



# **Report and Financial Statements**

**For the Year Ended 31 July 2013**

**2012-2013**

# UNIVERSITY OF WOLVERHAMPTON

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**THE UNIVERSITY OF WOLVERHAMPTON**

**CHANCELLOR**

The Lord Paul of Marylebone

**BOARD OF GOVERNORS**

**Membership**

**Independent Members:** Ms C Burgher  
Prof M Chambers  
Ms P Clark (from August 2013)  
Ms K Copestake  
Mr M Elliott (Chair)  
Ms K Gee MBE (Deputy Chair)  
Mr I Hyde  
Dr J Johnson  
Mr M Priddy (from August 2013)  
Mr B Reid (from April 2013)  
Mr J Sharp (to July 2013)  
Mr S Towe CBE  
Dr S Walford (Deputy Chair)

**Co-opted Members:** Dr J Bergin (to July 2013)  
Dr A Byrne (from August 2013)  
Ms L Cutting (to March 2013)  
Ms A Kimbley (to July 2013)  
Cllr K S Sahota  
Rev E Wynn (from August 2013)

**Vice-Chancellor:** Professor G Layer

**Academic Board Nominee Members:**  
Dr B Conway (to July 2013)  
Dr J Pymm  
Dr G Steinke (from August 2013)

**Student Nominee Members:**  
Mr D Batchelor (to July 2013)  
Mr S Chandra (from August 2013)  
Ms Z Harrison (from August 2013)

**Clerk to the Board of Governors:**  
Mr A W Lee (to July 2013)  
Ms H L Wildman (from August 2013)

**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 University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2012/13 ECMAT was in its first year of operation. The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The 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

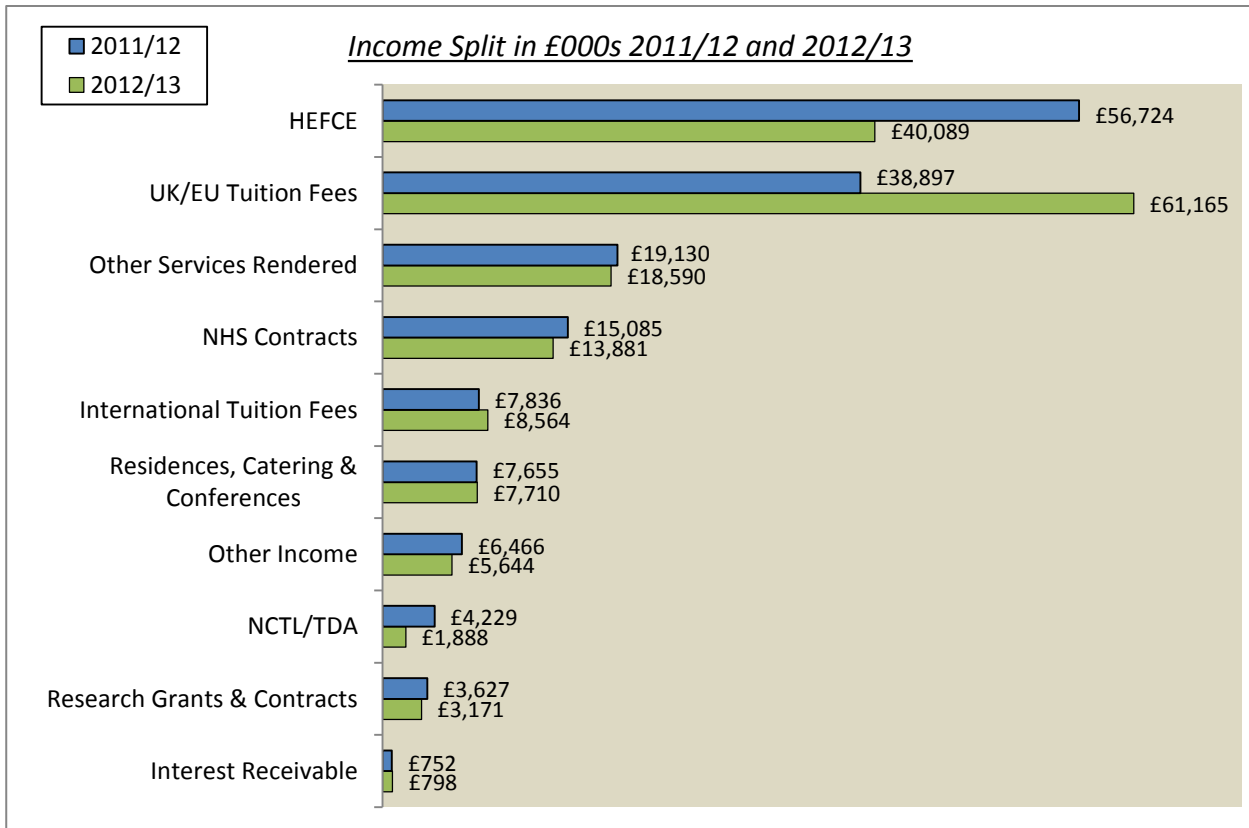
The University's Consolidated Income and Expenditure position for the year to 31 July 2013 is summarised as follows:

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Income	161,500	160,401
Expenditure	(149,308)	(148,165)
Profit on Disposal of Assets	113	472
	<hr/>	<hr/>
Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	12,305	12,708
Taxation	0	0
	<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	12,305	12,708
	<hr/>	<hr/>
Surplus for the year on a Historical Cost Basis	13,229	17,766
	<hr/>	<hr/>

The University's Consolidated Income and Expenditure position for the year to 31 July 2013 shows a surplus of £13.23M on an historical cost basis compared to £17.77M in 2011/12. The 2011/12 figure reflects the sale of the Compton Campus and the corresponding release from the revaluation reserve which inflates the historical cost surplus for that year.

## Income

Income has increased to £161.5M, an overall increase of 0.7% compared to 2011/12. A breakdown of income is shown in the diagram below:



HEFCE income has fallen by £16.6M, equivalent to 30% of total HEFCE income. The reduction in core HEFCE teaching grant reflects the planned shift into funding teaching through tuition fees. The University has also experienced falls in Widening Participation and Teaching Enhancement & Student Success funding streams mainly caused by the fall in part time student numbers in the University's HESA data from 2010/11. There has also been some planned reduction in targeted allocations. HEFCE research funding into 2012/13 was maintained in cash terms; however, in response to Government instructions to protect research of the highest quality, HEFCE has ceased funding lower rated 2\* research and increased grant available for RDP supervision, resulting in a small decrease in research funding to the University. Allocations for the Higher Education Innovation Fund (HEIF) for the period 2011-2015 have also been protected in cash terms. The University has fully spent its allocation for the year. Funding from the National College for Teaching and Leadership, which provides funding for teacher education, has fallen from £4.2M to £1.9M reflecting the increase in tuition fees paid by the student.

Overall tuition fee income rose significantly by £21.8M to £83.6M. The main reason for this increase was a £20.4M rise in the value of income from full-time home and EU students, resulting from the first year of the new fee arrangements. The University has continued to perform strongly in this area, with recruitment close to target and better than expected student retention. Tuition fees from overseas students grew by £0.7M, an increase of 9.3% compared to 2011/12. This results from an increase in the level of fees charged combined with an improvement in recruitment. 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 up by £0.8M, reversing the £0.5M reduction in the previous accounts. Part time recruitment continues to be challenging across the sector. NHS contract income fell from £15.1M to

£13.9M reflecting for the first time the impact of recent cuts in the number of new students the University is allowed to take. Further income falls are expected over the next two years as these cuts work through for all cohorts. The University continues to invest in making improvements to student attrition rates.

Research grant and contract income fell by £0.4M following a rise of £0.9M in 2011/12. Commercial income fell by 3% during the year, mainly due to some large projects finishing in year. This has been matched by a reduction in pay and non-pay costs. Income from residences, catering and conference operations increased slightly. Overall trading performance was 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 higher cash balances and a move to placing investments for longer periods.

### **Expenditure**

The main area of expenditure, salaries and wages, rose by 1.7% to £87.0M excluding restructuring costs, following falls of 0.9% and 6.1% in the previous two years. Following significant pay increases in the three year period 2006 to 2009, smaller rises have been agreed for the last four years. The University has continued to exercise stringent post control procedures, which has resulted in the maintenance of pay costs at more sustainable levels.

In 2012/13, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £1.5M to pay costs (2011/12: £1.5M). A further £1.2M (2011/12: £1.8M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £2.7M a fall of £0.6M compared to 2011/12. The level of pension costs is influenced by a number of factors. In this case the rate of salary increase, pension increase and CPI inflation are all assumed to fall, but are offset by a significant fall in the discount rate.

Other expenses have fallen to £50.5M from £51.3M on the back of a fall in estates repairs & maintenance expenditure reflecting the significant levels of capital expenditure incurred in the year. The figures also reflect the significant rise in the level of student bursaries and scholarships arising from the new fees regime and the University's OFFA submission.

Depreciation is up sharply following significant levels of capital investment in buildings. The figure includes a full year of use of the new Performance Hub at the Walsall Campus, the commissioning of a number of new developments such as the new CHP and new Student Union space at City Campus, and works connected with the release of space for the new Science Centre. There were no impairments of fixed assets during the financial year.

### **Cash Flow**

The consolidated Cash Flow Statement shows a net increase in cash of £6.0M. Overall cashflow from operating activities was £27.8M. The University made total payments in the year on fixed assets of £13.3M, spent on a range of projects including works connected with the new Science Centre at City Campus. Short term deposits at year-end were £7.3M higher than the prior year. The University's overall funding position remains strong with net funds in the year increasing by £15.1M to £66.0M.

### **Key Future Financial Issues**

Recent demand for places in higher education has been buoyant, and the University has recruited well for the last four years. From 2012/13, overall funding from HEFCE is set to 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 close to target for its full time undergraduate courses in 2013/14. 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. Recruitment of part-time students is difficult across the sector and 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 2013/14 are that University recruitment of international students to study in the UK has held up, although this is subject to achieving normal levels of recruitment in semester 2. 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 and is actively pursuing growth in new markets.

Recent reductions in contract numbers on pre-registration NHS courses are beginning to impact on total income from this source. The introduction of Schools Direct into teacher education has created a level of uncertainty with respect to that source of funding.

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. Furthermore, the University is planning a significant level of capital investment over the next three years and this will impact further on interest income.

Pay rises have been below the level of inflation for four years. Union demands for 2013/14 are significantly above the current sector offer, and industrial action is likely to occur. Control of pay costs remains a critical area to ensure institutional financial sustainability.

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 there are a number of sources of possible pension cost increase in the near future including the introduction of auto-enrolment, the actuarial revaluation of the LGPS in 2013, and the removal of opting out from the state second pension resulting in increased NI contributions for both employer and employee.

## **The Student Experience**

The year ending July 2013 represents the end of the first full year in which students joining the institution from September 2012 have been subject to the new higher fees regime. As a necessary corollary of this decision “the student experience” and the visibility of the value that individual students perceive as a return for their investment has been magnified and the University has been proactive in responding to this seismic shift. The University published a new Student Charter<sup>1</sup> in September 2012 alongside a number of commitments to enhance the student experience and our plans for continuous and visible investments in response to student feedback.

The University was required to provide the first of a new form of Access Agreement, as required by the Office for Fair Access (OFFA<sup>2</sup>), in order to be able to charge fees in excess of £6000 pa. Our 2012/13 Access Agreement was approved by OFFA and committed the University to participation in the National Scholarship Programme; the development of our own associated Scholarship Schemes [*The Continuing Achievement Reward and the Distinction Scholarship*]; and significant targets to maintain and improve our performance in key areas of Access, Retention and Employability.

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<sup>1</sup> [www.wlv.ac.uk/studentcharter](http://www.wlv.ac.uk/studentcharter)

<sup>2</sup> [www.offa.org.uk](http://www.offa.org.uk) Copies of all Universities Access Agreements are available via this site.



## Our Fees

In addition to a commitment to charge no fees for a “sandwich year”, where a student undertakes an employment placement as part of their course, to encourage and support a learning activity that ultimately benefits individual graduate employability, the University published details of what would and would not be included within the tuition fee. In response to feedback from the Students’ Union a transparent tuition fee would enable prospective students to make an informed choice about the full costs of study<sup>3</sup>.

## Measuring Student Satisfaction

The University collects and monitors a significant quantity of “student satisfaction” data to ensure that we are regularly meeting student expectations and regularly responding to new demands from student feedback. All of this feedback is carefully digested to inform our planning and investment decisions to enhance the student experience.

### National Student Survey Headline Results 2013.

CATEGORY OF QUESTION	University of Wolverhampton 2012 % Satisfaction	of	University of Wolverhampton 2013 % Satisfaction
The teaching on my course	81		83 (+2)
Assessment & Feedback	70		71 (+1)
Academic Support	74		76 (+2)
Organisation & Management	73		76 (+3)
Learning Resources	85		88 (+3)
Personal Development	81		83 (+2)
Overall Satisfaction	80		83 (+3)

The most recent results available from the National Student Survey (conducted amongst the graduating class of 2012/13) are particularly pleasing as evidence of our sustained commitment to enhancing the student experience. The University improved its position in every overall category and most significantly in response to the question about “Overall Satisfaction”.

The University is not complacent about its position, albeit that we are celebrating our current successes in this our 21<sup>st</sup> Birthday Year – [www.wlv.ac.uk/21andProud](http://www.wlv.ac.uk/21andProud) Our commitment to constant improvement is unwavering as evidenced by the most recent decisions to invest circa £40M in the development of new facilities for students at the new Science Centre<sup>4</sup> and new University of Wolverhampton Business School<sup>5</sup>.

In addition to these long term and high profile investment decisions we have continued to act in response to student feedback and featured a number of developments as part of our annual campaign to highlight our actions to the student community. For example:

- we are introducing a new marking scheme that uses percentages;
- the availability of PCs across the University can be checked online;
- we have opened a new Sports Zone at City Campus (Molineux) to support sports and healthy living

A number of new physical developments to the campus environment have been completed in time for the commencement of the new academic session. The new Student Centres at City Campus are an excellent example of how we have been able to deliver organisational efficiencies alongside enhancing the student experience. We have also moved our Careers and Employment Services to new high profile locations on the MD Concourse

<sup>3</sup> [www.wlv.ac.uk/whatisincluded](http://www.wlv.ac.uk/whatisincluded)

<sup>4</sup> Plans for the new Science Centre: <http://www.wlv.ac.uk/default.aspx?page=36684>

<sup>5</sup> Plans for the new Business School: <http://www.wlv.ac.uk/default.aspx?page=36484>

The importance of graduate employment outcomes to both current and prospective students has been heightened by the transition to the new fees regime and are visible through the introduction of Key Information Sets – data available to prospective students about a number of factors (including student satisfaction and employment outcomes) at a course level. While there are variations within subjects we are pleased that the most recent results from the annual Destinations of Leavers from Higher Education (DLHE) survey show that **90%** of our recent graduates are in work or further study within six months of completing their course. While this is also a substantial achievement, work is continuing to improve this position in line with the ambitious targets we have set for ourselves through the new Employability and Enterprise Strategy.

We believe that the student experience is not contained to the time that a student might spend with us engaged in a programme of study. It begins with our engagement through schools and colleges to raise aspirations and levels of achievement across the region.

In June 2012 we opened our new advice and guidance centre for prospective students – *The Gateway @ The George* – in the landmark building, The George Hotel (formerly The Varsity Pub)<sup>6</sup>. From *The Gateway* we offer information and guidance to prospective students about joining the University and this feature development complements our enhanced engagement with schools and young people alongside our commitment of access to lifelong learning opportunities. After completing a programme of study our successful graduates join a worldwide alumni community who are important not only in acting as informal ambassadors of a positive student experience, but also as a network of potential mentors and employers of future graduates. The University promotes opportunities for further, future study via an offer of a generous postgraduate (taught) study discount, designed to encourage students to return to the University for their on-going personal and professional development.

The introduction of higher tuition fees changed the UK University sector in ways that we are yet to fully realise, after only one year. However the University's commitment to and investment in the student experience is one way in which we are well prepared to meet these challenges.

## Student Numbers

In 2012/13 the University enrolled 21,087 students (2011/12 22,444), comprising 14,643 full time and sandwich students (2011/12 14,915) and 6,444 part time students (2011/12 7,529). 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 2012/13.

Home, EU and Overseas numbers	2012/13	2011/12
Home	17,528	18,416
EU	836	1,118
Overseas	2,723	2,910
<b>Grand Total</b>	<b>21,087</b>	<b>22,444</b>

Level of Study	2012/13	2011/12
Foundation	770	920
Undergraduate	16,622	17,502
Postgraduate taught	3,446	3,768
Postgraduate research	249	254
<b>Grand Total</b>	<b>21,087</b>	<b>22,444</b>

<sup>6</sup> <http://www.wlv.ac.uk/default.aspx?page=35611> University to open new information and advice centre to the public.

Mode disaggregated by School	2012/13		
	Full Time & Sandwich	Part Time	Total
Art & Design	1,211	147	<b>1,358</b>
Law, Social Sciences & Communications	2,769	834	<b>3,603</b>
Wolverhampton Business School	1,746	615	<b>2,361</b>
Applied Sciences	1,717	426	<b>2,143</b>
Technology	1,985	1,102	<b>3,087</b>
Education	1,204	1,645	<b>2,849</b>
Sports, Performing Arts & Leisure	1,470	223	<b>1,693</b>
Health	2,541	1,452	<b>3,993</b>
<b>Grand Total</b>	<b>14,643</b>	<b>6,444</b>	<b>21,087</b>

## Campus Developments

In the changing higher education landscape, the University of Wolverhampton recognises that its 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 and have adopted a hybrid structured approach towards the reduction of the backlog maintenance, through the capital programme and also 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, which was completed by July 2010. The output report has been used as a basis for the development of a long term maintenance plan, with the first tranche of funding used to complete and eliminate the legislative compliance scheduled DX and D works.

### **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.

The physical space audits continue to be 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 space audit carried out in October 2012 has recorded the same percentage return as the previous year (32%).

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 2011/12 financial year were 11,900 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 updated and approved by Campus Committee in September 2013. Within the Policy there is provision for various pilot schemes and initiatives such as increased waste recycling, and waste stations. In addition to the policy, the Sustainability, Environment and Carbon Management Group have recently completed the Sustainability and Environmental Policy Annual Report (Jan 2012- Jul 2013), which provides an update of progress made on objectives and targets set in the previous year.

The University Sustainability Enabling Strategy was completed in July 2012, together with a brief for an Environmental Impact Assessment.

The University of Wolverhampton completed the Green League submission to People and Planet for 2013 and successfully gained a 1<sup>st</sup> Class position, which gave a league position of 39<sup>th</sup>, which is an improvement on the 53<sup>rd</sup> position in 2012. 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 the application of videos to promote behavioral change within the University community.

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

The current Estates Strategy adopted on the 4<sup>th</sup> November 2010, is now scheduled to be updated in light of the new Strategic Plan (2012-17), Enabling Strategies and approved City Masterplanning projects in November 2012. It is anticipated that the current Estates Strategy will be updated to reflect the ongoing Masterplanning projects and also the residual estate following decanting.

The City Campus Molineux Masterplanning projects following the completion of the Molineux Quarter Masterplan, which include the completion of a Sports Zone at Lomas Street residences, the creation of a Student Centre in MX Building, together with an extension to MX, for social democratic space, and student counselling facilities within ML Building. The main Masterplanning project for City Campus Molineux is the

proposed new Business School on Molineux Street, this project is scheduled to commence on-site in February 2014 and scheduled for completion by June 2015.

The City Campus Wulfruna Masterplanning projects include: the completion of The Gateway @ The George, which was a redevelopment of the former Varsity pub; the creation of a Student Centre within MI Building; the upgrading and repurposing of existing space to deliver teaching and research, and the creation of the Research Hub within the Harrison Building. The main Masterplanning project for City Campus Wulfruna is the proposed Science Building to be constructed on the former MB Building site, utilising the existing structure. This project has commenced on-site and is scheduled for a Phase 1 completion by September 2014, and Phase 2 by January 2015.

Working in partnership with Wolverhampton City Council in the development of the Area Action Plan, the concept of the University Quarter (education and culture) from The Gateway @ The George on Wulfruna Street to the Fiveways roundabout has been established and incorporated in the Area Action Plan. The proposed wayfinding solutions for the City of Wolverhampton will be shared with the University of Wolverhampton in order to develop a consistent offering for students, staff and visitors. The corporate branding of the University of Wolverhampton is now in the process of being reviewed in the light of the creation of the Faculty structure, and proposals will be submitted to Campus Committee in due course. Also, proposals are being developed for the pedestrianisation of Camp Street, with restricted access.

British Judo Association Centre of Excellence for the UK has been approved, following successful competition against significant other HEIs. The project commenced on-site at the Walsall Campus in August 2013 and is scheduled for completion by November 2013.

The capital programme for 2013/16 has been developed and considered by Governors in September 2013.

### **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).

An Equality and Diversity Committee has been established at Governor level to oversee this important area of work and monitor new equality objectives. Responsibility sits with all staff, supported by an Equality and Diversity Unit to take the University on 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 with business and the wider community, predominantly in the City and West Midlands but also nationally and more recently internationally. It is at the forefront of the Higher Education sector in working with regional businesses demonstrated by the number of Knowledge Transfer Partnerships delivered, often winning National and Regional awards for their impact to business. The most recent accolade being the *THE Award for Knowledge Exchange/Transfer Initiative of the Year*, for the work undertaken by the University in 2012/13. 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 (which includes the new West Midlands KEEN product).

The University 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) and a Graduate incubator (SP/ACE) which facilitates University of Wolverhampton graduate start-up businesses supported by the regional Student Placements Programme for Entrepreneurs in Education (SPEED Plus). 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 has now been further strengthened through the creation of a Business Solutions Centre located on each of the sites, which provide a single point of access for business support, and the opening in May 2013 of the Business & Technology Centre (BATC) at the Telford Innovation Campus, providing a further 25 offices for business accommodation.

In the past, the University of Wolverhampton has been particularly successful in attracting public sector funding; both revenue and capital to part fund many of these activities. These funding streams have either reduced significantly or disappeared altogether over the last 3 years, partly due to the recession and partly due to changing Government priorities. With the Regional Development Agency being abolished in 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 in the design of the new UK Research Development and Innovation (RDI) programmes with government departments DBIS and DCLG. Business to business knowledge transfer activities, traditionally treated on an *ad hoc* basis, have now been formalised and driven by the Business Solutions Centres to maximise additional income generation opportunities and supported by an enhanced centralised University Project Support Office.

To access new EU funding streams including Horizon 2020 (worth around €90billion across the EU over the life of the programme) and niche areas associated with European Challenges that align with University expertise, the University will be launching a new office in Brussels in September 2013. Located close to national embassies and the European Parliament buildings, the office will ensure that the University will be at the centre of the political decision-making process, and will provide an opportunity for collaboration with other trans-European academic institutions and businesses on some of the University's most successful initiatives in research, knowledge transfer and skills development.

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.

Although the overall level of activity has continued to grow, traditional sectors have been slow for some time, further emphasising the need to identify new opportunities offered by this change and funding direct from Europe. Whilst a number of regional projects have declined due to the underlying effects of the depressed economy, the number of European funded bids has increased. It is expected that 2013/14 will see improving levels of private sector activity replacing reduced levels of public sector activity in the region.

In addition, the Higher Education sector will see traditional income sources squeezed nationally providing an impetus to maximise the opportunity of funding from Europe as mentioned above.

### Key Performance Indicators (KPIs)

In response to the guidance from the monitoring committees and approval from the Board of Governors the number of KPIs at level 1 now stands at 15. The KPIs gauge performance in a range of areas including: student application, recruitment and retention; achievement and completion; academic and research quality; NSS standing; equality and diversity; employability; international collaborations; financial health including income generation; space utilisation; performance of the estate; staffing; and carbon management. Performance against these KPIs is reported annually to the Board of Governors via the relevant University Committee. 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 approval from the Board of Governors the following additional KPIs have been added since July 2012:

**KPI No. 3** “Generate a 5% operating surplus against turnover. Maintain a net liquidity of 90 days.”

**KPI No.10.1** “(1) Percentage of the Estate (Gross Internal Area – GIA) classified in Building Condition Ratings A and B to be in line with the sector median”.

**KPI No. 10.2** “(2) Percentage of the Estate classified in Functional Suitability Grades 1 and 2 to be in line with the sector median”.

There has been a change to the formerly numbered KPI No.7 (Research) to split the KPI into two parts, with one focusing on diversification targets and the other focusing on income from; research, consultancy and business engagement activities.

The KPI Overview sheet summarises the status of the University KPIs and now includes the monitoring committee that is responsible for each KPI.

The status of KPIs was last reported to Board of Governors in July 2013. At this stage:

- **1 had a status of good**
- **3 were satisfactory with room for improvement**
- **4 required further action**
- **1 KPI status has improved since last year**
- **4 KPI statuses remain the same as last year**
- **3 KPIs had not been reported on previously so they don't have a status comparison**

No KPIs were given a status of unsatisfactory; No KPIs have declined since the last reporting period

From the KPIs presented at the July Board of Governors, 1 KPI – “**KPI No. 7 Improved student retention and progression**” - 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 on-going 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 remaining status reports to be reported in November include: **2.1, 2.2, 3, 4, 5, 9.1 & 9.2** all of these will due to be reported to **Finance & General Purpose Committee on the 7th November** apart from **KPIs 2.1 & 2.2** which will go to **Equality and Diversity Committee on 29th October** prior to going to **Board of Governors** for approval on **21st November**,

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 continues to maintain its Risk Management process, and monitor the changes implemented in previous years. To ensure that the University Risk Management process is kept up to date, further changes were introduced, as per recommendations from the Internal Audit Review 2012. These changes ensure control measures/mitigating activities put in place to manage individual risks are reviewed regularly, thus providing assurance in the management of key risks.

Schools/Faculties and Departments submitted Risk Registers as part of the Annual Planning process for 2013. Feedback meetings were conducted over the summer. Discussions took place regarding key risks at Schools/Faculties and Department levels. Maintaining a Risk Register/s under the new Faculty structure; and general advice on the maintenance of the local level Risk Register.

The University Corporate Risk Register has been maintained throughout the year. The Risk Register contains 16 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 the University change process, business continuity, and emergency planning. The Risk Register is updated regularly and reported to CMT and Audit Committee.

This year, there have been key developments in the following areas:

- As part of the Internal Audit Review 2012, some work was initiated on establishing the University Risk Appetite. There has been some progress in this area and this work remains on-going;
- There has been some development to the Risk Management process, with the Risk Committee now reviewing Schools/Faculties and Departments' high-level residual red risks as a standing item at Risk Committee. This review enables the Committee to have up-to-date information on high-level risks that are not on the Corporate Risk Register.
- The Strategic Planning Officer and Risk and Business Continuity Officer will review the feedback received as part of the annual planning feedback meetings, to ensure changes are put in place to the Annual Planning process going forward.
- The University Business Continuity Management Committee/Emergency Planning Group has taken forward a number of areas of work. These include the maintenance of the University Emergency Plan and identification of incidents rooms across City, Telford and, Walsall campus to use in the event of a major incident. A training session to raise awareness on managing emergencies was

conducted in June with strategic-level emergency responders. Following the success of this session, further sessions will be conducted in November with Gold and Silver response groups.

- Development work in relation to Business Continuity Planning continues with Business Impact Analysis.

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

The University's corporate risk register currently highlights 16 corporate risks. The following are deemed to be the key issues facing the University Group currently and in the near future.

- *Loss of funding through shifts in Government policy.* The Government has implemented a student funding system that reduces direct Government funding for HE and replace this with student fees. Remaining HEFCE funding such as for research may continue to come under pressure.
- *Recruitment and retention of UK/EU students.* Under the new student funding system, the ability to recruit and retain students is critical to financial sustainability. Coupled with this change, student numbers will increasingly be made available to direct competition, and the HE market will be opened up to new entrants. Furthermore, changes are being made to the way teacher training is organized and funded which will bring greater uncertainty into this area of provision.
- *Recruitment of international students.* The tightening of controls over the ability of International students to study in the UK, coupled with the increased level of competition for students from other institutions from the UK and other countries, has made recruitment in non-EU markets more difficult. The University is mindful of the need to ensure that it retains its UKBA highly trusted sponsor status.
- *Maintaining and diversifying income for commercial and research activity.* In the past, the University has been particularly successful in attracting public sector funding. These funding streams have either reduced significantly or disappeared altogether over the last 3 years, partly due to the recession and partly due to changing Government priorities. 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.
- *Management of change.* The University is going through a significant period of change with a move to faculties and the delivery of a number of new initiatives.
- *Updating of IT business systems to meet the needs of staff, students and other stakeholders.* The University is seeking to make investments to further improve the experience of stakeholders.
- *Academies and UTCs.* 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 MAT currently has 7 academies and is in discussion with a number of others. The University is lead sponsor of the proposed Health Futures UTC in Sandwell.
- *Funding and Associated Impact of Capital Programme.* The University has developed an ambitious capital programme covering the next three years. The current intention is to fund this without further borrowing. Whilst cash balances are currently very healthy, the University must continue to generate cash from operating activities to ensure both that the programme can be funded and that cash reserves remain at reasonable levels.

## **Conclusion**

The University continues to be in a strong position. Student demand remained buoyant for 2012/13 and initial signs are that full time undergraduate recruitment in 2013/14 is close to target. Trading continues to generate significant positive cash balances.

The overall financial health of the University continues to improve as a result of three years of improved surpluses. The University has an ambitious capital programme for delivery over the next 3 years and the current cash position is vital in ensuring that this can be funded and that the University continues to be financially sustainable.

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 21<sup>st</sup> November 2013 and signed on its behalf by:

M.Elliott

Chairman of the Board of Governors

## PUBLIC BENEFIT STATEMENT

The University of Wolverhampton's mission is:

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

We are 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.

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 over 180 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 University's Vision (2012-2017) 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.*

We strive to build ladders of progression and social mobility in order to improve individual life chances. We provide an outstanding student experience, ensuring our students are fully supported to achieve academic success and are well equipped for the world of work. We work with businesses to be more employer focused and to ensure that our research grows, informing our teaching and changing practices.

The University's core values are:

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

*How do our activities deliver public benefit?*

We are committed to providing a broad range of educational opportunities focused on making a real difference to the lives of individuals, communities and businesses. Our main charitable purpose is **the advancement of education** and our activities broadly fit into the following themes:

- Opportunity: social inclusion and social change
- Research
- External engagement

### Advancement of education

In 2012/13, the University provided education in the fields of: Art and Design; Applied Sciences; Education, Health and Wellbeing; Law, Social Sciences and Communications; Sports, Performing Arts and Leisure; Technology and Business. We provided undergraduate education to over 17,500 students from across the UK and overseas. We provided postgraduate education, including research opportunities, to almost 4,000 students from the UK and overseas.

In 2012/13 we delivered almost 5,000 number graduates and just over 2,000 postgraduates.

Opportunity: Social inclusion and social change

As the University of Opportunity, we will promote social mobility and improve individual life chances within the communities in which we operate. We aim to:

- Raise aspirations within the region
- Raise attainment levels across the region
- Raise the quality of schools within the region
- Raise the level of progression to HE and graduate employment

We have a particular role in raising aspirations amongst those who are from groups underrepresented in higher education and we have a programme of outreach and inreach activities with schools and colleges designed to raise both aspiration and attainment. We aim to work with all age groups from primary school upwards.

A prime example of this work is SciFest. The 2nd Science and Engineering Festival (SciFest) began on 17 June 2013 with 60 teachers and industry representatives coming together for staff development. From 18-21 June SciFest hosted 1,500 children to experience practical hands-on science and engineering. On 22 June SciFest was open to the public with a series of workshops and family activities and over 3,000 people attended.

Our aim is to ensure that no student is deterred from applying to the University because of the costs of living and studying here. The University awards significant sums in financial support to students from low-income groups in the form of scholarships and Access to Learning Fund payments. The amount distributed by the Access to Learning Fund (formerly the Hardship Fund) in 2012/13 was £674,703. We had a target of 420 National Scholarship Programme awards worth £3,000 each in 2012/13 and are confident that we met this target and will report exact figures in January 2014.

As part of our efforts to raise the quality of schools in the region, we actively support nine academies and sponsor three UTCs. One of these is the Health Futures UTC which was approved by the Department of Education in 2012/13. It is being sponsored by the University in conjunction with 23 partners including all NHS Trusts in the Black Country and Birmingham. The lead employer is West Midlands Ambulance Service NHS Foundation Trust. The UTC will offer opportunities to undertake full-time academic, practical, vocational and technical studies in a wide range of specialist skills that will help prepare 14-19 year olds for a career in the future NHS or health science based industries. Students will be prepared for, and gain direct insight into, a wide range of health careers such as nursing, paramedic services, radiography, pathology, physiotherapy and pharmacy within the NHS and private sector.

We view graduate employability as a vital part of what we do, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of our region.

In 2012/13 the University saw the percentage of its graduates going into work or further study rise by five per cent to nearly 90 per cent. We have made a number of improvements in the way we support graduates. These include:

- Doubling the number of graduate internships we offers within the University
- Increasing opportunities for placements to gain vital work experience with regional and national employers
- Working closely with businesses in the region via the Wolverhampton Business Solutions Centre
- Enhancing the employability of new graduates with skills development both within the curriculum and through a new University Employability Award
- Supporting graduates after they've left through training opportunities and updates about job vacancies

Research

Our research activities impact on business, public and voluntary sector organisations in a variety of different ways by advancing knowledge or by addressing real world problems. We recognise that the intellectual capital we hold or have an interest in is of critical importance to the benefit of society as a whole and to this end have made significant investment in research in 2012/13. We have established a Research Policy Unit

headed by a new Dean of Research post. We have allocated an additional £6 million to fund research over the next three years.

In terms of social change, the University conducts its research objectives in selected areas in a user-led collaborative way aimed at maximising the societal impact of our research outcomes. Examples include: the Brain Tumour UK Neuro-oncology Centre which leads the way in identifying the genetic causes of brain tumours and the treatments to deal with them, helping the 8,500 people in the UK who will develop a brain tumour this year and a research project investigating the experience of women sleeping rough who have suffered domestic abuse.

### Enterprise and Employability

We aim to contribute to economic development and wealth generation in the development and commercialisation of innovative products, processes and services, as well as making our advice and expertise readily accessible to the business community and the development of firm and long-lasting relationships.

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

The University is at the forefront in Knowledge Transfer Programmes – providing businesses with the opportunity to make best use of the skills of our graduates. In 2012/13 we were delighted to be awarded the Times Higher Education Leadership and Management Award for Knowledge Exchange / Transfer Initiative of the Year.

We provide business support, consultancy, skills development and research, which contribute significantly to the economic regeneration and prosperity of those living and working within the West Midlands communities.

The University also aims to offer continuing professional development to businesses and individuals to maintain the competitive edge for the region in an internationally competitive and ever changing economy – seeking to secure and optimise the skills and opportunities for the communities we serve

During 2012/13 we were successful in securing £1.4 million from the Government's Regional Growth Fund. The successful bid in collaboration with the Express and Star will enable regional businesses to grow and create new jobs. The money will fund 50 small to medium sized enterprises (SMEs) in the Black Country and create a minimum of 75 jobs. Support will be targeted at businesses from sectors identified by the Local Enterprise Partnership (LEP) as having the most potential for growth and maximising impact for the local economy.

## **CORPORATE GOVERNANCE STATEMENT**

The University is committed to exhibiting best practice in all aspects of corporate governance. The University conducts its corporate governance in accordance with the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairmen Guide for Members of Higher Education Governing Bodies in the UK. The University adopted the CUC Governance Code of Practice and formally undertakes review of governance every four years with interim reviews every two years. The last interim review took place in spring/summer 2013.

### **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 Chair and Deputy Chair of the Board of Governors are separated from the role of the University's designated Accountable Officer, the Vice-Chancellor. The matters reserved specifically to the Board of Governors for decisions are set out in the Education Reform Act 1988 ("the Act") and the Articles of Government of the University, and under the Financial Memorandum with the HEFCE and the Funding Agreement with the TA. The Board of Governors holds the ultimate responsibility for the ongoing strategic direction of the University, the University's

finances, approval of major developments and receipt of regular reports from senior officers on the day to day operations of the University and its subsidiary companies.

The Board of Governors meets no fewer than four times a year, including one Away Day. All meetings are minuted. The Board of Governors has the following sub-committees:

- Audit Committee
- Equality and Diversity Joint Committee
- Finance and General Purpose Committee
- Nominations Committee
- Remuneration Committee

All of these committees are formally constituted with Terms of Reference and are chaired by a Governor.

In addition, the Articles of Government provide for matters of academic policy to be determined by the Academic Board. Four members of the governing body are also Academic Board members and a report of Academic Board business is provided to the Board of Governors at each meeting throughout the academic year.

### **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. The Committee also oversees the University's risk management process on behalf of the Board of Governors. Whilst members of OVC attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee has the opportunity to meet 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.

### **Equality and Diversity Joint Committee**

This committee is chaired by a governor with membership comprising of governors and staff. The committee acts on behalf of the Board and Academic Board to consider and determine matters of equality and diversity.

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

The Finance and General Purposes Committee has 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. The Committee also advises on all matters of estates acquisition, development or disposal and the efficient utilisation of the estate and other physical resources. The Committee further advises on all matters of health and safety and oversees the University's major external operations. The Committee meets six times a year.

### **Nominations Committee**

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

### **Remuneration Committee**

The Remuneration Committee has 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 2012/2013, 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;
- d. an annual assurance report;
- e. the further development of risk registers for all Academic Schools and Service Departments across the University and a process to escalate and de-escalate risks to/from the Corporate Risk Register; and
- f. the identification of key risks by OVC 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, TA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2013 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 continues to manage costs in order to maintain its cost base within current and forecast income levels. The University is budgeting for a modest surplus in 2013/14, 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 2013. 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.

The University continues to press forward with initiatives aligned to the five-year strategic plan that 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 misstatement or loss. In 2005 the Board adopted the CUC Governance Code of Practice. The Board undertakes a full review of Governance effectiveness in accordance with the Code every four years and an interim review every two 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 2013, 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 24 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 2013 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: 21 November 2013

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

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

## 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 23.

### 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 2013. 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 £40,698 in 2012/2013 (£57,198 in 2011/2012). 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 Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2012/13 ECMAT was in its first year of operation. The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

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

### 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 nine 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, and asset arising from a past event.



**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 July 2013**

	Notes	2012/13 £'000	2011/12 £'000
<b>INCOME</b>			
Funding Council Grants	1	41,977	60,953
Academic Fees and Support Grants	2	83,610	61,818
Research Grants and Contracts	3	3,171	3,627
Other Operating Income	4	31,944	33,251
Endowment Income and Interest Receivable	5	798	752
		<hr/>	<hr/>
<b>Total Income</b>		161,500	160,401
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff Costs	6	86,992	85,548
Restructuring Costs	6	340	353
Other Operating Expenses	7	50,506	51,286
Depreciation	10	9,177	8,036
Interest Payable	8	2,293	2,942
		<hr/>	<hr/>
<b>Total Expenditure</b>		149,308	148,165
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Fixed Assets at Valuation and Before Tax		12,192	12,236
Taxation		0	0
		<hr/>	<hr/>
Surplus before Disposal of Fixed Assets		12,192	12,236
Profit on Disposal of Fixed Assets		113	472
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		12,305	12,708
		<hr/>	<hr/>
Deficit for the Year Transferred from Accumulated Income in Endowment Funds		9	18
		<hr/>	<hr/>
Surplus for the Year Retained Within General Reserves		12,314	12,726
		<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 2013**

	<b>Notes</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Surplus on Continuing Operations		12,305	12,708
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	924	5,058
		_____	_____
Historical Cost Surplus for the Year before Taxation		13,229	17,766
		=====	=====

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 July 2013**

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	12,305	12,708
Actuarial Gain/(Loss) on Local Government Pension Fund	5,713	(8,874)
New Endowments	4	9
	-----	-----
Total Recognised Gains Relating to the Year	18,022	3,843
Reconciliation:		
Opening Reserves and Endowments	90,435	86,592
Total Recognised Gains Relating to the Period	18,022	3,843
	-----	-----
Closing Reserves and Endowments	108,457	90,435
	=====	=====

## BALANCE SHEETS AS AT 31 JULY 2013

	Notes	Consolidated		University	
		2013 £'000	2012 £'000	2013 £'000	2012 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10&11	181,494	176,731	170,698	165,603
Investments	12	36	36	36	36
		<hr/>	<hr/>	<hr/>	<hr/>
		181,530	176,767	170,734	165,639
		<hr/>	<hr/>	<hr/>	<hr/>
<b>ENDOWMENT ASSET INVESTMENTS</b>	13	143	148	143	148
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Stock and Stores in Hand	14	243	181	233	172
Debtors	15	11,085	13,608	12,450	14,694
Investments		68,638	61,370	68,456	61,066
Cash at Bank and in Hand		16,526	10,540	15,673	9,415
		<hr/>	<hr/>	<hr/>	<hr/>
		96,492	85,699	96,812	85,347
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	30,056	26,081	29,407	24,959
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		66,436	59,618	67,405	60,388
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		248,109	236,533	238,282	226,175
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	17,395	19,316	14,663	16,387
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	4,896	4,909	4,896	4,909
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS excluding pension liability</b>		225,818	212,308	218,723	204,879
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PENSION LIABILITY</b>	30	60,476	63,799	60,476	63,799
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS including pension liability</b>		165,342	148,509	158,247	141,080
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2013**

	<b>Notes</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	24	27,794	14,856
Returns on Investments and Servicing of Finance	25	(377)	(398)
Capital Expenditure and Financial Investment	26	(12,290)	(6,946)
Management of Liquid Resources	27	(7,268)	(12,446)
Financing	28	(1,878)	(1,794)
		—————	—————
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>	29	5,981	(6,728)
		=====	=====
 <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT</b>			
Increase/(Decrease) in Cash in the Year	29	5,981	(6,728)
Increase in Short Term Deposits	27	7,268	12,446
Repayment of Debt	28	1,878	1,794
		—————	—————
<b>Movement in Net Funds in the Year</b>	29	15,127	7,512
<b>Net Funds as at 1 August</b>	29	50,861	43,349
		—————	—————
<b>Net Funds as at 31 July</b>	29	65,988	50,861
		=====	=====

**NOTES TO THE ACCOUNTS**

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>1. FUNDING COUNCIL GRANTS</b>		
<b>Recurrent Grants</b>		
HEFCE	34,260	53,152
NCTL	851	2,667
<b>Specific Grants</b>		
HEFCE:		
Special Initiatives	4,345	2,351
NCTL:		
Graduate Teacher Scheme	771	823
Other Special Initiatives	266	739
<b>Deferred Capital Grants Released in the Year</b>		
HEFCE:		
Buildings	1,328	1,219
Equipment	156	2
	<hr/>	<hr/>
	41,977	60,953
	<hr/>	<hr/>
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>		
Full-time UK and EU Students	54,508	34,132
Full-time Students Charged Overseas Fees	8,564	7,836
Part-time UK and EU Students	3,991	3,140
Franchised Courses	2,666	1,625
Education Contracts	13,881	15,085
	<hr/>	<hr/>
	83,610	61,818
	<hr/>	<hr/>
<b>3. RESEARCH GRANTS AND CONTRACTS</b>		
Research Council	205	377
UK Based Charities	416	395
Other Research Grants and Contracts	2,550	2,855
	<hr/>	<hr/>
	3,171	3,627
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
<b>4. OTHER OPERATING INCOME</b>		
Residences, Catering and Conferences	7,710	7,655
Other Services Rendered	18,590	19,130
Released from Deferred Capital Grants	665	439
Other Income	4,979	6,027
	<hr/>	<hr/>
	31,944	33,251
	<hr/>	<hr/>
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>		
Transferred from Endowments	0	0
Other Investment Income	798	752
	<hr/>	<hr/>
	798	752
	<hr/>	<hr/>
<b>6. STAFF</b>		
Staff Costs:		
Wages and Salaries	71,160	70,008
Social Security Costs	5,866	5,732
Other Pension Costs (Including FRS 17 Adjustment)	9,966	9,808
Restructuring Costs Excluding Pension	266	265
Restructuring Costs Pension Element	74	88
	<hr/>	<hr/>
	87,332	85,901
	<hr/>	<hr/>
Emoluments of the Vice-Chancellor for the year to 31 July	206	211
	<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 £25,872 (2011/12 £28,800).

	<b>Number</b>	<b>Number</b>
The full time equivalent number of staff employed on 31 July by major category:		
Academic	758	791
Technical, Administrative and Clerical	935	910
Other, including Manual	306	274
	<hr/>	<hr/>
	1,999	1,975
	<hr/>	<hr/>



**NOTES TO THE ACCOUNTS**

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

	<b>2012/13</b>	<b>2011/12</b>
£100,000 - £109,999	0	2
£110,000 - £119,999	3	3
£120,000 - £129,999	2	0
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0

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

	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
<b>7. OTHER OPERATING EXPENSES</b>		
Residences, Catering and Conferences	1,207	1,220
Books and Consumables	2,326	2,643
Equipment	4,709	3,968
Printing and Stationery	1,292	1,580
Heat, Light, Water and Power	3,295	2,613
Repairs and Maintenance	2,093	4,678
Grants to University of Wolverhampton Students' Union	793	801
Rents	1,150	1,252
Rates	526	826
Auditors' Remuneration	133	131
Auditors' Remuneration in Respect of Non-Audit Services	51	198
Equipment Operating Lease Rentals	95	42
Franchise Payments to Colleges	2,815	3,147
Staff Travel and Subsistence	2,727	2,101
Staff Recruitment Costs	145	295
Staff Development	738	1,057
Student Scholarships, Bursaries, Placements and Travel Costs	7,984	5,365
Payments to Partners	4,511	6,489
Consultancies on External Projects	3,155	3,003
Other Consultancies	1,619	1,544
Telecommunications and Postage	572	628
Provision for Bad Debts	672	615
Cleaning Costs	489	716
Legal, Professional and Other	3,102	2,759
Insurance	488	421
Publicity	1,528	1,226
Subscriptions	749	578
Other	1,542	1,390
	<hr/>	<hr/>
	50,506	51,286
	<hr/>	<hr/>

Auditors remuneration includes:	<b>2012/13</b>	<b>2011/12</b>
Auditors remuneration:	<b>£'000</b>	<b>£'000</b>
- Financial statements audit	56	57
- Internal audit	77	74
Auditors remuneration in respect of non-audit services includes:		
- Financial statements audit – other services	51	207

Fees paid to external auditors for the audit of the University were £31,940 (2011/12: £30,708) including irrecoverable VAT.

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

No trustee has received any remuneration/waived payments from the University Group during the year (2011/12 Nil)

The total expenses paid to or on behalf of trustees was £1,473 (2011/12 £1,530). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**8. INTEREST PAYABLE**

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Bank Loan Not Wholly Repayable Within Five Years	1,054	1,185
Net Pension Interest Cost in respect of FRS17	1,050	1,507
Net Pension Interest Cost in respect of Enhanced Pensions	189	250
	<hr/>	<hr/>
	2,293	2,942
	<hr/>	<hr/>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	<b>Staff</b> <b>Costs</b> <b>£'000</b>	<b>Dep'n</b> <b>£'000</b>	<b>Other</b> <b>Operating</b> <b>Expenses</b> <b>£'000</b>	<b>Interest</b> <b>Payable</b> <b>£'000</b>	<b>Total</b> <b>£'000</b>
Academic Departments	46,631		9,199		55,830
Academic Services	6,766		2,889		9,655
Research Grants and Contracts	1,305		2,079		3,384
Residences, Catering and Conferences	2,575		3,076		5,651
Premises	6,119		6,683		12,802
Administration	17,477		15,252		32,729
Other Expenses	6,459	9,177	11,328	2,293	29,257
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	87,332	9,177	50,506	2,293	149,308
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Depreciation Charge has been funded by:

Deferred Capital Grant	1,910
Revaluation Reserve Released	924
General Income	6,343
	<hr/>
	9,177
	<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 2012	242,280	39,156	348	281,784
Additions at Cost	10,997	1,317	1,626	13,940
Transfers at Cost	348	0	(348)	0
Disposals at Cost	0	(177)	0	(177)
	-----	-----	-----	-----
At 31 July 2013	253,625	40,296	1,626	295,547
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 August 2012	67,155	37,898	0	105,053
Charge for Year	8,364	813	0	9,177
Eliminated on Disposal	0	(177)	0	(177)
	-----	-----	-----	-----
At 31 July 2013	75,519	38,534	0	114,053
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2013	178,106	1,762	1,626	181,494
	=====	=====	=====	=====
At 1 August 2012	175,125	1,258	348	176,731
	=====	=====	=====	=====
Financed by Capital Grant	56,082	803	0	56,885
Other	122,024	959	1,626	124,609
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2013	178,106	1,762	1,626	181,494
	=====	=====	=====	=====

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 2012	226,613	37,970	348	264,931
Additions at Cost	10,997	1,317	1,626	13,940
Transfers at Cost	348	0	(348)	0
Disposals at Cost	0	0	0	0
	-----	-----	-----	-----
At 31 July 2013	237,958	39,287	1,626	278,871
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 August 2012	62,623	36,705	0	99,328
Charge for Year	8,039	806	0	8,845
Eliminated on Disposal	0	0	0	0
	-----	-----	-----	-----
At 31 July 2013	70,662	37,511	0	108,173
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2013	167,296	1,776	1,626	170,698
	=====	=====	=====	=====
At 1 August 2012	163,990	1,265	348	165,603
	=====	=====	=====	=====
Financed by Capital Grant	48,760	803	0	49,563
Other	118,536	973	1,626	121,135
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2013	167,296	1,776	1,626	170,698
	=====	=====	=====	=====

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

	Consolidated		University	
	2012/13 £'000	2011/12 £'000	2012/13 £'000	2011/12 £'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
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.

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

University of Wolverhampton Innovation Limited, University of Wolverhampton Incubation Limited, and University of Wolverhampton Ventures 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>2012/13 £'000</b>	<b>2011/12 £'000</b>
Balance as at 1 August	148	157
Net Reduction	(5)	(9)
	<hr/>	<hr/>
Balance as at 31 July	143	148
	<hr/>	<hr/>
Represented by:		
C.O.I.F. Charities Deposit	3	3
Cash Balances	140	145
	<hr/>	<hr/>
	143	148
	<hr/>	<hr/>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Computer Bulk Purchases	66	0	66	0
Catering Provisions	74	70	74	70
Print Unit Services	23	38	23	38
Consumables	0	3	0	3
Fuel	7	4	7	4
Other Materials	73	66	63	57
	<hr/>	<hr/>	<hr/>	<hr/>
	243	181	233	172
	<hr/>	<hr/>	<hr/>	<hr/>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Amounts Falling Due Within One Year:				
Debtors:				
Subsidiary Companies	0	0	3,096	2,558
Other	10,584	12,838	8,896	11,480
Prepayments and Accrued Income	501	770	458	656
	<u>11,085</u>	<u>13,608</u>	<u>12,450</u>	<u>14,694</u>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Mortgages and Unsecured Loans	1,956	1,878	1,725	1,659
Subsidiary Companies	0	0	815	0
Payments Received on Account	8,823	10,057	7,704	8,837
Trade Creditors	16,298	12,047	16,184	12,366
Other Taxation & Social Security	2,979	2,099	2,979	2,097
	<u>30,056</u>	<u>26,081</u>	<u>29,407</u>	<u>24,959</u>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Unsecured Loans	17,360	19,316	14,663	16,387
Other	35	0	0	0
	<u>17,395</u>	<u>19,316</u>	<u>14,663</u>	<u>16,387</u>

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>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Bank Loans are repayable as follows:				
In one year or less	1,956	1,878	1,725	1,659
Between one and two years	1,916	1,956	1,672	1,725
Between two and five years	5,183	5,269	4,359	4,491
In five years or more	10,261	12,091	8,631	10,171
	<hr/>	<hr/>	<hr/>	<hr/>
	19,316	21,194	16,387	18,046
	<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 2012	4,858	51	4,909
Expenditure in the year			
Unused Provision Released in Year	(348)	0	(348)
Transfer from Income and Expenditure Account	335	0	335
	<hr/>	<hr/>	<hr/>
At 31 July 2013	4,845	51	4,896
	<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 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
	-----	-----	-----	-----	-----	-----
Cash Received/Receivable						
Buildings	378	0	378	378	0	378
Equipment	178	404	582	178	404	582
	-----	-----	-----	-----	-----	-----
Total	556	404	960	556	404	960
	=====	=====	=====	=====	=====	=====
Released to Income and Expenditure:						
Buildings	1,329	587	1,916	1,329	348	1,677
Equipment	156	77	233	156	77	233
	-----	-----	-----	-----	-----	-----
Total	1,485	664	2,149	1,485	425	1,910
	=====	=====	=====	=====	=====	=====
At 31 July 2013						
Buildings	41,193	14,889	56,082	41,193	7,567	48,760
Equipment	476	327	803	476	327	803
	-----	-----	-----	-----	-----	-----
Total	41,669	15,216	56,885	41,669	7,894	49,563
	=====	=====	=====	=====	=====	=====

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

	<b>Restricted Expendable &amp; Total £'000</b>
At 1 August 2012	148
Additions	4
Income for Year	0
Expenditure for Year	(9)
	—
At 31 July 2013	143
	—
Representing:	
Prize Funds	143
Accumulated Income	0
	—
	143
	—

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>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Balance b/fwd at 1 August	25,100	30,158	24,718	29,781
Release to the Income and Expenditure Account	(924)	(5,058)	(929)	(5,063)
	—	—	—	—
At 31 July	24,176	25,100	23,789	24,718
	—	—	—	—

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>2012/13 £'000</b>	<b>2011/12 £'000</b>	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
As at 1 August	65,187	56,277	65,701	57,445
Surplus for the Year	12,314	12,726	12,409	12,067
Transfer from Revaluation Reserve	924	5,058	929	5,063
Pension Gain/(Loss) FRS17	5,713	(8,874)	5,713	(8,874)
	_____	_____	_____	_____
As at 31 July	84,138	65,187	84,752	65,701
	_____	_____	_____	_____

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

	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Surplus before Tax	12,305	12,709
Depreciation (Note 10)	9,177	8,036
Deferred Capital Grants Released to Income (Note 20)	(2,149)	(1,660)
Interest Payable	2,293	2,942
Pension Cost less Contributions Payable	1,340	1,256
Increase in Stock	(62)	(34)
Decrease/(Increase) in Debtors/Pre-payments	2,682	(2,070)
Increase/(Decrease) in Creditors/Receipts in Advance	3,321	(4,816)
Decrease in Provisions excl. enhanced pensions interest	(202)	(283)
Interest Receivable	(798)	(752)
Profit on Sale of Tangible Assets	(113)	(472)
	_____	_____
<b>Net Cash Inflow from Operating Activities</b>	<b>27,794</b>	<b>14,856</b>
	_____	_____

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

	<b>2012/13 £'000</b>	<b>2011/12 £'000</b>
Income from Endowments	0	0
Income from Short Term Investments	734	788
Interest Paid	(1,111)	(1,186)
	_____	_____
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(377)</b>	<b>(398)</b>
	_____	_____

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

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Purchase of Tangible Fixed Assets	(13,272)	(12,939)
Deferred Capital Grants Received	865	976
New Endowment	4	9
Receipt from Sale of Tangible Assets	113	5,008
	<hr/>	<hr/>
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>	<b>(12,290)</b>	<b>(6,946)</b>
	<hr/>	<hr/>

**27. MANAGEMENT OF LIQUID RESOURCES**

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Withdrawals from Deposits	0	0
Placing of Deposits	(7,268)	(12,446)
	<hr/>	<hr/>
<b>Net Cash Outflow from Management of Liquid Resources</b>	<b>(7,268)</b>	<b>(12,446)</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>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
Mortgages and Loans acquired	0	0
Repayment of Amounts Borrowed	(1,878)	(1,794)
	<hr/>	<hr/>
<b>Net Cash Outflow from Financing</b>	<b>(1,878)</b>	<b>(1,794)</b>
	<hr/>	<hr/>

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

	<b>At</b> <b>1 August 2012</b> <b>£'000</b>	<b>Cash</b> <b>Flows</b> <b>£'000</b>	<b>Other</b> <b>Changes</b> <b>£'000</b>	<b>At</b> <b>31 July 2013</b> <b>£'000</b>
Cash at Bank and in Hand	10,540	5,986	0	16,526
Endowment Asset Investments	145	(5)	0	140
	<hr/>	<hr/>	<hr/>	<hr/>
	10,685	5,981	0	16,666
Short Term Deposits	61,370	7,268	0	68,638
Debt Due within One Year	(1,878)	1,878	(1,956)	(1,956)
Debt Due after One Year	(19,316)	0	1,956	(17,360)
	<hr/>	<hr/>	<hr/>	<hr/>
	50,861	15,127	0	65,988
	<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 nine members of staff in the Universities Superannuation Scheme (USS) at the end of July 2013.

	<b>2012/13</b> <b>£'000</b>	<b>2011/12</b> <b>£'000</b>
TPS and USS – contributions	4,650	4,675
WMMAPF – contributions	3,904	3,697
WMMAPF – FRS 17 adjustment	1,340	1,256
	—————	—————
	9,894	9,628
Enhanced pensions	146	268
	—————	—————
Total per note 6	10,040	9,896
	—————	—————
Enhanced Pensions Interest Cost	189	250
Benefits Paid	(348)	(334)
	—————	—————
Total Movement on Enhanced Pension Provision (note 19)	(13)	184
	—————	—————

**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 2013/14, this equates to a total employer contribution rate of 13.8% compared to 13.8% in 2012/13.

**FRS 17**

The figures as at 31<sup>st</sup> July 2013 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 2013.

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

	<b>At year-end 31/07/2013 £'000</b>	<b>At year-end 31/07/2012 £'000</b>
Present value of funded obligations	(185,378)	(171,610)
Fair value of plan assets	<u>124,902</u>	<u>107,811</u>
		(63,799)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
	(60,476)	(63,799)
Related deferred tax assets	<u>-</u>	<u>-</u>
Net amount recognised	(60,476)	(63,799)
Amounts recognised as:		
Liabilities	(60,476)	(63,799)
Assets	<u>-</u>	<u>-</u>
Net amount recognised	(60,476)	(63,799)

**Components of pension cost**

	<b>Year to 31/07/2013 £'000</b>	<b>Year to 31/07/2012 £'000</b>
Current service cost	5,227	4,749
Interest cost	7,440	8,303
Expected return on plan assets	(6,390)	(6,796)
Past service cost	-	-
Effect of curtailments or settlements	<u>17</u>	<u>204</u>
Total pension cost recognised in the I&E account	6,294	6,460
Actuarial (gains)/losses immediately recognised	(5,713)	8,874
Change in surplus cap	<u>-</u>	<u>-</u>
Total pension cost recognised in STRGL	(5,713)	8,874
Actual return on plan assets	15,608	3,081

**Change in benefit obligation**

	<b>Year to 31/07/2013 £'000</b>	<b>Year to 31/07/2012 £'000</b>
Benefit obligation at beginning of year	171,610	155,323
Current service cost	5,227	4,749
Interest cost	7,440	8,303
Member contributions	1,741	1,688
Past service costs	0	0
Actuarial losses	3,505	5,160
Curtailments	17	204
Benefits paid	(4,162)	(3,817)
Effect of exchange rate changes	<u>-</u>	<u>-</u>
Benefit obligation at end of year	185,378	171,610

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

Fair value of plan assets at beginning of year	107,811	103,161
Expected return on plan assets	6,390	6,796
Actuarial gains/(losses)	9,218	(3,714)
Employer contribution	3,904	3,697
Member contributions	1,741	1,688
Benefits paid	(4,162)	(3,817)
Effect of exchange rate changes	-	-
Fair value of plan assets at end of year	124,902	107,811

**Plan assets**

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

Asset Category	Expected rate of return	Plan assets at 31/07/2013 £000s	Expected rate of return	Plan assets at 31/07/2012 £000s
Equities	7.00%	52,959	7.00%	58,649
Government Bonds	3.30%	10,492	2.50%	9,919
Other Bonds	4.30%	13,989	3.40%	10,673
Property	5.70%	10,866	6.00%	10,889
Cash/Liquidity	0.50%	5,121	0.50%	1,725
Other	7.00%	31,475	7.00%	15,956
	6.01%	124,902	6.03%	107,811

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:**

	31/07/2013	31/07/2012
Discount rate	4.50%	4.30%
Rate of salary increase	4.15%	3.85%
Rate of pension increase	2.40%	2.10%
CPI Inflation assumption	2.40%	2.10%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	22.1	22.0
Females	24.8	24.7
Retiring in 20 years		
Males	23.9	23.8
Females	26.7	26.6



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

	31/07/2013	31/07/2012
Discount rate	4.30%	5.30%
Expected long-term return on plan assets	6.03%	6.68%
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

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

	2013	2012	2011	2010	2009
Benefit obligation at end of year	(185,378)	(171,610)	(155,323)	(147,860)	(129,133)
Fair value of plan assets at end of year	124,902	107,811	103,161	97,474	80,534
Deficit	(60,476)	(63,799)	(52,162)	(50,386)	(48,599)
Difference between expected and actual return on scheme assets					
Amount (£'000)	9,218	(3,715)	(1,912)	8,768	(13,284)
Percentage of scheme assets	7.4%	-3.4%	-1.9%	9.0%	-16.5%
Experience gains and losses on scheme liabilities					
Amount (£'000)	-	-	4,368	-	-
Percentage of scheme liabilities	0.0%	0.0%	2.8%	0.0%	0.0%
Total amount recognised in STRGL					
Amount (£'000)	5,713	(8,874)	1,120	2,487	3,329
Percentage of scheme liabilities	3.1%	-5.2%	0.7%	1.7%	2.6%

**Contributions**

The University expects to contribute £3,634,000 in the year to 31<sup>st</sup> July 2014.

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

	<b>Consolidated and University</b>		
	<b>2012/13</b>	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commitments Contracted at 31 July	2,063	668	413
Authorised but not Contracted at 31 July	30,877	552	3,887
	<u>32,940</u>	<u>1,220</u>	<u>4,300</u>

**32. FINANCIAL COMMITMENTS**

	<b>Consolidated and University</b>	
	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Operating Lease Commitments in Respect of Land, Buildings and Equipment on Leases Expiring:		
Within One Year	125	102
Between Two and Five Years	426	409
Over Five Years	0	57
	<u>551</u>	<u>568</u>

**33. ACCESS FUNDS**

	<b>Consolidated and University</b>	
	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Balance Unspent as at 1 August	0	14
Funding Council Grants	627	663
Interest Earned	1	0
	<u>628</u>	<u>677</u>
Disbursed to Students	(608)	(677)
	<u>20</u>	<u>0</u>
Balance Unspent as at 31 July		

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>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>
Balance Unspent as at 1 August	139	130
Funding Council/Agency Grants	1,920	1,055
	<hr/>	<hr/>
Disbursed to Students	2,059 (1,784)	1,185 (1,046)
	<hr/>	<hr/>
Balance Unspent as at 31 July	275	139
	<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.

The Education Central Multi-Academy Trust (ECMAT) is a wholly-owned subsidiary of the University of Wolverhampton Social Enterprises Limited. ECMAT is an exempt charitable company limited by guarantee. ECMAT exists primarily to advance for the public benefit education by establishing, carrying on, managing and developing schools offering a broad and balanced curriculum. It also aims to provide recreational facilities to the inhabitants of Wolverhampton and Birmingham, and the surrounding area.

ECMAT's financial year runs from 1<sup>st</sup> September to 31<sup>st</sup> August. At the time the University's accounts were approved, ECMAT's accounts for 2012/13 had yet to be finalised. The figures shown below are in draft, and exclude both fixed asset valuations and the impact of FRS17 calculations.

	<b>Opening balance</b>	<b>Income</b>	<b>Expenditure</b>	<b>Assets brought in on conversion</b>	<b>Liabilities brought in on conversion</b>	<b>Closing balance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
ECMAT	0	7,574	(7,020)	978	(329)	1,203