audit	57	50
- Internal audit	40	82
Auditors remuneration in respect of non-audit services includes:		
- Financial statements audit – other services	207	54

Fees paid to external auditors for the audit of the University were £30,708 (2010/11: £29,822) including irrecoverable VAT.



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

No trustee has received any remuneration/waived payments from the University Group during the year (2010/11 Nil)

The total expenses paid to or on behalf of trustees was £1,530 (2010/11 £1,655). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**8. INTEREST PAYABLE**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan Not Wholly Repayable Within Five Years	1,185	1,265
Net Pension Interest Cost in respect of FRS17	1,507	1,559
Net Pension Interest Cost in respect of Enhanced Pensions	250	249
	<hr/>	<hr/>
	2,942	3,073
	<hr/>	<hr/>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	<b>Staff</b>		<b>Other</b>	<b>Interest</b>	<b>Total</b>
	<b>Costs</b>	<b>Dep'n</b>	<b>Operating</b>	<b>Payable</b>	<b>£'000</b>
	<b>£'000</b>	<b>£'000</b>	<b>Expenses</b>	<b>£'000</b>	<b>£'000</b>
			<b>£'000</b>		
Academic Departments	45,781		9,592		55,373
Academic Services	6,286		3,213		9,499
Research Grants and Contracts	1,651		1,607		3,258
Residences, Catering and Conferences	2,487		3,093		5,580
Premises	5,975		8,538		14,513
Administration	16,638		14,012		30,650
Other Expenses	7,083	8,036	11,231	2,942	29,292
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	85,901	8,036	51,286	2,942	148,165
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Depreciation Charge has been funded by:

Deferred Capital Grant	1,660
Revaluation Reserve Released	5,058
General Income	1,318
	<hr/>
	8,036
	<hr/>

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

	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Consolidated Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation</b>				
At 1 August 2011	223,326	38,219	16,421	277,966
Additions at Cost	9,219	937	348	10,504
Transfers at Cost	16,421	0	(16,421)	0
Disposals at Cost	(6,686)	0	0	(6,686)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2012	242,280	39,156	348	281,784
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2011	61,984	37,183	0	99,167
Charge for Year	7,321	715	0	8,036
Eliminated on Disposal	(2,150)	0	0	(2,150)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2012	67,155	37,898	0	105,053
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2012	175,125	1,258	348	176,731
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2011	161,342	1,036	16,421	178,799
	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant	57,620	454	0	58,074
Other	117,505	804	348	118,657
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2012	175,125	1,258	348	176,731
	<hr/>	<hr/>	<hr/>	<hr/>

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.

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

	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>University Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation/Cost</b>				
At 1 August 2011	207,659	37,033	16,421	261,113
Additions at Cost	9,219	937	348	10,504
Transfers at Cost	16,421	0	(16,421)	0
Disposals at Cost	(6,686)	0	0	(6,686)
	-----	-----	-----	-----
At 31 July 2012	226,613	37,970	348	264,931
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 August 2011	57,777	35,996	0	93,773
Charge for Year	6,996	709	0	7,705
Eliminated on Disposal	(2,150)	0	0	(2,150)
	-----	-----	-----	-----
At 31 July 2012	62,623	36,705	0	99,328
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2012	163,990	1,265	348	165,603
	-----	-----	-----	-----
At 1 August 2011	149,882	1,037	16,421	167,340
	-----	-----	-----	-----
Financed by Capital Grant	50,059	454	0	50,513
Other	113,931	811	348	115,090
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2012	163,990	1,265	348	165,603
	-----	-----	-----	-----

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

	Consolidated		University	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
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
University of Wolverhampton Social Enterprises 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

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

University of Wolverhampton Social Enterprises Limited was incorporated in May 2012 by change of name of the former Intelligent Career Development Limited. This wholly-owned subsidiary company has been re-formed to progress and where appropriate undertake the University's various Social Enterprise initiatives. These have so far included participation in schools academies and university technical college management support and conversion work (via the Education Central operating division) and the establishment of links (via Graduate Enterprise and Business Solutions) with other committed public and private sector bodies committed to support and promote Social Enterprise for the benefit of the regional economy.

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

UoW Properties Limited was dissolved in May 2012, University of Wolverhampton Innovation Limited, University of Wolverhampton Incubation Limited, and University of Wolverhampton Ventures Limited do not currently trade.

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

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

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>2011/12 £'000</b>	<b>2010/11 £'000</b>
Balance as at 1 August	157	164
Net Reduction	(9)	(7)
	<hr/>	<hr/>
Balance as at 31 July	148	157
	<hr/>	<hr/>
Represented by:		
C.O.I.F. Charities Deposit	3	3
Cash Balances	145	154
	<hr/>	<hr/>
	148	157
	<hr/>	<hr/>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Catering Provisions	70	64	70	64
Print Unit Services	38	40	38	40
Consumables	3	6	3	6
Fuel	4	0	4	0
Other Materials	66	37	57	0
	<hr/>	<hr/>	<hr/>	<hr/>
	181	147	172	110
	<hr/>	<hr/>	<hr/>	<hr/>

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

	Consolidated		University	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Amounts Falling Due Within One Year:				
Debtors:				
Subsidiary Companies	0	0	1,521	8,079
Other	12,838	11,052	11,480	8,593
Prepayments and Accrued Income	770	522	656	458
	—————	—————	—————	—————
	13,608	11,574	13,657	17,130
	—————	—————	—————	—————

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

	Consolidated		University	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Mortgages and Unsecured Loans	1,878	1,794	1,659	1,587
Payments Received on Account	10,057	9,718	8,837	8,565
Trade Creditors	12,047	19,355	12,366	18,931
Other Taxation & Social Security	2,099	2,381	2,097	2,375
	—————	—————	—————	—————
	26,081	33,248	24,959	31,458
	—————	—————	—————	—————

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

	Consolidated		University	
	2011/12 £'000	2010/11 £'000	2011/12 £'000	2010/11 £'000
Unsecured Loans	19,316	21,194	16,387	18,046
Other	0	0	0	0
	—————	—————	—————	—————
	19,316	21,194	16,387	18,046
	—————	—————	—————	—————

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.

In addition, the figure incorporates an interest free loan from the Higher Education Funding Council for the construction of the Performance Hub. The loan was received in 2010, and was for £2M repayable over a period of 4 years.

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Bank Loans are repayable as follows:				
In one year or less	1,878	1,794	1,659	1,587
Between one and two years	1,956	1,878	1,725	1,659
Between two and five years	5,269	5,501	4,491	4,767
In five years or more	12,091	13,815	10,171	11,620
	<hr/>	<hr/>	<hr/>	<hr/>
	21,194	22,988	18,046	19,633
	<hr/>	<hr/>	<hr/>	<hr/>

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Consolidated and University</b>		
	<b>Enhanced Pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2011	4,674	268	4,942
Expenditure in the year	(334)	(217)	(551)
Unused Provision Released in Year			
Transfer from Income and Expenditure Account	518	0	518
	<hr/>	<hr/>	<hr/>
At 31 July 2012	4,858	51	4,909
	<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**

	Consolidated			University		
	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000
At 1 August 2011						
Buildings	42,569	15,915	58,484	42,569	8,115	50,684
Equipment	274	0	274	274	0	274
	-----	-----	-----	-----	-----	-----
Total	42,843	15,915	58,758	42,843	8,115	50,958
	-----	-----	-----	-----	-----	-----
Cash Received/Receivable						
Buildings	794	0	794	794	0	794
Equipment	182	0	182	182	0	182
	-----	-----	-----	-----	-----	-----
Total	976	0	976	976	0	976
	=====	=====	=====	=====	=====	=====
Released to Income and Expenditure:						
Buildings	1,219	439	1,658	1,219	200	1,419
Equipment	2	0	2	2	0	2
	-----	-----	-----	-----	-----	-----
Total	1,221	439	1,660	1,221	200	1,421
	=====	=====	=====	=====	=====	=====
At 31 July 2012						
Buildings	42,144	15,476	57,620	42,144	7,915	50,059
Equipment	454	0	454	454	0	454
	-----	-----	-----	-----	-----	-----
Total	42,598	15,476	58,074	42,598	7,915	50,513
	=====	=====	=====	=====	=====	=====



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

	<b>Restricted Expendable &amp; Total £'000</b>
At 1 August 2011	157
Additions	9
Income for Year	0
Expenditure for Year	(18)
	—
At 31 July 2012	148
	—
Representing:	
Prize Funds	148
Accumulated Income	0
	—
	148
	—

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>2011/12 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Balance b/fwd at 1 August	30,158	32,278	29,781	31,906
Impairment of Fixed Asset	0	(268)	0	(268)
Release to the Income and Expenditure Account	(5,058)	(1,852)	(5,063)	(1,857)
	—	—	—	—
At 31 July	25,100	30,158	24,718	29,781
	—	—	—	—

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**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
As at 1 August	56,277	41,320	57,445	43,798
Surplus for the Year	12,726	11,985	11,030	10,670
Transfer from Revaluation Reserve	5,058	1,852	5,063	1,857
Pension (Loss)/Gain FRS17	(8,874)	1,120	(8,874)	1,120
	_____	_____	_____	_____
As at 31 July	65,187	56,277	64,664	57,445
	_____	_____	_____	_____

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

	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Surplus before Tax	12,709	11,962
Depreciation (Note 10)	8,036	8,032
Deferred Capital Grants Released to Income (Note 20)	(1,660)	(1,469)
Interest Payable	2,942	3,073
Pension Cost less Contributions Payable	1,256	1,337
Increase in Stock	(34)	(37)
(Increase)/Decrease in Debtors/Pre-payments	(2,070)	1,949
Decrease in Creditors/Receipts in Advance	(4,816)	(187)
Decrease in Provisions excl. enhanced pensions interest	(283)	(2,257)
Interest Receivable	(752)	(475)
Profit on Sale of Tangible Assets	(472)	0
	_____	_____
<b>Net Cash Inflow from Operating Activities</b>	<b>14,856</b>	<b>21,928</b>
	_____	_____

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

	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Income from Endowments	0	0
Income from Short Term Investments	788	357
Interest Paid	(1,186)	(1,268)
	_____	_____
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(398)</b>	<b>(911)</b>
	_____	_____

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

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of Tangible Fixed Assets	(12,939)	(15,061)
Deferred Capital Grants Received	976	563
New Endowment	9	15
Receipt from Sale of Tangible Assets	5,008	0
	<hr/>	<hr/>
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>	<b>(6,946)</b>	<b>(14,483)</b>
	<hr/>	<hr/>

**27. MANAGEMENT OF LIQUID RESOURCES**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Withdrawals from Deposits	0	0
Placing of Deposits	(12,446)	(22,877)
	<hr/>	<hr/>
<b>Net Cash Outflow from Management of Liquid Resources</b>	<b>(12,446)</b>	<b>(22,877)</b>
	<hr/>	<hr/>

Liquid resources comprise money on short terms deposit with a maturity date within one year of the balance sheet date.

**28. FINANCING**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Mortgages and Loans acquired	0	0
Repayment of Amounts Borrowed	(1,794)	(1,351)
	<hr/>	<hr/>
<b>Net Cash Outflow from Financing</b>	<b>(1,794)</b>	<b>(1,351)</b>
	<hr/>	<hr/>

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

	<b>At</b>	<b>Cash</b>	<b>Other</b>	<b>At</b>
	<b>1 August 2011</b>	<b>Flows</b>	<b>Changes</b>	<b>31 July 2012</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at Bank and in Hand	17,259	(6,719)	0	10,540
Endowment Asset Investments	154	(9)	0	145
	<hr/>	<hr/>	<hr/>	<hr/>
	17,413	(6,728)	0	10,685
Short Term Deposits	48,924	12,446	0	61,370
Debt Due within One Year	(1,794)	1,794	(1,878)	(1,878)
Debt Due after One Year	(21,194)	0	1,878	(19,316)
	<hr/>	<hr/>	<hr/>	<hr/>
	43,349	7,512	0	50,861
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS****30. 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 is shown below. There were twenty four members of staff in the Universities Superannuation Scheme (USS) at the end of July 2012.

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
TPS and USS – contributions	4,675	4,650
WMMAPF – contributions	3,697	3,695
WMMAPF – FRS 17 adjustment	1,256	1,337
	—————	—————
	9,628	9,682
Enhanced pensions	268	142
	—————	—————
Total per note 6	9,896	9,824
	—————	—————
Enhanced Pensions Interest Cost	250	249
Benefits Paid	(334)	(324)
	—————	—————
Total Movement on Enhanced Pension Provision (note 19)	184	67
	—————	—————

**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.

**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. Normally, the Government Actuary conducts a formal review of the TPS every 4 years, using normal actuarial principles, to specify the level of future contributions.

The last 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. Formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to changes to public service pensions.

**NOTES TO THE ACCOUNTS**

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%.

**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 actuarial valuation of the scheme was carried out as at 31<sup>st</sup> March 2011. This revealed a shortfall of £2.614M, giving a funding level of 75%. As a result of the valuation, employer contribution rates for the University were set at a baseline rate of 11.4% for future service plus a past service lump sum for each year of the three year period, to be recovered as a percentage of the pension payroll each year. For 2012/13, this equates to a total employer contribution rate of 13.8% compared to 13.6% in 2011/12.

**FRS 17**

The figures as at 31<sup>st</sup> July 2012 are based on projecting forward the results of the latest actuarial valuation as at 31<sup>st</sup> March 2011. The projection is based on cashflows (e.g. contribution income, pension payments, etc.) over the year to 31<sup>st</sup> March 2012.

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

	<b>At year-end 31/07/2012 £'000</b>	<b>At year-end 31/07/2011 £'000</b>
Present value of funded obligations	(171,610)	(155,323)
Fair value of plan assets	<u>107,811</u>	<u>103,161</u>
	(63,799)	(52,162)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
	(63,799)	(52,162)
Related deferred tax assets	<u>-</u>	<u>-</u>
Net amount recognised	(63,799)	(52,162)
Amounts recognised as:		
Liabilities	(63,799)	(52,162)
Assets	<u>-</u>	<u>-</u>
Net amount recognised	(63,799)	(52,162)

**Components of pension cost**

	<b>Year to 31/07/2012 £'000</b>	<b>Year to 31/07/2011 £'000</b>
Current service cost	4,749	4,872
Interest cost	8,303	8,191
Expected return on plan assets	(6,796)	(6,632)
Past service cost	-	160
Effect of curtailments or settlements	<u>204</u>	<u>-</u>
Total pension cost recognised in the I&E account	6,460	6,591
Actuarial losses/(gains) immediately recognised	8,874	(1,120)
Change in surplus cap	<u>-</u>	<u>-</u>
Total pension cost recognised in STRGL	8,874	(1,120)
Actual return on plan assets	3,081	4,720

**Change in benefit obligation**

	<b>Year to 31/07/2012 £'000</b>	<b>Year to 31/07/2011 £'000</b>
Benefit obligation at beginning of year	155,323	147,860
Current service cost	4,749	4,872
Interest cost	8,303	8,191
Member contributions	1,688	1,754
Past service costs	0	160
Actuarial losses/(gains)	5,160	(3,032)
Curtailments	204	0
Benefits paid	(3,817)	(4,482)
Effect of exchange rate changes	<u>-</u>	<u>-</u>
Benefit obligation at end of year	171,610	155,323

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

Fair value of plan assets at beginning of year	103,161	97,474
Expected return on plan assets	6,796	6,632
Actuarial losses	(3,714)	(1,912)
Employer contribution	3,697	3,695
Member contributions	1,688	1,754
Benefits paid	(3,817)	(4,482)
Effect of exchange rate changes	-	-
Fair value of plan assets at end of year	107,811	103,161

**Plan assets**

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

Asset Category	Expected rate of return	Plan assets at 31/07/2012	Expected rate of return	Plan assets at 31/07/2011
Equities	7.00%	58,649	7.50%	70,253
Government Bonds	2.50%	9,919	3.90%	11,038
Other Bonds	3.40%	10,673	5.20%	7,840
Property	6.00%	10,889	6.50%	11,864
Cash/Liquidity	0.5%	1,725	0.50%	2,166
Other	7.0%	15,956	7.50%	0
	6.03%	107,811	6.68%	103,161

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:**

	31/07/2012	31/07/2011
Discount rate	4.30%	5.30%
Rate of salary increase	3.85%	4.75%
Rate of pension increase	2.10%	3.00%
CPI Inflation assumption	2.10%	3.00%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	22.0	21.3
Females	24.7	24.2
Retiring in 20 years		
Males	23.8	22.8
Females	26.6	25.8

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

	<b>31/07/2012</b>	<b>31/07/2011</b>
Discount rate	5.30%	5.50%
Expected long-term return on plan assets	6.68%	6.77%
Rate of salary increase	4.75%	5.00%
Rate of pension increase	3.00%	3.00%
CPI Inflation assumption	3.00%	3.00%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	21.3	21.7
Females	24.2	24.9
Retiring in 20 years		
Males	22.8	23.5
Females	25.8	26.8

**Five year history****Financial year ending in**

	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Benefit obligation at end of year	(171,610)	(155,323)	(147,860)	(129,133)	(132,137)
Fair value of plan assets at end of year	107,811	103,161	97,474	80,534	84,547
Deficit	(63,799)	(52,162)	(50,386)	(48,599)	(47,590)
Difference between expected and actual return on scheme assets					
Amount (£'000)	(3,715)	(1,912)	8,768	(13,284)	(9,197)
Percentage of scheme assets	-3.4%	-1.9%	9.0%	-16.5%	-10.9%
Experience gains and losses on scheme liabilities					
Amount (£'000)	-	4,368	-	-	7,340
Percentage of scheme liabilities	0.0%	2.8%	0.0%	0.0%	5.6%
Total amount recognised in STRGL					
Amount (£'000)	(8,874)	1,120	2,487	3,329	(25,157)
Percentage of scheme liabilities	-5.2%	0.7%	1.7%	2.6%	-19.0%

**Contributions**

The University expects to contribute £3,525,000 in the year to 31<sup>st</sup> July 2013.



**NOTES TO THE ACCOUNTS****31. CAPITAL COMMITMENTS**

	<b>Consolidated and University</b>		
	<b>2011/12</b>	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commitments Contracted at 31 July	668	413	1,065
Authorised but not Contracted at 31 July	552	3,887	14,963
	<u>1,220</u>	<u>4,300</u>	<u>16,028</u>

**32. FINANCIAL COMMITMENTS**

	<b>Consolidated and University</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Operating Lease Commitments in Respect of Land, Buildings and Equipment on Leases Expiring:		
Within One Year	102	102
Between Two and Five Years	409	409
Over Five Years	57	159
	<u>568</u>	<u>670</u>

**33. ACCESS FUNDS**

	<b>Consolidated and University</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Balance Unspent as at 1 August	14	54
Funding Council Grants	663	640
Interest Earned	0	1
	<u>677</u>	<u>695</u>
Disbursed to Students	(677)	(681)
	<u>0</u>	<u>14</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****34. TEACHER TRAINING BURSARIES**

	<b>Consolidated and University</b>	
	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Balance Unspent /(Owed) as at 1 August	130	(270)
Funding Council/Agency Grants	1,055	2,386
	<hr/>	<hr/>
Disbursed to Students	1,185	2,116
	(1,046)	(1,985)
	<hr/>	<hr/>
Balance Unspent as at 31 July	139	131
	<hr/>	<hr/>

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

**35. LINKED CHARITIES**

On 1<sup>st</sup> June 2010, HEFCE became principal regulator of English higher education institutions (HEIs) that are exempt charities. HEFCE's remit extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph (w) of Schedule 2 of the Charities Act 1993. HEFCE's accounts direction 2011/12 requires disclosure of details of linked charities within the accounts of the parent HEI.

During 2011/12 the University of Wolverhampton had no linked charities which fell within paragraph (w) of Schedule 2 of the Charities Act 1993.