Model Financial Statements for Higher Education Institutions

Revised May 2012 for:

Note 6 staff costs - guidance has been inserted on VC remuneration

Note 25 endowments – presentation amended and extra information added

Note 42 connected charitable institutions – new note

Revised Aug 2014 for:

Note 6 staff costs – staff costs presentation amended

Note 40 pensions – amendment to the summary of pension scheme costs table

In accordance with paragraph 21 of the SORP, the income and expenditure account, balance sheet, cash flow statement and statement of total recognised gains and losses must follow the formats set out in this appendix.

In accordance with paragraph 17 of the SORP, the notes to the accounts should contain analyses of income and expenditure and balance sheet items should be consistent with best accounting practice and sufficiently detailed to enable users to obtain a clear understanding of how the institution is performing financially.

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** These pages have not been reproduced in these specimen financial statements*

Statements noted in bold above have mandatory formats specified by the SORP

Introduction

The purpose of these model statements is to provide guidance only. They are not designed to be a pro-forma for Institutions to merely replicate as they are but need to be individually tailored to each Institution. The SORP requires careful interpretation by Institutions in order that the financial statements reported appropriately convey circumstances relevant to that institution.

These model statements illustrate one particular set of circumstances for an Institution. For instance they include a joint venture which is reported using the gross equity method as per FRS 9. Institutions may not have any joint ventures or they may feel it more appropriate to report their joint ventures using alternative formats. Similarly, these model statements cannot possibly reflect every circumstance or type of transaction undertaken by an Institution. They should be seen as an illustration of good practise for the particular circumstances shown.

The statement of principal accounting policies consists of examples only and does not form a complete list of policies required. Other policies that may be required include: segmental reporting, impairment, long term contracts, capitalised interest, designated funds, related party transactions and events after the balance sheet date.

Operating and Financial Review (OFR)

This can also be called a Treasurer's report, Member's report, Director's report or Report of the governing body or equivalent.

HEFCE's financial memorandum now requires a statement on public benefit reporting which can either be contained within the OFR or the Corporate Governance Statement. It should be a standalone statement with an appropriate heading but themes can be expanded elsewhere within the financial statements.

Additionally sustainability is an issue which has received increased attention since the introduction of the last SORP through the introduction of HEFCE's targets on HEI's carbon emission reductions and the CRC Energy Efficiency mandatory emissions trading scheme. Sustainability and an HEI's commitment to this should be included in the OFR.

For guidance on content etc see:

1. Reporting statement "Operating and Financial Review"
2. Statement of Recommended Practice see paragraphs 25-28
3. Financial Reporting Group guidance on OFR's
4. Public benefit reporting see HEFCE website (to be advised)

Statement of Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the Institution and all its subsidiaries for the financial year to 31 July 200Y. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include those of the Students' Union because the Institution does not control those activities.

Income recognition

Funding council block grants are accounted for in the period to which they relate.

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

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

Agency arrangements

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

Leases and hire purchase contracts

Costs in respect of operating leases are charged on a straight-line basis over the lease term.

Finance leases, which substantially transfer all the benefits and risks of ownership of an asset to the Institution, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Taxation

The Institution is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

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

Accounting for goodwill and intangible fixed assets

Goodwill arises on consolidation and is based on the difference between the fair value of the consideration given for the undertaking acquired and the fair value of its separable net assets at the date of acquisition. Goodwill is amortised over its estimated economic life. Where goodwill and intangible assets are regarded as having limited useful economic lives, they are amortised over those lives up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment. Where there is impairment in the carrying value of goodwill, the loss is incurred in the results for the period.

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet.

Negative goodwill is separately disclosed on the face of the balance sheet in fixed assets and is released to the income and expenditure account. The accounting treatment is set out in policy note on accounting for business combinations.

Land and buildings

Land and buildings are stated at valuation or cost, or, in the case of the merger with ABC Institution, at valuation; the basis of valuation is a combination of depreciated replacement cost, existing use and open market value. Valuations are carried out by independent Chartered Surveyors.

On adoption of FRS 15, the Institution followed the transitional provision to retain the book value of land and buildings, which were revalued on 1 August 1996 by GR Samples Chartered Surveyors, but not to adopt a policy of revaluations of these properties in the future. Valuation for the merger with ABC Institution was carried out by Able Tree Chartered Surveyors on 1 August 2000 based on existing use basis. These valuations are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

The cost of buildings includes the related interest cost incurred.

Depreciation

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the Institution of between 40 and 50* years on the amount at which the tangible fixed asset is included in the balance sheet. Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15.

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years. No depreciation is charged on assets in the course of construction.

Inherited fixed assets

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable.

Where it is not possible to obtain a reliable cost or valuation or where the cost of obtaining a valuation is greater than the benefit to the users of the financial statements for inherited or donated assets these assets are excluded from capitalisation.

Acquisition with the aid of specific grants

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

Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The Institution has a planned maintenance programme, which is reviewed on an annual basis.

Assets used by the Institution

A value is attributed to the benefit of assets which the Institution does not own and for which no annual or nominal rental is paid, and are capitalised, with a corresponding credit to deferred capital grants, and thereafter depreciated over the period of use.

Assets held for resale

Tangible fixed assets surplus to requirements are held at the lower of cost and net realisable value...

** Level/period chosen is a decision for the Institution*

Heritage Assets

Works of art and other valuable artefacts (heritage assets) and valued at over £25,000* have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable.

Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

Equipment

Equipment costing less than £25,000* per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

All assets are depreciated over their useful economic life as follows:

Motor vehicles and general equipment - three years*;

Computer equipment - three years*;

Furniture and Fittings - five years*.

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

Investments

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets.

Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

Stock

Stock is stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise.

* Level/period chosen is a decision for the Institution

Accounting for research and development

Expenditure on pure and applied research is treated as a part of the continuing activities of the Institution. Expenditure on development activities is carried forward and amortised over the period expected to benefit.

Financial instruments

The institution uses derivative financial instruments called interest rate swaps to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously

Website development costs

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects.

Where there is uncertainty over the life of the course or its viability such costs are written off as incurred as are design and content costs for websites that are for the general use of the institution and its staff.

Joint venture entities and associates

The institution's share of income and expenditure in joint venture entities is recognised in the institution's income and expenditure account in accordance with FRS 9. Similarly the institution's share of assets and liabilities in associate entities is recognised in the institution's balance sheet in accordance with FRS 9.
The gross equity method is used when consolidating joint venture entities and associate entities are consolidated using the equity method entities in accordance with FRS 9.

Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Balances between the Institution and its associates and joint ventures are not eliminated; unsettled normal trading transactions are included as current assets or liabilities. Any gains or losses are included in the carrying amount of assets of either entity, the part relating to the Institution's share is eliminated.

Accounting for charitable donations

Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Endowment funds

Where charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution [SORP para 144]
2. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the institution can convert the donated sum into income [SORP para 143, 147]
3. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective [SORP para 144]

Total return on investment for permanent endowments*

Total return is the whole of the investment return received by the institution on the permanent endowment funds regardless of how it has arisen.

The total return, less any part of the return which has previously been applied for the purposes of the institution, remains in the unapplied total return fund. This fund remains part of the permanent endowment until such time as a transfer is made to the income and expenditure account.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in ‘other income’ or ‘deferred capital grants’ as appropriate using a reasonable estimate of their gross value or the amount actually realised.

Accounting for retirement benefits

The Institution contributes to the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers Pension Scheme (TPS). All schemes are defined benefit schemes which are contracted out of the Second State Pension (S2P).

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes’ assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The institution is therefore exposed to actuarial risks associated with other institutions’ employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS 17 “Retirement benefits”, accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

The Institution is able to identify its share of assets and liabilities of the LGPS and thus the Institution fully adopts FRS 17 “Retirement benefits”.

The Institution continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of the FSSU and EPS pension schemes. The liabilities of these schemes can be estimated under FRS17 and are included in the Financial Statements.

* Where applicable

Accounting for business combinations

The Institution undertook a business combination with ABC Institution on 1 August 2000. The business combination was treated as an acquisition and accounted for by the "acquisition method of accounting" in order to comply with the requirements of FRS 6, Acquisitions and Mergers. Fair values are attributed to the net separable assets and liabilities. The benefit, arising as a consequence of no consideration having been paid by the Institution for the net value of the assets acquired, is included in the consolidated balance sheet as a deduction from tangible and intangible assets. The fair value of the benefit is released to the income and expenditure account over the periods in which the non-monetary assets are recovered, whether through depreciation or disposals. The release is aligned with the corresponding depreciation charge relating to the assets.

Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the Institution has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

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

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

Consolidated Income and Expenditure Account

Year Ended 31 July 201Y

	Notes	Year Ended 31 July 201Y	Year Ended 31 July 201X
		£'000	£'000
Income			
Funding body grants	1	**57,930**	53,218
Tuition fees and education contracts	2	**35,691**	32,707
Research grants and contracts	3	**31,531**	28,854
Other income	4	**41,428**	38,036
Endowment and investment income	5	**1,936**	2,080
Total income		**168,516**	154,895
Less: Share of income from joint ventures	15	**(2,100)**	(1,805)
Net income		**166,416**	153,090
Expenditure			
Staff costs	6	**81,831**	78,981
Other operating expenses		**58,326**	51,695
Depreciation	12	**8,415**	7,717
Interest and other finance costs	7	**2,217**	3,250
Total expenditure	8	**150,789**	141,643
Surplus after depreciation of tangible fixed assets at valuation and before tax		**15,627**	11,447
Share of operating loss in joint venture	15	**(311)**	(150)
Share of operating (loss)/profit in associate	16	**(11)**	10
Taxation	9	**(209)**	(46)
Surplus after depreciation of assets at valuation and tax		**15,096**	11,261
Minority interest		**42**	0
Surplus before exceptional items	**9a**	**15,138**	11,261
Exceptional items: continuing operations	10		
Disposal of fixed assets		**758**	0
Fundamental restructuring costs		**(2,888)**	0
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		**13,008**	11,261
(Deficit)/surplus for the year transferred to accumulated income in endowment funds	17	**(47)**	291
Surplus for the year retained within general reserves		**12,961**	11,552

All items of income and expenditure arise from continuing operations

[1] Where appropriate, under paragraph 14 of FRS3, the aggregate results of continuing operations, acquisitions (as a component of continuing operations) and discontinued operations should be disclosed separately. The format of the consolidated income and expenditure account under this SORP lends itself more readily to disclosure of the information required by paragraph 14 of FRS3 through the adoption of the general layout of illustrative example 2 included in the text of FRS3. Paragraph 30 of FRS3 requires the comparative figures to include in the continuing category only the results of those operations included in the current period's continuing operations: the necessary details can be given by way of note, as set out in the illustrative examples included in FRS3.

Statement of Group Historical Cost Surpluses and Deficits

Year ended 31 July 201Y

	Notes	**Year Ended 31 July 201Y £'000**	Year Ended 31 July 201X £'000
Surplus on continuing operations before taxation		**13,217**	11,307
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	26	**210**	0
Valuation gains realised on disposal of tangible fixed assets	26	**12,500**	0
Valuation gains realised on disposal of fixed asset investments		**0**	0
Historical cost surplus for the year before taxation		**25,927**	11,307
Historical cost surplus for the year after taxation		**25,718**	11,261

Statement of Group Total Recognised Gains and Losses

Year ended 31 July 201Y

	Notes	**Year Ended 31 July 201Y £'000**	Year Ended 31 July 201X £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		**13,008**	11,261
Unrealised surplus on revaluation of fixed assets	26	**2,520**	0
*Total return on permanent endowments not applied in the year	25	**0**	0
*Appreciation on fixed asset investments		**0**	0
Appreciation of endowment assets	25	**(82)**	88
New endowments	25	**120**	192
Actuarial (loss)/gain in respect of pension schemes	40	**(220)**	2,067
Total recognised gains relating to the year		**15,346**	13,608
Reconciliation			
Opening reserves and endowments		**71,103**	
Total recognised gains for the year		**15,346**	
Closing reserves and endowments		**86,449**	

* Lines left for example only

Balance Sheets as at 31 July 201Y

	Notes	**Year ended 31 July 201Y**		Year ended 31 July 201X	
		Consolidated	**Institution**	Consolidated	Institution
		£'000	**£'000**	£'000	£'000
Fixed assets					
Intangible assets	11	**16**	**16**	0	0
Tangible assets	12	**217,410**	**208,147**	189,058	185,664
Benefit arising from the acquisition of ABC College	13	**(3,297)**	**(3,297)**	(3,431)	(3,431)
Investments	14	**277**	**8,727**	323	727
Investment in joint venture:	15				
Share of gross assets		**2,226**	**0**	2,625	0
Share of gross liabilities		**(967)**	**0**	(1,155)	0
Investment in associate	16	**0**	**0**	2	0
		215,665	**213,593**	187,422	182,960
Endowment assets	17	**1,434**	**1,434**	1,349	1,349
Current assets					
Stocks	18	**1,062**	**1,954**	1,499	3,462
Debtors	19	**8,981**	**7,696**	13,267	14,817
Investments	20	**25,076**	**24,205**	32,215	31,205
Cash at bank and in hand		**8,341**	**6,449**	14,640	12,855
		43,460	**40,304**	61,621	62,339
Less: Creditors: amounts falling due within one year	21	**(50,115)**	**(46,474)**	(43,927)	(41,626)
Share of net liabilities in associate	16	**(9)**	**0**	0	0
Net current (liabilities)/assets		**(6,664)**	**(6,170)**	**17,694**	**20,713**
Total assets less current liabilities		**210,435**	**208,857**	206,465	205,022
Less creditors: amounts falling due after more than one year	22	**(34,191)**	**(34,191)**	(51,045)	(51,045)
Less: Provisions for liabilities	23	**(2,106)**	**(2,106)**	(2,090)	(2,085)
Total net assets excluding pension liability		174,138	172,560	153,330	151,892
Net pension liability	40	**(17,511)**	**(17,511)**	(16,673)	(16,673)
Total net assets including pension liability		**156,627**	**155,049**	**136,657**	**135,219**
Deferred capital grants	24	**80,142**	**79,406**	65,566	64,787
Endowments	25				
Expendable		**951**	**951**	890	890
Permanent		**483**	**483**	459	459
		1,434	**1,434**	1,349	1,349
Reserves	26				
Income and expenditure account excluding pension reserve		**92,341**	**90,261**	66,052	65,381
Pension reserve		**(17,511)**	**(17,511)**	(16,673)	(16,673)
Income and expenditure account including pension reserve		**74,830**	**72,750**	**49,379**	**48,708**
Revaluation reserve		**10,185**	**10,185**	20,375	20,375
		85,015	**82,935**	**69,754**	**69,083**
Minority interest		**(54)**	**0**	(12)	0
Total Funds		**166,537**	**163,775**	**136,657**	**135,219**

The financial statements were approved by the Governing Body on [insert date] and were signed on its behalf on that date by:

[Name], Vice-Chancellor

[Name], Chair of Council

Consolidated Cash Flow Statement
Year ended 31 July 201Y

	Notes	**Year Ended 31 July 201Y £'000**	Year Ended 31 July 201X £'000
Net cash inflow from operating activities	27	**30,264**	23,579
Returns on investments and servicing of finance	28	**(353)**	(1,143)
Taxation	9	**(46)**	(2)
Capital expenditure and financial investment	29	**(15,195)**	(8,960)
Management of liquid resources	30	**7,139**	1,177
Financing	31	**(18,397)**	(1,959)
(Decrease)/increase in cash in the year	32	**3,412**	12,692

Reconciliation of net cash flow to movement in net debt

		31 July 201Y £'000	31 July 201X £'000
(Decrease)/increase in cash for the year		**3,412**	12,692
Change in short term deposits	30	**(7,139)**	(1,177)
Change in debt	31	**18,397**	1,969
Change in net debt		**14,670**	13,484
Net debt at 1 August		**2,596**	(10,888)
Net debt at 31 July	32	**17,266**	2,596

Notes to the Accounts
for the year ended 31 July 201Y

		Notes	Year Ended 31 July 201Y £'000	Year Ended 31 July 201X £'000
1	**Funding body grants**			
	Recurrent grant			
	Higher Education Funding Council		**30,300**	30,049
	Learning Skills Council		**900**	863
	Training and Development Agency		**695**	688
	Specific grants			
	Higher Education Academic Subject Centres		**10,100**	9,400
	Higher Education Innovation Fund		**5,260**	2,200
	Teacher Quality Enhancement Fund		**8,701**	8,400
	Deferred capital grants released in year :			
	Buildings	24	**854**	718
	Equipment	24	**1,120**	900
			57,930	53,218
2	**Tuition fees and education contracts**			
	Full-time home and EU students		**19,926**	17,373
	Full-time international students		**12,240**	11,450
	Part-time students		**1,890**	1,320
	Research training support grant		**1,635**	2,564
			35,691	32,707
3	**Research grants and contracts**			
	Research councils and charities		**15,481**	13,066
	Industry and commerce		**4,124**	4,675
	Governmental		**11,926**	11,113
			31,531	**28,854**

Research grants and contracts income includes £531,000 (201X - £517,000) in respect of the release of deferred capital grants on equipment.

Facilities for research with a value of £170,000 (201X - £160,000) were donated to the Institution, but are not included in the above.

		Notes	Year Ended 31 July 201Y £'000	Year Ended 31 July 201X £'000
4	**Other income**			
	Residences, catering and conferences		**23,644**	22,277
	Other income		**14,183**	**12,907**
	Benefit on acquisition of ABC Institution - release to income	13	**134**	456
	Released from deferred capital grants		**1,367**	**591**
	Income from joint venture	15	**2,100**	1,805
			41,428	38,036
5	**Endowment and investment income**			
	Income from expendable endowments	25	**66**	83
	Income from permanent endowments	25	**33**	40
	Income from short-term investments		**1,607**	1,957
	Net return on pension scheme	40	**230**	0
			1,936	2,080

Notes to the Accounts
for the year ended 31 July 201Y

	Notes	**Year Ended 31 July 201Y £'000**	Year Ended 31 July 201X £'000
6 Staff costs			
Staff Costs :			
Salaries		**69,226**	67,434
Social security costs		**5,700**	5,825
Occupational pensions scheme costs	40		
Employer contributions		**6,305**	5,396
FRS 17 adjustments		**600**	326
Restructuring costs		**0**	0
Total		**81,831**	78,981
Emoluments of the vice-chancellor:			
Salary		**£158,300**	£155,400
Benefits		**£1,500**	£950
Pension contributions to USS		**£22,950**	£21,570
Remuneration of other higher paid staff, excluding employer's pension contributions:		**No.**	No.
£100,000 to £109,999		**4**	2
£110,000 to £119,999		**1**	0
		5	2
Average staff numbers by major category:		**No.**	No.
Academic		**616**	566
Research		**359**	330
Management & specialist		**362**	392
Technical		**185**	180
Other		**1,068**	1,040
		2,590	2,508
Compensation for loss of office payable to a senior post-holder:			
		£'000	**£'000**
Compensation payable		**15**	0

The severance pay was in accordance with the Institution's remuneration committee.

NB: Guidance re disclosing VC and High Earners Pay – Salary Sacrifice and Other Tax Arrangements

With the increasing use of salary sacrifice tax schemes, covering a multitude of benefits from pensions, child care, car parking, green lease cars, cycle schemes etc, attention has been drawn to inconsistencies in the way VC salaries, along with those of high-earners, are disclosed in the Financial Statements – these disclosures be based on the pre salary sacrifice amounts.

Normally a contract of employment offers the individual remuneration based on a stated salary of £x, with the option of participating in a salary sacrifice scheme(s). In such instances £x should be the disclosed remuneration, regardless of whether the individual decides to take the full salary or to take part of it as a non-cash benefit via a salary sacrifice scheme. The contract of employment sets the remuneration entitlement and it is irrelevant if the individual decides to take part of that remuneration as a non-cash benefit. Individuals are normally also given the option of switching in and out of salary sacrifice schemes, perhaps at a specified point(s) in time, reinforcing the fact that it is the remuneration levels specified in the contract of employment (ie the pre-salary sacrifice value) that is the relevant value for disclosure. Adopting this treatment will also ensure that all salary disclosures, the VC and those of high-earners, are made on a comparable basis.

Given the new tax arrangements relating to pensions, some universities are offering their VCs higher salaries in place of employer pension contributions. Any increase in remuneration should be disclosed as part of the VCs salary disclosure. In the case of VCs this would also result in a reduced pension paid disclosure.

On a related note, two other points about VC remuneration discourses. It is not necessary to disclose employers national insurance contributions in relation to VCs pay or those in the higher remuneration bands and if an institution appoints a new VC during the year, it is helpful to disclose the incoming and outgoing VC remuneration details separately, as many already do.

Notes to the Accounts
for the year ended 31 July 201Y

	Notes	Year Ended 31 July 201Y £'000	Year Ended 31 July 201X £'000
7 Interest and other finance costs			
Loans not wholly repayable within five years		**2,017**	2,972
Repayable wholly or partly in more than five years		**200**	0
Finance leases		**0**	14
Net charge on pension scheme	40	**0**	264
		2,217	3,250
8 Analysis of total expenditure by activity			
Academic departments		**64,570**	59,663
Academic services		**10,964**	10,241
Administration and central services		**17,938**	15,416
Premises		**14,679**	14,430
Residences, catering and conferences		**20,317**	19,140
Research grants and contracts		**25,070**	23,192
Other expenses		**7,161**	8,287
		160,699	150,369
Other operating expenses include:			
External auditors remuneration in respect of audit services		**62**	58
External auditors remuneration in respect of non-audit services		**5**	9
Operating lease rentals			
Land and buildings		**55**	50
Other		**371**	292

Trustees

No trustee has received any remuneration/waived payments from the group during the year (201X - none).

The total expenses paid to or on behalf of 20 trustees was £24,600 (201X - £22,000 to 20 trustees). This represents travel and subsistence expenses incurred in attending Council, Committee meetings and Charity events in their official capacity.

NB Guidance on the above to be issued by HEFCE shortly on their website

9 Taxation		
Current tax		
UK corporation tax of x% on profit for the year	**207**	41
Adjustment in respect of previous years	**2**	0
	209	41
Deferred tax		
Origination and reversal of timing differences	**0**	5
Total tax	**209**	46
Tax paid in year	**46**	2

9 a) Segmental reporting

SSAP 25 "Segmental reporting" requires the disclosure of income, segment result and segment net assets by class of business and geographical segment where material other segments exist (para 65 SORP).
If an HEI believes it has such segmental activity then this is where to expand the detail

10 Exceptional items		
Surplus on disposal of land and buildings	**(758)**	0
Fundamental restructuring costs	**2,888**	0
	2,130	0

During the year an off-campus residence was sold [name], and the whole of the proceeds reinvested in a new on-campus residential development.

During the year the Institution implemented its strategic plan to re-focus as a research led Institution. This led to early retirement of particular staff in the Astrology Department. Staff were given packages which included enhanced pension benefits and added years of service.

Note; there is no corporation tax due on exceptional items.

Notes to the Accounts
for the year ended 31 July 201Y

11 Intangible assets: Goodwill and others

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Opening balance	**0**	**0**	0	0
Additions in the year	**20**	**20**	0	0
Amortisation charge for the year	**(4)**	**(4)**	0	0
Closing balance	**16**	**16**	0	0

The addition during the year relates to the purchase of a brand name.

The amortisation period is 5 years.
A detailed fair value table on acquisition is shown in note 13 where there is negative goodwill.

Notes to the Accounts
for the year ended 31 July 201Y

12 Tangible assets

Consolidated	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Plant and Machinery £'000	Fixtures, Fittings and Equipment £'000	Assets in the Course of Construction £'000	Heritage Assets £'000	Total £'000
Cost or valuation							
At 1 August 201X	157,470	43,573	10,416	20,170	12,734	1,300	245,663
Additions	44,556	613	507	620	421	200	46,917
Transfers	5,314	0	0	368	(5,682)	0	0
Surplus on revaluation	2,160	0	0	0	0	0	2,160
Disposals	(15,000)	0	0	(686)	0	0	(15,686)
At 31 July 201Y	**194,500**	**44,186**	**10,923**	**20,472**	**7,473**	**1,500**	**279,054**
Consisting of valuation as at:							
1 August 200Y	90,160	0	0	0	0	0	90,160
Cost	104,340	44,186	10,923	20,472	7,473	1,500	188,894
	194,500	**44,186**	**10,923**	**20,472**	**7,473**	**1,500**	**279,054**
Depreciation							
At 1 August 201X	33,884	1,938	7,503	13,280	0	0	56,605
Charge for the year	3,908	910	1,001	2,596	0	0	8,415
Written back on revaluation	(360)	0	0	0	0	0	(360)
Disposals	(2,500)	0	0	(516)	0	0	(3,016)
At 31 July 201Y	**34,932**	**2,848**	**8,504**	**15,360**	**0**	**0**	**61,644**
Net Book Value							
At 31 July 201Y	**159,568**	**41,338**	**2,419**	**5,112**	**7,473**	**1,500**	**217,410**
At 31 July 201X	123,586	41,635	2,913	6,890	12,734	1,300	189,058
Institution							
Cost and valuation							
At 1 August 201X	154,465	43,573	10,002	18,050	12,734	1,300	240,124
Additions	31,895	1,613	507	6,110	421	200	40,746
Transfers	5,314	0	0	368	(5,682)	0	0
Surplus on revaluation	2,160	0	0	0	0	0	2,160
Disposals	(15,000)	0	0	(523)	0	0	(15,523)
At 31 July 201Y	**178,834**	**45,186**	**10,509**	**24,005**	**7,473**	**1,500**	**267,507**
Consisting of valuation as at:							
1 August 200Y	90,160	0	0	0	0	0	90,160
Cost	88,674	45,186	10,509	24,005	7,473	1,500	177,347
	178,834	**45,186**	**10,509**	**24,005**	**7,473**	**1,500**	**267,507**
Depreciation							
At 1 August 201X	33,513	1,938	7,303	11,706	0	0	54,460
Charge for the year	3,908	910	890	2,418	0	0	8,126
Written back on revaluation	(360)	0	0	0	0	0	(360)
Disposals	(2,500)	0	0	(366)	0	0	(2,866)
At 31 July 201Y	**34,561**	**2,848**	**8,193**	**13,758**	**0**	**0**	**59,360**
Net Book Value							
At 31 July 201Y	**144,273**	**42,338**	**2,316**	**10,247**	**7,473**	**1,500**	**208,147**
At 31 July 201X	120,952	41,635	2,699	6,344	12,734	1,300	185,664

Notes to the Accounts (cont…)
for the year ended 31 July 201Y

At 31 July 201Y, freehold land and buildings included £10.9m (201X - £10.6m) in respect of freehold land and is not depreciated.

Included in leasehold land and buildings are assets with a cost of £26.0m (201X - £24.3m) and accumulated depreciation of £1.7m (201X - £1.1m) which are held for use in an operating lease. The Institution is acting as lessor to [company name]. Included in the cost of tangible fixed assets is aggregated interest capitalised of £2.6m (201X - £2.3m).

On adoption of FRS 15, the Institution followed the transitional provision to retain the book value of land and buildings, which were revalued on 1 August 1996 by GR Samples Chartered Surveyors, but not to adopt a policy of revaluations of these properties in the future. These valuations are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	Year Ended 31 July 201Y £'000	Year Ended 31 July 201X £'000
Cost	200	200
Accumulated depreciation	160	120
Charge for year	40	40

[the disclosures in respect of any prior year adjustment arising from the change in accounting policy for heritage assets as prescribed by the new SORP are not shown].

Heritage assets

A description of the nature and scale of heritage assets, and the relevant policies, as required by FRS 30, should be given subject to materiality. No illustrations are provided here as the disclosures will vary considerably between institutions.

The table below shows the analysis of acquisitions as required by FRS 30.

Acquisitions for the current and previous four years were as follows:	201Y £000	201X £000	201W £000	201V £000	201U £000
Acquisitions purchased with specific donations	200	-	214	73	132
Acquisitions purchased with University funds	-	30	-	73	-
Total cost of acquisitions purchased	200	30	214	146	132
Value of acquisitions by donation	-	89		150	25
Total acquisitions capitalised	200	119	214	296	157

Notes to the Accounts
for the year ended 31 July 201Y

13 Benefit arising from the acquisition of ABC college (Consolidated and Institution)

	Notes	£'000
Fair Value		
At 31 July 201X and at 1 August 201Y		5,565
Released to income and expenditure account		
At 1 August 201X		(2,134)
Release for year		(134)
At 31 July 201Y		**(2,268)**
Net Book Value		
At 31 July 201Y		**3,297**
At 31 July 201X		3,431

The amortisation period is [x] years.

14 Investments

Consolidated	**Subsidiary companies**	**Subsidiary investment in spinouts**	**Other fixed assets investments**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 August 201X	**0**	**75**	**248**	**323**
				0
Additions	**0**	**0**	**0**	**0**
Disposals	**0**	**(46)**	**0**	**-46**
At 31 July 201Y	**0**	**29**	**248**	**277**

Institution	**£'000**	**£'000**	**£'000**	**£'000**
At 1 August 201X	**479**	**0**	**248**	**727**
Additions	**8,000**	**0**	**0**	**8,000**
Disposals	**0**	**0**	**0**	**0**
At 31 July 201Y	**8,479**	**0**	**248**	**8,727**

The fixed asset investments have been valued at market value.

The investment in the subsidiary company relates to the introduction of additional share capital to enable it to fund the extension to facilities.

Other fixed asset investments consist of :	Consolidated and institution
	£'000
BRB Properties plc	42
AB Limited	6
AC Limited	200
	248

15 Investment in joint venture

The Institution holds a 50% share of Sports Industries Limited, a company limited by guarantee. This is a joint venture company owned equally by the Institution and BB College. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 50% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the Institution and 50% of its net income is reported in the Institution's consolidated income and expenditure account.

	Year ended 31 July 201Y		Year ended 31 July 201X	
	£'000	£'000	£'000	£'000
Income and expenditure account				
Income		2,100		1,805
Deficit before tax		(311)		(150)
Balance sheet				
Fixed assets	1,991		2,430	
Current assets	235		195	
		2,226		2,625
Creditors: amounts due within one year	(922)		(1,105)	
Creditors: amounts due after more than one year	(45)		(50)	
		(967)		(1,155)
Share of net assets		1,259		1,470

Note: further analysis should be given where this is necessary to understand the nature of the total amounts disclosed and the share of the joint venture is greater than 15% of net assets or operating surpluses of the group. These disclosures are even more detailed if greater than 25%.

16 Investment in associate

The university has a 42% holding in TEF Ltd which offers consultancy into wireless communications, antennas and systems.

Note: a breakdown is required by associate in the financial statements if more than one associate Further analysis should be given where this is necessary to understand the nature of the total amounts disclosed and the share of the associate is greater than 15% of net assets or operating surpluses of the group. These disclosures are even more detailed if greater than 25%.

Notes to the Accounts
for the year ended 31 July 201Y

17 Endowment assets (Consolidated and Institution)

	31 July 201Y	31 July 201X
	£'000	£'000
Balance at 1 August	**1,349**	1,360
New endowments invested	**120**	192
(Decrease) / increase in market value of investments	**(82)**	88
Increase / (decrease) in cash balances held for endowment funds	**47**	291
Balance at 31 July	**1,434**	1,349
Represented by		
Securities	**1,147**	1,109
Cash at bank held for endowment funds	**287**	240
Total endowment assets	**1,434**	1,349

Notes to the Accounts
for the year ended 31 July 201Y

18 Stock

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Stocks of finished goods	**1,062**	**1,954**	1,499	3,462

19 Debtors

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Amounts falling due within one year:				
Debtors	**8,440**	**6,334**	12,727	12,334
Prepayments and accrued income	**541**	**416**	540	466
Amounts due from subsidiary companies	**0**	**946**	0	2,007
Amounts due from associate companies	**0**	**0**	0	10
	8,981	**7,696**	13,267	14,817

NB; Debtors due after one year should be disclosed separately

20 Investments

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Deposits maturing:				
In one year or less	**13,401**	**12,900**	19,865	18,762
Between one and two years	**11,675**	**11,305**	12,350	12,443
	25,076	**24,205**	32,215	31,205

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than 24 hours maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 201Y the weighted average interest rate of these fixed rate deposits was 4.73% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 229 days. The fair value of these deposits was not materially different from the book value.

21 Creditors : amounts falling due within one year

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Bank overdraft	**142**	**0**	96	0
Secured loans	**0**	**0**	2,058	2,058
Unsecured loans	**541**	**541**	12	12
Obligations under finance leases	**0**	**0**	14	0
Research grants received on account	**22,671**	**26,931**	21,731	21,630
Trade creditors	**20,365**	**14,396**	16,634	13,976
Social security and other taxation payable	**2,630**	**2,421**	2,302	2,254
Accruals and deferred income	**3,766**	**2,185**	1,080	1,696
	50,115	**46,474**	43,927	41,626

Notes to the Accounts
for the year ended 31 July 201Y

22 Creditors : amounts falling due after more than one year

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Analysis of secured and unsecured loans:				
Due within one year or on demand	**683**	**541**	2,166	2,070
Due between one and two years	**564**	**564**	2,163	2,163
Due between two and five years	**1,867**	**1,867**	7,143	7,143
Due in five years or more	**31,760**	**31,760**	41,739	41,739
	34,874	**34,732**	**53,211**	**53,115**
Due within one year or on demand	**(683)**	**(541)**	**(2,166)**	**(2,070)**
Due after more than one year	**34,191**	**34,191**	**51,045**	**51,045**
Secured loans repayable by 20BC	**0**	**0**	51,045	51,045
Unsecured loans repayable by 20BD	**34,191**	**34,191**	0	0
	34,191	**34,191**	51,045	51,045

The secured loans were all repaid during the year. Refinancing followed at a lower amount. Included in loans are the following:

Lender	**Amount**	**Term**	**Interest rate**	**Borrower**
	£'000		**%**	
Bank	16,000	20BA	5.13	Institution
Bank	5,000	20AF	5.48	Institution
Bank	5,000	20AF	4.70-7.18	Institution
Bank	8,732	20CD	0.18 above base	Institution
	34,732			
Bank	142	20AF	5.00	Subsidiary
Total	34,874			

23 Provisions for liabilities

Consolidated	**Pension enhancements on termination**	**Premature Retirement Compensation**	**Deferred tax**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
At 1 August 201X	1,683	402	5	**2,090**
Utilised in year	(102)	(40)	(5)	**(147)**
Transfer from income and expenditure account	121	42	0	**163**
At 31 July 201Y	**1,702**	**404**	**0**	**2,106**

Notes to the Accounts

for the year ended 31 July 201Y

24 Deferred capital grants

Consolidated	**Funding Council £'000**	**Other Grants £'000**	**Total £'000**
At 1 August 201X			
Buildings	24,414	34,787	59,201
Equipment	3,870	2,495	6,365
Total	**28,284**	**37,282**	**65,566**
Cash receivable			
Buildings	9,039	6,771	15,810
Equipment	1,753	685	2,438
Total	**10,792**	**7,456**	**18,248**
Released to income and expenditure account			
Buildings (notes 1, 3 and 4)	(854)	(1,019)	(1,873)
Equipment (notes 1, 3 and 4)	(1,120)	(879)	(1,999)
Total	**(1,974)**	**(1,898)**	**(3,872)**
At 31 July 201Y			
Buildings	32,599	40,239	72,838
Equipment	4,503	2,801	7,304
Total	**37,102**	**43,040**	**80,142**

Institution	**Funding Council £'000**	**Other Grants £'000**	**Total £'000**
At 1 August 201X			
Buildings	24,414	35,008	59,422
Equipment	3,870	1,495	5,365
Total	**28,284**	**36,503**	**64,787**
Cash receivable			
Buildings	9,039	6,971	16,010
Equipment	1,753	685	2,438
Total	**10,792**	**7,656**	**18,448**
Released to income and expenditure account			
Buildings	(854)	(976)	(1,830)
Equipment	(1,120)	(879)	(1,999)
Total	**(1,974)**	**(1,855)**	**(3,829)**
At 31 July 201Y			
Buildings	32,599	41,003	73,602
Equipment	4,503	1,301	5,804
Total	**37,102**	**42,304**	**79,406**

Note: non-depreciable heritage assets should not appear within deferred capital grants

Note: Since the accounting policies state that heritage assets are not depreciated, grants for acquisition of heritage assets are included in the income and expenditure account rather than being credited to deferred capital grants.

Notes to the Accounts
for the year ended 31 July 201Y

25 Endowments (Consolidated and Institution)

	Unrestricted Permanent £'000	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	201Y Total £'000	201X Total £'000
Balances at 1 August 201X						
Capital	63	300	363	790	**1,153**	898
Accumulated income	-	96	96	100	**196**	462
	63	396	459	890	**1,349**	1,360
New endowments	-	45	45	75	**120**	192
Investment income	2	31	33	66	**99**	123
Expenditure	(2)	(15)	(17)	(35)	**(52)**	(414)
	-	16	16	31	**47**	(291)
(Decrease) / increase in market value of investments	(8)	(29)	(37)	(45)	**(82)**	88
At 31 July 201Y	55	428	483	951	**1,434**	1,349
Represented by:						
Capital	55	316	371	800	**1,171**	1,153
Accumulated income	-	112	112	151	**263**	196
	55	428	483	951	**1,434**	1,349
Analysis by type of purpose:						
Lectureships	-	201	201	-	**201**	180
Scholarships and bursaries	-	106	106	201	**307**	283
Research support	-	-	-	750	**750**	698
Prize funds	-	121	121	-	**121**	125
General	55	-	55	-	**55**	63
	55	428	483	951	**1,434**	1,349

The following permanent restricted funds had overdrawn income balances at 31 July 201Y. No further expenditure will be incurred on these funds until sufficient income has been received to cover these deficits, which in both cases is expected to be before 31 July 201Z.

Balances at 31 July 201Y:	Capital £	Income £	Total £
Ignoble Prize Fund	5,352	(123)	5,229
ABC College Arboriculture Fund	28,228	(89)	28,139
	33,580	(212)	33,368

Major endowments

The SORP requires (paragraph 157) that major endowments and their movements in the year need to be disclosed. Materiality is specified as "in relation to the group as a whole". Where such disclosure is provided the movements should be reported using the same captions as for the totals as above; an illustration follows:

Restricted [permanent /] expendable endowments include two major individual funds:

The Midshires Alumni Student Support Scheme (MASS Scheme) resulted from a major alumni giving campaign in 1994, the university's centenary year. Income is applied to support students with disabilities and/or those who spent a large part of their childhood either in care or as carers.

The Chair of Charity Regulation Fund (CCR Fund) is used to support research into regulatory practice in the charity sector.

The movements on these funds for the year were as follows:

	MASS Scheme £'000	CCR Fund £'000
Balances at 1 August 201X	X)	X)
New endowments	X)	X)
Investment income	X)	X)
Expenditure	(X)	(X)
(Decrease) / increase in market value of investments	(X)	(X)
Balances at 31 July 201Y	X)	X)

Notes to the Accounts
for the year ended 31 July 201Y

26 Reserves

	Notes	Year ended 31 July 201Y Consolidated £'000	Institution £'000
Income and expenditure reserve			
At 1 August		66,052	65,381
Surplus retained for the year		12,961	11,552
Transfer from revaluation reserve		12,710	12,710
Add back pension deficit		618	618
At 31 July		92,341	90,261
Pension reserve			
At 1 August		(16,673)	(16,673)
Actuarial (loss)/gain	40	(220)	(220)
Deficit retained within reserves		(618)	(618)
At 31 July		(17,511)	(17,511)
Revaluation reserve			
At 1 August		20,375	20,375
Revaluation in the year		2,160	2,160
Cumulative depreciation written back on revaluation		360	360
Transfer from revaluation reserve to general reserve in respect of:			
Disposal of properties		(12,500)	(12,500)
Depreciation on revalued assets		(210)	(210)
At 31 July		10,185	10,185

Notes to the Accounts
for the year ended 31 July 201Y

27 Reconciliation of surplus before tax and profit on disposal of assets to net cash inflow from operating activities

	Notes	**Year ended 31 July 201Y**	Year ended 31 July 201X
		£'000	£'000
Surplus after depreciation of tangible fixed assets at valuation and before tax		**15,627**	11,447
Depreciation	12	**8,415**	7,717
Benefit on acquisition of ABC College releas	13	**(134)**	(456)
Deferred capital grants released to income	24	**(3,872)**	(3,430)
Amortisation of intangible assets	11	**4**	0
Investment income	5	**(1,936)**	(2,080)
Interest payable	7	**2,217**	3,250
Decrease/(increase) in stocks		**437**	(169)
Decrease/(increase) in debtors		**4,161**	(264)
Increase in creditors		**4,651**	7,568
Increase/(decrease) in provisions		**16**	(420)
Receipt of donated equipment		**(170)**	(20)
Pension costs less contributions payable	40	**848**	436
Net cash inflow from operating activities		**30,264**	23,579

28 **Returns on investments and servicing of finance**		
Income from endowments	**99**	123
Other interest received	**1,962**	1,741
Interest paid	**(2,414)**	(3,011)
Interest element of finance lease rental payment	**0**	4
	(353)	(1,143)

29 **Capital expenditure and financial investment**		
Proceeds from sales of fixed assets	**13,428**	2,511
Fixed asset investment disposal	**46**	(7)
New endowments received	**120**	192
Endowment funds invested	**(120)**	(192)
Payments made to acquire fixed assets	**(46,917)**	(18,695)
Deferred capital grants received	**18,248**	7,231
Net cash outflow for capital expenditure and financial investment	**(15,195)**	(8,960)

30 Management of liquid resources		
Withdrawals from deposits	**7,139**	1,177
	7,139	1,177

31 Financing		
New secured loans	**0**	0
Repayments of amounts borrowed	**(18,383)**	(1,969)
Capital element of finance lease rental payments	**(14)**	10
	(18,397)	(1,959)

Notes to the Accounts
for the year ended 31 July 201Y

32 Analysis of changes in net debt

	Notes	**At 1st August 201X £'000**	**Cash Flows £'000**	**Non-Cash Changes £'000**	**At 31st July 201Y £'000**
Cash at bank and in hand					
Endowment assets	17	240	47	0	**287**
Other		14,640	(6,299)	0	**8,341**
Bank overdraft	21	(96)	(46)	0	**(142)**
		14,784	**(6,298)**	0	**8,486**
Short-term investments	20	32,215	(7,139)	0	**25,076**
Debts due within one year	21	(2,070)	18,383	(16,854)	**(541)**
Debts due after one year	22	(51,045)	0	16,854	**(34,191)**
Finance lease		(14)	14	0	**0**
		(6,130)	**4,960**	**0**	**(1,170)**

33 Cash flows relating to exceptional items

Operating cash flows include an outflow of £2.888m in respect of the fundamental restructuring costs included within capital expenditure and financial investments.

Cash flows are cash receipts of £13.428m in relation to the disposal proceeds from the sale of the off-campus residence

34 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 201Y:

	Year ended 31 July 201Y		Year ended 31 July 201X	
	Consolidated	**Institution**	Consolidated	Institution
	£'000	**£'000**	£'000	£'000
Commitments contracted for	**7,652**	**7,562**	12,891	12,891
Authorised but not contracted for	**6,844**	**5,784**	3,967	3,967
	14,496	**13,346**	16,858	16,858

35 Contingent liabilities

Guarantees				
to HSBC plc for Conference Ltd	**0**	**500**	0	500
to Barclays for purchase of equipment	**0**	**0**	29	29
to Barclays for sale of equipment	**191**	**197**	198	198
	191	**697**	227	727

The Institution has given written undertakings to support the subsidiary companies at twelve months from the date of approval of these financial statements.

36 Lease obligations

Annual rentals under operating lease commitments are as follows:

Leases expiring over 5 years:				
Land and buildings	**70**	**70**	70	70
Plant and machinery	**0**	**0**	0	0
Other operating leases	**0**	**0**	0	0

Notes to the Accounts
for the year ended 31 July 201Y

37 Post balance sheet events

On 1 August 201Y the Institution merged its activities with those of BA College. At that date all assets, liabilities and activities of the College were transferred to the Institution and the College was dissolved. All activities are continuing within the merged Institution. Assets valued at £10.5m and liabilities of £3.2m and an operating surplus of £750k were transferred.

38 Amounts disbursed as agent (Consolidated and Institution)

	Year ended 31 July 201Y		Year ended 31 July 201X	
Hardship funds	**£'000**	**£'000**	£'000	£'000
Income				
Excess of income over expenditure at 1 August 201Y	**54**		44	
Funding Council grants	**457**		456	
Interest earned	**2**	**513**	1	501
Expenditure				
Disbursed to students	**(430)**		(432)	
Fund running costs	**(16)**	**(446)**	(15)	(447)
Excess of income over expenditure at 31 July 201Y		**67**		54

Funding Council grants are available solely to assist students: the Institution acts only as paying agent.
The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

The following bursaries were received and expended during the year and have been excluded from the income and expenditure account:

[List of bursaries here with comparatives]

39 Disclosure of related party transactions

Due to the nature of the Institution's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the Institution's Financial Regulations and usual procurement procedures. Transactions totalling £126,700, relating to the purchase of specialist equipment took place with DEF Ltd, a company in which the Dean of Engineering has a majority interest. There were no outstanding amounts.

If there are no such payments to Council members (trustees) then a statement to this effect must be made.
NB Guidance on the above to be issued by HEFCE shortly on their website

Note: related party transactions with investments, i.e. spin-out companies need to be disclosed.

40 PENSION SCHEMES

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the Local Government Superannuation Scheme (LGSS). Also for academic staff employed by ABC Institution, contributions are paid to the Teachers' Pension Scheme (TPS).

Summary of pension scheme costs:

	201Y			201X		
	Emp'r contrib'ns	FRS17	Total cost	Emp'r contrib'ns	FRS17	Total cost
	£000	£000	£000	£000	£000	£000
USS	3,786	0	3,787	3,062	0	3,062
LGPS	2,399	600	2,999	2,210	326	2,536
TPF	120	0	120	124	0	124
Other pension schemes	0	0	0	0	0	0
Provision for pension increase	0	0	0	0	0	0
Total pension cost (Note 6)	6,305	600	6,905	5,396	326	5,722

The assumptions and other data relevant to the determination of the contribution levels of the more significant schemes are as follows:

	USS 201Y	**LGSS 201Y**	**TPS 201Y**
Investment returns per annum	4.50%	6.30%	7.00%
Salary scale increase per annum	3.90%	4.40%	5.00%
Pension increase per annum	2.90%	2.90%	3.50%
Market value of assets at date of last valuation	£21,739 million	£1,389 million	£142,880 million
MFR proportion of members' accrued benefits covered			
by the actuarial value of the assets	126%	87%	100%

Basic employer contribution rates used during the year to 31 July 20XX:

	USS	LGPS	TPS
1 August 2012 to 31 March 2013	x.x%	x.x%	x.x%
1 April 2013 to 31 July 2013	x.x%	x.x%	x.x%

Teachers' Pension Scheme

TPS is valued every year by the Government Actuary. Contributions are paid by the Institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is 13.5% of pensionable salaries.

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

Universities Superannuation Scheme

USS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the USS actuary reviews the progress of the USS scheme.

The contribution rate payable by the Institution to USS is 14% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pensions costs in the institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 200X valuation has regard to the surplus disclosed, the benefit improvements introduced subsequent to the valuation and the need to spread surplus in a prudent manner over the future working lifetime of current scheme members.

Under the definitions set out in FRS 17, the USS is a multi-employer defined benefit pension scheme. The Institution is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Institution has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Local Government Superannuation Scheme

LGSS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the LGSS actuary reviews the progress of the LGSS scheme.

For LGSS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGSS Regulations. The contribution payable by the employer was increased to 12.3% of pensionable salaries from April 200Y. In subsequent years the rate will increase to 13.5%.

Under the definitions set out in FRS 17, the LGSS is a multi-employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 200Y.

The pension scheme assets are held in a separate Trustee-adminstered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

A full actuarial valuation was carried out at 31 July 201X and updated to 31 July 201Y on an FRS 17 basis by a qualified independent actuary. The material assumptions used by the actuary for FRS 17 at 31 July 200X were:

	201Y	**201X**
	%	**%**
Price increases	3.1	2.8
Salary increases	4.6	4.3
Pension increases	3.1	2.8
Discount rate	5.1	5.0

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	201Y	**201X**
	%	**%**
Retiring today		
Males	21.2	19.1
Females	24.0	22.8
Retiring in 20 years		
Males	22.4	19.9
Females	25.1	22.8

b) The assets in the LGSS scheme and the expected rate of return were:

	201Y		2001		201W	
	LONG – TERM RETURN %	FUND VALUE £'000	LONG –TERM RETURN %	FUND VALUE £'000	LONG –TERM RETURN %	FUND VALUE £'000
Equities	7.7	53,881	7.3	47,781	7.9	38,218
Bonds	4.7	12,458	4.7	10,655	5.4	9,509
Property	5.7	6,773	5.4	6,085	6.7	5,578
Cash	4.8	3,065	4.5	2,287	4.5	1,303
		76,177		**66,808**		**54,608**

The following amounts at 31 July 201Y were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the balance sheet	**201Y**	**201X**
	£'000	**£'000**
The Institution's estimated asset share	76,177	66,808
Present value of the Institution's scheme liabilities	(93,688)	(83,481)
Deficit in the scheme - Net pension liability	(17,511)	(16,673)

Analysis of the amount charged to staff costs within operating surplus	**201Y**	**201X**
	£'000	**£'000**
Current service cost	2,959	2,341
Past service cost	40	191
Settlements and curtailments	0	4
Total operating charge	2,999	2,536

Analysis of the amount credited to other finance income/ (charged) to interest payable	**201Y**	**201X**
	£'000	**£'000**
Expected return on pension scheme assets	4,438	3,977
Interest on pension scheme liabilities	(4,208)	(4,241)
Net return/(charge)	230	(264)

Analysis of the amount recognised in statement of total recognised gains and losses (STRGL)	**201Y**	**201X**
	£'000	**£'000**

Actual return less expected return on pension scheme assets	4,388	7,782
Experience gains and losses	(4,608)	(5,715)
Actuarial (loss)/gain recognised in STRGL	(220)	2,067

Analysis of the movement in the present value of scheme liabilities	**201Y**	**201X**
	£'000	**£'000**
At beginning of the year	xx	xx
Current service cost	x	x
Interest cost	x	x
Contributions by scheme participants	x	x
Actuarial gains and losses	x	x
Benefits paid	x	x
Past service cost	x	x
Business combinations	x	x
Curtailments	x	x
Settlements	x	x
At end of the year	xx	xx

Analysis of movement in the fair value of scheme assets	**201Y**	**201X**
	£'000	**£'000**
At beginning of the year	xx	xx
Expected rate of return on scheme assets	x	x
Actuarial gains and losses	x	x
Contribution by the employer	x	x
Contributions by scheme participants	x	x
Benefits paid	x	x
Business combinations	x	x
Settlements	x	x
At end of the year	xx	xx

History of experience gains and losses	**201Y**	**201X**	**201W**	**201V**	**201U**
Cumulative	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Present value of scheme liabilities	(93,688)	(83,481)	(70,000)	X	X
Fair value of scheme assets	76,177	66,808	54,608	X	X
(Deficit)/surplus in the scheme	(17,511)	(16,673)	(15,392)	X	X

Difference between expected and actual return on scheme assets:					
Amount (£'000)	4,388	7,782	1,017	(740)	(10,302)
Percentage of scheme assets	5.8%	11.6%	1.9%	(1.5%)	(22.6%)
Experience gains and (losses) on scheme liabilities:					
Amount (£'000)	(4,608)	(5,715)	0	20	891
Percentage of the present value of the scheme liabilities	4.9%	6.8%	0.0%	0.0%	1.6%

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses is £X'000 (201X £'000).

Defined benefit scheme assets do not include any of the institution's own financial instruments, or any property occupied by the institution.

The estimate for the contribution for the defined benefit scheme for the year 201Z is [£x / or x% contribution rate].

The actual return on scheme assets in the year was £x'000 (200X: £x'000).

41 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the Institution, are as follows:

Company	Principal Activity	Status	Note
Ergonomics Ltd	Marketing of the expertise and facilities of the Institution in applicable specialist areas.	90% owned	
Conference Ltd	Management of conference and related commercial facilities	100% owned	14
Sports Facilities Ltd	Management of sports facilities	100% owned	
Institution Services Ltd	Provision of utility and other services	100% owned	
Institution Development Trust	Promotion of the charitable purposes of the Institution	Limited by guarantee	

Note the following additional disclosure requirements:

Class of share held by the institution and proportion held of that class
Subsidiaries prepared to a different accounting date and reason
Details of acquisitions during the year – name of subsidiary; acquired under acquisition method of accounting; for material acquisitions – composition and fair value of the consideration given by the acquiring institution; nature of any deferred or contingent consideration.
For acquisitions – details in tabular form of class and book values of asset and liabilities acquired and their fair values at acquisition and amount of any goodwill or negative good will arising on acquisition.
For material acquisitions, show surplus or deficit from beginning of year to date acquired.
More detailed disclosures required where a substantial acquisition defined as where net assets or operating surplus are more than 15% of the acquiring entity

42 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. One of the connected institutions is included as a subsidiary undertaking in these consolidated financial statements; the others are not included in the consolidation since the University does not have control over their activities. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	Opening balance £'000	Income £'000	Expenditure £'000	Change in market value £'000	Closing balance £'000
Consolidated (see note 41)					
Institution Development Trust	115	215	200	0	130
Not consolidated					
Midshires Sports Management Trust	2,232	274	270	(324)	1,912
5 bursary funds each with income below £100,000:					
totals *	83	233	225	0	91
	2,315	507	495	(324)	2,003

Midshires Sports Management Trust was established in 1999 by four Premier League football clubs to support the University's Sports Management degree courses and students on those courses. The founding clubs each appoint one trustee; the University appoints a trustee and provides administration services.

* Where appropriate, the analysis of smaller connected institutions into groups (eg prize funds, bursary / scholarship funds, research support funds) applies to charities included in the consolidation as well as those not consolidated.