

Financial Statements
and
Governors' Report

2010/11

GOVERNORS, EXECUTIVES AND ADVISERS**Board of Governors**

Stephen Burgin (Chair)
Lady Ann Fender DL (Deputy Chair)
Cordella Bart-Stewart
Nick Bell (from 1.9.10)
Simon Crofts
Ken Crossland
Rebecca Dobbs
The Very Reverend Adrian Dorber
Martin Fiddler
David Gage
Sharon Gwinneth
Professor Christine King (to 31.12.10)
Barry Machin (from 24.11.10)
Helen Pegg
Fred Pritchard
Laura Rowley (to 10.2.11)
Ann Spears (to 24.11.10)
Ruth Thompson
John van de Laarshot
Fiona Wood for academic year 2010/11
Jamie Robertson for academic year 2011/12

Executive Team

Professor Michael Gunn	Vice-Chancellor
Paul Richards	Deputy Vice-Chancellor
Neil Scott	Finance Director
Ken Sproston	University Secretary
Rosy Crehan	Executive Pro Vice-Chancellor (from 31.5.11)
Ian Blachford	Director of Human Resources

Auditors

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
West Midlands
B4 6GH

Bankers

Lloyds TSB Plc
5 Market Square
Stafford
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Solicitors

Martineau
No 1 Colmore Square
Birmingham
B4 6AA

REPORT OF THE GOVERNORS

The Governors submit their annual report and audited accounts for the year ended 31 July 2011.

OPERATING AND FINANCIAL REVIEW

Constitution and Activities

The University is a Higher Education Corporation as defined under the Education Reform Act 1988.

The powers of Higher Education Corporations are defined in Section 124 of the Act and include the power to provide higher and further education and to carry out research and publish the result of research as the University thinks fit.

The University was incorporated in November 1988 and on 1 April 1989 all properties, rights and liabilities which had been used and/or held by Staffordshire County Council for the purposes of the University were transferred to the Higher Education Corporation.

The University also enjoys exempt charitable status under the Act.

On 16 June 1992, the Privy Council confirmed its formal approval of a change of name from Staffordshire Polytechnic to Staffordshire University under the terms of the Further and Higher Education Act 1992.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings, Staffordshire University Enterprises Limited, Octagon Computer Centre and the Friends of Staffordshire University Charitable Trust.

Octagon Computer Centre Limited ceased to trade on 29th July 2011, when it assigned its leasehold interest to Staffordshire University, the parent company.

The subsidiaries undertake a range of activities including consultancy work, the operation of recreational activities and property management for a variety of commercial and other organisations. The taxable profits of the subsidiary undertakings are transferred back to the University under a covenant arrangement.

The University's Strategy and Vision

The University's current strategic plan, 2007-2012, is being updated and a new plan, for the period 2012 – 2017 will be issued in December. The new plan will continue to champion the values of our institution, but will reflect the dramatically changed environment in which the University and the Higher Education sector

now faces. The strategy will reflect an increasingly competitive environment, and the increasing expectations of our students and customers.

We are an organisation that specialises in learning and knowledge and it is in this area, our core activity, that we intend to make the major impact. We will not only continue to work for the highest quality standards but will be seeking to diversify our student base and to deliver in ways that are flexible and even more customer focused. We are creating a new and accessible model of learning and research that will meet the demands of our students and customers.

Our strategic plan seeks to invest in our people, facilities and products. We will refresh or rebuild our campuses; our programmes will be market facing and the first choice for an ever growing percentage of our students. We will grow student numbers and income, moving from a balanced budget to a financial surplus. This will allow the University to fund ongoing investment, within a sustainable financial model and ensure the University continues to flourish in a climate of constant change.

Results for the Year

The University's consolidated income, expenditure and results for the year to 31st July 2011 are summarised as follows:

	2010/11	2009/10	2008/9
	£'000	£'000	£'000
Income	123,337	118,524	111,765
Expenditure	117,850	117,696	110,940
Surplus/(deficit) on continuing operations after depreciation at valuation	5,487	828	825
Historical Cost Surplus	6,562	1,904	1,900
FRS 17 Adjustments included above	(1,086)	(1,887)	(494)
Surplus before FRS17 Adjustments	7,648	3,791	2,394

In 2010/11 the University and its subsidiaries made a historical cost surplus of £6.6 million (*2009/10 £1.9million*). Income grew by 4% to £123.3 million whilst operating costs remained in line with last year at £117.9 million (*2009/10 £117.7 million*). These results include adjustments for FRS17 – Accounting for Retirement Benefits. The impact of this accounting standard, on the income and expenditure account, is increasingly volatile and reflects changes in assumptions that affect our pension assets and liabilities over many years. Its impact this year was to reduce the surplus by £(1.1) million (*2009/10 by £1.9 million*). Excluding these FRS17 adjustments our operating surplus increased to £7.6 million (*2009/10 £3.8 million*).

Cashflow and Capital Investments

The table below summarises the major cash movements during the year ended 31st July 2011; this includes capital investments:

Cashflow	2010/11	2009/10	2008/9
	£'000	£'000	£'000
Net inflow from operating activities	12,566	12,040	11,834
Net outflow from servicing of finance	(563)	(521)	(343)
Capital Expenditure	(13,629)	(6,240)	(4,774)
Adjusted Net inflow before financing	4,384	10,895	10,821
Increase/(decrease) in cash for year	4,693	10,585	10,785

The consolidated Cash Flow Statement shows cash inflows from operating activities of £12.6 million (2009/10 £12.0 million). Overall there was a cash inflow for the year ended 31st July 2011 of £4.7 million (2009/10 inflow £10.6 million). Payments to acquire and improve fixed assets totalled £13.6 million (2009/10 £6.2 million).

Pension Liability

Retirement benefits for employees of the University are provided by defined benefit schemes. The financial results include the impact of Financial Reporting Standard 17 – Accounting for Retirement Benefits (FRS17) for the benefits covered by the Local Government Pension Scheme (LGPS). This accounting standard requires the inclusion, within the accounts, for the University's share of any net deficit in the scheme. Full disclosures can be found in note 30- Pension Costs. As at 31 July 2011 the Group's estimated share of the LGPS net deficit was £42.0 million (2009/10 £51.0 million).

The Teachers' Pension Scheme (TPS) is deemed a multi-employer scheme, and the University's share of its assets and liabilities cannot be separately identified. As such the University has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Liquidity and Long-term Financing

The University had net funds, as at 31 July 2011, of £25.0 million, (2009/10 net funds of £20.6 million). Cash at bank and in hand was £40.9 million (2009/10 £36.2 million).

On 17th September 2007 the University refinanced its existing loans, of £14.8 million, with a new term loan of £16 million, repayable over 27 years. The interest payable on this loan was fixed at 5.2%; for its duration. This represented a considerable reduction in the average interest-rate payable. The loan is part of a larger Convertible Revolving Credit Facility (CRCF) of £50 million. This facility was provided by Lloyds

TSB, its purpose to provide funding for the University's extensive capital programme over the next five years.

Treasury and Financing

Cash deposits are invested in accordance with the University's Treasury Management Policy. The prime requirement of the policy is to ensure that the capital sum is not at risk, whilst achieving a rate of return commensurate with deposit rates achievable on the London Money Market. Interest receivable decreased to £269,000 in 2010/11 (£331,000 in 2009/10) as a result of the fall in interest rates. Interest payable at £2,555,000 includes an FRS17 adjustment of £1,725,000 and loan interest payments of £830,000 (2009/10 FRS17 adjustment £2,744,000, loan interest payments £851,000).

Payment of Creditors

It is the University's policy to obtain the best terms for all business and therefore terms are negotiated individually with suppliers. The University's policy is to abide by the specific terms made in those agreements.

Employment of Disabled Persons

Applications by disabled persons for employment and admission to courses of study or research are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing staff and students becoming disabled every effort is made to ensure that their employment or study with the University continues and that appropriate training and support is arranged. It is the policy of the University that the training, career development and promotion and opportunities to undertake study and research should, as far as possible, be identical for all staff and students.

Governors' Remuneration

Governors receive no remuneration from the University in respect of activities undertaken while acting as Governors, other than in some circumstances, travelling expenses.

Public Benefit Statement

The University is a not-for-profit organisation, its mission is to provide and deliver higher education to a wide spectrum of students and other customers. In providing these services the University seeks to enhance the student's development and in so doing, improve their communities. By doing so the University seeks to enhance the general public good.

The Board of Governors and University management, in setting the University's strategy and planning its activities, make reference to and consider carefully the guidance on public benefit issued by the Charity Commission.

Teaching and Learning is the principle way in which the University makes a contribution to wider society. We provide opportunities, to a broad range of students. Through our access and outreach activities we aim to ensure students are not discouraged from entering higher education because of financial pressures. We operate a generous bursary scheme, in 2010/11 we made bursary payments of £3.8 million to 4,205 students, of whom 3,017 came from households with income below £18,000.

We are fully committed to supporting students with disabilities, we aim to provide individually negotiated support programmes that can include guidance and help with applications for Disabled Students' Allowances, specialist academic support and help with mobility.

We aim to ensure pathways to higher education by working with other educational providers. For example we work in partnership with local schools which provide Children's University validated activities for their pupils.

We collaborate with local organisations to provide a range of events and facilities that are available to people within our communities. For example we have for many years collaborated with the local authority in Stafford to provide all-weather sports facilities to both students and the wider public.

Current and Future Developments

The University continues to deliver its services from our main campuses in Stoke and Stafford, and through a network of established and high quality educational institutions, regionally, nationally and internationally. These partnerships represent a long-standing strategy for the University, providing access to higher education to many thousands of students through innovative and flexible pathways. We are particularly proud of the continued success of the Staffordshire University Regional Federation (SURF), our relationship with the National Design Academy in Nottingham and our international partnerships, notably with APITT in the Far East.

For several years the University has been pursuing an ambitious and innovative project to create a University Quarter (UQ), in the centre of Stoke. This project has involved close collaboration with Stoke FE College, Stoke Sixth-form College, Stoke-on-Trent City Council and other local and regional bodies. In August 2010 the University commenced work on its new Science and Technology building; and the building will be ready for our students in September 2012. This building will be part-funded by the Higher Education

Funding Council SDF fund and our college partners, and provide a state-of-the-art building for students at the University and the city's colleges. It will demonstrate that the University Quarter is not just a building project, but an innovative approach to the process of education. This sharing of facilities will crystallise the collaboration between the University and its educational partners in seeking to increase progression and participation in education within Stoke.

However, cuts to public funding, have resulted in a reduction in grants for further building projects. A new estates strategy will seek to improve our campuses and our environmental performance within a more constrained financial environment.

The Stafford campus is an important part of our University, as are our smaller campuses in Lichfield and Shrewsbury. These locations will continue to see investment in facilities, to ensure an excellent student experience.

The University continues to invest in its staff, with many initiatives, instigated last year, beginning to bring improvements. The Leadership for Success Programme has improved collaboration between senior managers. Our annual celebration of staff success continues to represent a high point of the year.

The University has been successful in developing its relationship with employers, providing training solutions for small, medium and large companies and other organisations. Staffordshire continues to build its capability and capacity to work with employers, utilising funding by HEFCE to develop its Employer-Engagement activities. This has enabled the University to build a dedicated team, branded as For Business.

We continue to build on the success of our 'fast-track' two year degrees. The continued popularity of Foundation Degrees, particularly with our SURF FE partners, demonstrates the ability of HE and FE institutions to collaborate and meet the needs of students and employers.

The University has made significant progress in Environmental Management and Sustainability. This year we have developed a Carbon Management programme (HECM), implemented an environmental workbook scheme and secured funding through the Salix interest-free loan scheme. Our investment in sustainable technology, the engagement of many staff and students in environmental improvements, and greater procurement of local produce resulted in a substantial improvement in our position in the People and Plant University Green League, moving from 106th to 41st in the table.

Future Risks and Uncertainties

HE sector performance and outlook

The HE sector strengthened its financial position in 2009/10, with an overall surplus of £855 million, compared with £345 million in 2008/9. One fifth of HEIs incurred a deficit, a slight reduction on the previous year, and nearly half all HEIs failed to achieve a surplus above the 3% minimum recommended by HEFCE. (Source: The Financial Health of the Higher Education Sector, Grant Thornton, 2011). This strong performance is expected to be repeated across the sector for 2010/11 and 2011/12. The outlook for 2012/13 and beyond is less certain, with many predicting weaker financial performance as funding cuts are introduced and student demand is affected by the new fee regime.

The sector faces many challenges in the next few years, notably the impact of higher fees and lower funding, together with increased competition and new regulatory frameworks. It is important we enter this period in a strong financial position, to ensure we can manage the transition and continue to invest in our future developments and the implementation of our new strategic plan.

Tuition Fees and Student Demand

The coalition government has embarked upon a programme of spending cuts with long-term implications for publicly funded bodies, including Higher Education Institutions (HEIs). It has also accepted many of the recommendations of the Independent Review of Higher Education Funding (the Browne review) issued in October 2010. Most importantly the government has raised the cap on tuition fees to £9,000, whilst cutting the direct teaching grant to Universities.

This shift of funding has increased the cost of higher education to students. Recent analysis undertaken by Grant Thornton has highlighted the true cost of financing an undergraduate degree through a Student Loan. The initial cost of the loan is compounded by interest payments, resulting in repayments that could last for 30 years, and an incremental 'graduate' tax of 9% on earnings over £21,000. The student loan system hits middle income earners particularly hard. A student graduating with a £40,000 loan and earning £45,000 as a civil servant can expect to repay £98,000; interest rates are progressive, rising to 3% above inflation on those earning more than £40,000. (Grant Thornton, The Financial Health of the Higher Education System, 2011)

Staffordshire University has set its tuition fees for undergraduate full time courses towards the lower end of the sector. Our fees will range between £5,900, for awards delivered by off-campus partners, to £8,490 for our premium courses. The potential impact, of these new fees, on student demand is yet to be determined. Our market research indicated a

potential reduction in demand once fees exceeded £6,000. This is the greatest risk facing Staffordshire University and the wider HE sector.

The New Regulatory Framework and the HE White Paper

The partial implementation of Browne, coupled with continued control of student numbers has, in the short term, limited the transformation of higher education towards a market system. Staffordshire University will continue to operate in a highly regulated and somewhat artificial market place; at least in the short term.

The government is, however, committed to introduce greater competition and choice within the sector. It also believes that higher education can be delivered more efficiently, and is frustrated at the number of universities charging more than £7,500 per year for a full time undergraduate degree.

The government wishes to encourage new entrants, from the private and further education sectors, and to increase the number of institutions delivering and awarding degrees. Attempts to introduce greater choice, and lower cost models of delivery, have been encouraged by the creation of a bidding process based around a 'core and margin' model for student numbers. The government has created a pool of 20,000 places, which will be allocated through a bidding process to those institutions, like Staffordshire, with an average tuition fee of below £7,500. These 20,000 spaces have been 'funded' by a reduction in core undergraduate control numbers of about 9%.

The government is committed to 'remove the regulatory barriers that are preventing a level playing field for higher education providers of all types, including further education colleges and other alternative providers' (Department for Business Innovation & Skills, Higher Education: Students at the Heart of the System, HMSO 2011). The HE White Paper also seeks to increase reporting and information requirements, to better support students in their decision on which university to attend.

The implications for teaching-led universities

Funding cuts, changes to student fees, and the new regulatory framework will present Staffordshire with many challenges, and some opportunities.

1. It is estimated that the substitution of funding from direct grant to higher student fees will preserve current income levels if an average fee of around £7,500 is charged (assuming no drop in demand).
2. The shift to fees will change the inflow of cash, with a monthly grant payment replaced by lump sum payments from the student loan company (SLC).
3. The management of student debt will become a larger issue, especially if self-fee payers continue to opt-out of the loan system.

4. There is a temporary risk that the phasing out of teaching grants will be quicker than the corresponding increase in income from higher fees.
5. The increase in fees may deter many students from entering higher education.
6. Student loan support will become available to part-time students represents an opportunity. This should encourage more students to consider a part-time route, and should enable greater access to higher education for whom a traditional full-time undergraduate path is unaffordable. The challenge, for universities such as Staffordshire, will be to develop flexible study packages that will satisfy the demands of these new students.
7. New entrants will create innovative routes to a degree. Already the KPMG school leavers programme is being highlighted as an example of a new approach. Partnering with Durham, Exeter and Birmingham, the six-year scheme will enable school leavers to work at the accountancy firm whilst studying for a degree and accountancy qualification.
8. The new regulatory framework will require institutions to provide more information to regulators and students.

Other challenges – Pensions

The University offers retirement benefits to its employees through defined benefit pension schemes. These are becoming increasingly expensive, as the growth in liabilities outstrips the growth in the value of assets and contributions. The University recognises, in its accounts, the net liability of the Local Government Pension Scheme; currently £42.0 million. The Teachers' Pension Scheme is an unfunded scheme and our 'share' of the deficit is not recognised in the accounts.

The Hutton report, published earlier this year, has made a number of recommendations, and recognised the need to redesign public sector pensions to ensure the risks are fairly shared between the employee and the taxpayer, and to address the gap between public and private sector pensions. The current model is increasingly unaffordable.

Stephen Burgin
Chair of the Board of Governors

CORPORATE GOVERNANCE

The University is committed to best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the UK Corporate Governance Code (June 2010). Its purpose is to assist readers of the Financial Statements to understand how the principles have been applied.

Throughout the year ended 31 July 2011, the University has been in compliance with all the Code provisions set out in Section 1 of the UK Corporate Governance Code of insofar as they relate to Universities. The University also supports, and is guided by, the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales and Northern Ireland that was reissued by the Committee of University Chairmen (CUC) in March 2009.

In addition the Governing Body has also formally accepted the CUC's Governance Code of Practice and General Principles issued in March 2009. In this connection the Governing body has also agreed the following:

Statement of Primary Responsibilities of the Board of Governors

Section 3(i) of the University's Instrument of Government states that the Board of Governors shall be responsible for:

- (a) the determination of the educational character and mission of the University and for oversight of its activities;
- (b) the effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets;
- (c) approving annual estimates of income and expenditure;
- (d) the appointment, grading, assignment, appraisal, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts; and
- (e) setting a framework for the pay and conditions of service of all other staff.

In particular the Board will:

- (a) approve the mission and strategic vision of the institution, long term business plans, key performance indicators (KPI's) and annual budgets, and ensure that these meet the interests of stakeholders.

- (b) appoint the head of the institution as chief executive of the institution and put in place suitable arrangements for monitoring his/her performance;
- (c) ensure the establishment and monitoring systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest;
- (d) monitor institutional performance against plans and approved KPI's, which, where possible and appropriate, be benchmarked against other institutions.

This statement is also available on the University's website.

Summary of the University's Structure of Corporate Governance

The University's Governing Body comprises independent, co-opted, staff and student members appointed under the University's Instrument of Government. The roles of the Chair and the Deputy Chair of the Governing Body are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved for decision by the Governing Body are set out in the Articles of Government. Under the Financial Memorandum with the Higher Education Funding Council for England, the Governing Body is responsible for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business and its subsidiary companies. The Governing Body meets four times a year and has five Committees; an Employment and Finance committee, a Nomination and Governance committee, an Audit committee, a Remuneration committee and an Estates committee. All of these committees are formally constituted with terms of reference and comprise mainly independent members of the Governing Body. In addition the Governing Body undertakes a regular review of its own effectiveness.

The Employment and Finance committee recommends to the Governing Body the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also reviews the University's annual financial statements together with the accounting policies.

The Nominations and Governance committee considers nominations for vacancies in the Governing Body membership and the reappointment of members under the Instrument of Government. It also advises the Governing Body on general governance matters.

The Audit committee is responsible for meeting, at least four times a year, with the External Auditors and Internal Auditors of the University and reviewing their work. The committee approves the Audit Plan and considers detailed reports together with recommendations for the improvement of the

University's systems of internal control and management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitor adherence with the regulatory requirements. Whilst senior executives attend meetings of the Audit committee as necessary, they are not members of the committee, and the committee does meet with the External and Internal Auditors on their own for independent discussions.

The Remuneration committee is responsible for determining the employment, contractual and remuneration arrangements for designated holders of senior posts. It normally reviews the salary levels of senior post holders on an annual basis and met twice during the financial year ended 31 July 2011.

The Estates committee has responsibility for advising the Governing Body on its Estates Strategy and the monitoring of Estates related projects.

The University maintains a Register of Interests of members of the Board of Governors and of senior managers of the University. This may be consulted by arrangement with the University Secretary.

In accordance with the Articles of Government of the University, the University Secretary has been designated Secretary to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Statement of Internal Control

As the Governing Body of Staffordshire University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the University's Instrument and Articles of Government and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principle risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically.

This process has been in place for the year ended 31st July 2011 and up to the date of approval of the Financial Statements.

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established.

- We meet four times a year to consider the plans and strategic direction of the University.
- We receive periodic reports from the Chair of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas on responsibility, including progress reports on key projects. Risk management is a regular item on the agendas of both the full Board and its Committees.
- We have requested the Audit Committee to provide oversight of the risk management process.
- The Audit Committee receives regular reports from the firm of accountants contracted to provide an internal audit service which includes their independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- A programme of facilitated workshops is held to identify and keep up to date the record of risks facing the organisation.
- A programme of risk awareness training is underway in order to increase awareness at all levels within the organisation.
- A system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking has been established.
- An organisation-wide risk register is maintained and annually updated.
- Reports are received from budget holders and project managers on internal control activities.
- Other sub-committees of the Board, notably the Employment and Finance Committee and Estates Committee, consider financial, employment and estates issues, and review the effectiveness of management in monitoring and controlling the consequences of these issues.

The University has an internal audit service which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in September 2004. The internal auditors submit regular reports which include an independent assessment on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Management Letter and other reports.

Stephen Burgin
Chair of the Board of Governors

RESPONSIBILITIES OF THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

In accordance with the Education Reform Act 1988, the Governing Body of Staffordshire University is responsible, inter alia, for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Governing Body 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), Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Governing Body of the University, the Governing Body through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has to ensure 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. Based on normal business planning and control procedures, the Governing Body has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the University's financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council 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 to 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:-

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns.
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital and revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Employment and Finance committee and the Board of Governors.
- clear definitions of the responsibilities of, and the authority delegated to, Faculty Pro Vice-Chancellors/Deans and Directors of Services.
- a professional internal audit team whose annual programme is approved by the Audit Committee.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss and during the year the Audit committee has reviewed the effectiveness of the University's system of internal financial control.

Stephen Burgin
Chair of the Board of Governors

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

We have audited the group and University financial statements (the "financial statements") of Staffordshire University for the year ended 31 July 2011 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. 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 University's Board of Governors and Auditors

As explained more fully in the Statement of Responsibilities set out on page 7 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 Financial Statements and Governors' Report 2010/2011 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.

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 2011 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.

Andy Argyle
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
West Midlands
B4 6GH

23rd November 2011

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the Year ended 31 July 2011

	Note	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
INCOME			
Funding Council Grants	1	59,508	58,167
Academic Fees and Education Contracts	2	46,649	44,732
Research Grants and Contracts	3	793	824
Other Operating Income	4	16,013	14,478
Endowment Income and Interest Receivable	5	374	323
TOTAL INCOME		123,337	118,524
EXPENDITURE			
Staff Costs	6	65,276	65,205
FRS 17 pension adjustment to staffing costs	6	(639)	(857)
Depreciation	9	6,832	5,890
Other Operating Expenses	7	43,826	43,863
Interest Payable and other finance costs	8	830	851
FRS 17 pension finance costs	8	1,725	2,744
TOTAL EXPENDITURE		117,850	117,696
SURPLUS FOR THE YEAR BEFORE TAXATION		5,487	828
TAXATION		-	-
SURPLUS FOR THE YEAR AFTER TAXATION	20	5,487	828
NOTE OF HISTORICAL COST DEFICITS AND SURPLUSES			
		Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Surplus for the year after taxation		5,487	828
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount		1,075	1,076
HISTORICAL COST SURPLUS FOR THE YEAR		6,562	1,904

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

IMPACT OF FRS 17 "RETIREMENT BENEFITS"	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Historic cost surplus for the year after FRS 17 adjustments	6,562	1,904
FRS 17 – current service cost and curtailments (included in staff costs)	(639)	(857)
FRS 17 – pension finance costs (included in interest payable)	1,725	2,744
Historical cost surplus for the year before FRS 17 adjustments	7,648	3,791

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

		Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Surplus for the year after taxation	20	5,487	828
Actuarial gain in respect of pension scheme		10,060	5,804
Total recognised gains for the year		15,547	6,632
Reconciliation			
Opening Reserves and endowments		19,159	12,526
Transfer from Endowment Reserve		-	1
Total recognised gains for the year		15,547	6,632
Closing Reserves		34,706	19,159

BALANCE SHEET AS AT 31 July 2011

		GROUP		CORPORATION	
	Note	2011 £'000	2010 £'000	2011 £'000	2010 £'000
FIXED ASSETS					
Tangible Assets	9	103,741	96,945	96,702	89,722
Investments	10	33	33	33	33
		103,774	96,978	96,735	89,755
ENDOWMENT ASSETS	11	29	29	29	29
CURRENT ASSETS					
Debtors: Amounts falling due after more than one year	12	357	406	357	2,367
Debtors: Amounts falling due within one year	13	5,791	6,140	11,209	10,143
Cash at bank and in hand		40,924	36,231	40,843	36,155
		47,072	42,777	52,409	48,665
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(32,973)	(34,542)	(36,223)	(36,261)
NET CURRENT ASSETS		14,099	8,235	16,186	12,404
TOTAL ASSETS LESS CURRENT LIABILITIES		117,902	105,242	112,950	102,188
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(15,778)	(15,723)	(15,778)	(17,684)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(3,340)	(2,932)	(3,340)	(2,932)
NET ASSETS EXCLUDING PENSION LIABILITY		98,784	86,587	93,832	81,572
Net pension liability	29	(42,036)	(51,010)	(42,036)	(51,010)
NET ASSETS INCLUDING PENSION LIABILITY		56,748	35,577	51,796	30,562
Represented by:					
DEFERRED CAPITAL GRANTS	17	22,013	16,389	22,013	16,389
ENDOWMENTS					
Permanent	18	29	29	29	29
RESERVES					
Revaluation Reserve	19	39,836	40,911	39,836	40,911
Income and Expenditure Account excluding pension reserve	20	36,906	29,258	31,954	24,243
Pension Reserve	20	(42,036)	(51,010)	(42,036)	(51,010)
Income & Expenditure Account including pension reserve		(5,130)	(21,752)	(10,082)	(26,767)
Total Reserves		34,706	19,159	29,754	14,144
TOTAL FUNDS		56,748	35,577	51,796	30,562

The financial statements on pages 13 to 41 were approved by the Board of Governors on 23rd November 2011 and signed by:

Stephen Burgin
Chair of the Board of Governors

Professor Michael Gunn
Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	12,566	12,040
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from short term investments		269	331
Interest Paid		(832)	(852)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(563)	(521)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(13,629)	(6,240)
Payments to acquire fixed asset investments		-	-
Receipts from sales of fixed asset investments		-	4
Deferred capital grants received		6,010	5,612
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(7,619)	(624)
TAXATION		-	-
NET CASH INFLOW AFTER TAXATION, BUT BEFORE FINANCING		4,384	10,895
FINANCING			
New loans acquired	23	722	-
Repayment of loans	23	(413)	(310)
Capital element of finance lease repayments	23	-	-
NET CASH INFLOW/(OUTFLOW) FROM FINANCING		309	(310)
INCREASE IN CASH FOR THE YEAR	24, 25	4,693	10,585

CONSOLIDATED CASH FLOW STATEMENT - continued

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS (NOTE 26)

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Increase in cash in year	4,693	10,585
Repayment of debt	413	310
New loans	(722)	-
Movement arising from cash flows	4,384	10,895
CHANGE IN NET FUNDS		
NET FUNDS AT 1 AUGUST 2010	20,577	9,682
NET FUNDS AT 31 July 2011	24,961	20,577

STATEMENT OF ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATION TECHNIQUES

The following accounting policies have been applied consistently in detailing with items which are considered material in relation to the financial statements.

BASIS OF PREPARATION

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

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis, as modified by the revaluation of some assets.

ACCOUNTING POLICIES

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. In these financial statements the following new standard has been adopted for the first time: 'FRS 30 Heritage Assets'. The implementation of FRS 30 has had no material effect on these financial statements.

BASIS OF CONSOLIDATION

The financial statements of the University include its wholly owned subsidiaries, Staffordshire University Enterprises Limited and Octagon Computer Centre Limited. They also include the Friends of Staffordshire University Charitable Trust.

The consolidated financial statements do not include those of Staffordshire University Union of Students as it is a separately managed organisation.

RECOGNITION OF INCOME

Recurrent grants from the Higher Education Funding Council for England, the Learning and Skills Council and the Training and Development Agency for Schools represent the funding allocation which is attributable to the current accounting period and are credited direct to the income and expenditure account.

Income from academic fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

Income from specific donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the income and expenditure account on a receivable basis.

Non-recurrent grants from Funding Councils or other bodies received in respect of the acquisition or

construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Where the University receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure account on the grounds that the University does not have direct control over the future economic benefits derived from these funds. The University has applied this policy to certain funds received during the year from the Higher Education Funding Council for England and the Training and Development Agency for Schools (see notes 30 and 31).

FOUNDATION DEGREE FORWARD

Foundation Degree Forward (FDF) is a national body hosted by Staffordshire University that supports the development and validation of high quality Foundation degrees. It is funded by the Higher Education Funding Council for England to support employer engagement across higher education programmes generally and in relation to Foundation degrees specifically. All income and expenditure associated with FDF is included within these accounts.

ENDOWMENT FUNDS

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- a) Restricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- b) Unrestricted permanent endowments – these are expendable at the discretion of the trustees with no requirement that capital be maintained.
- c) Expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

ACADEMIC FEES

Academic fees represent student fees received and receivable attributable to the current accounting period.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation less accumulated depreciation as shown in note 9 to the financial statements.

Buildings under construction are accounted for at cost. They are not depreciated until they are brought into use.

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

Land and buildings inherited from Staffordshire County Council 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. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

DEPRECIATION

Depreciation is not provided on freehold land. Freehold buildings have been depreciated over the estimated remaining useful life of each building with a base date of 1 April 1989. Depreciation on newly acquired buildings is provided for at the rate of 2% per annum on a straight line basis.

On all other tangible fixed assets depreciation is provided to write off the cost or valuation over their useful lives on a straight line basis at the following annual rates :-

Building Refurbishments	10% per annum
Plant and Machinery	20% per annum
Fixtures and Fittings	20% per annum
Computer Equipment (general)	33.3% per annum
Computer Equipment (servers)	20% per annum
Office Furniture and Equipment	20% per annum
Vehicles	33.3% per annum

Expenditure which extends the useful life of an asset has been depreciated over the assessed extended life of the asset.

Assets held under finance leases are depreciated over the life of the lease if this is a shorter period. Equipment costing less than £1,000 is written off in the year of acquisition.

LEASED ASSETS

Payments made in respect of assets held under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the

interest element is charged to the income and expenditure account.

CAPITAL GRANTS

Grants applied to acquire tangible fixed assets are credited to deferred grants and released to the

income and expenditure account over the estimated useful lives of the related assets.

STOCK

Stock is valued at the lower of cost and net realisable value.

TAXATION

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 organisation 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."

FRS 19 DEFERRED TAXATION

FRS 19 requires full provision to be made for deferred tax assets or liabilities arising from timing differences between recognition in the financial statements and in the tax computation.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

INVESTMENTS

Fixed asset investments are stated at market value. Endowment asset investments include fixed interest stocks which are stated at historical cost.

POST RETIREMENT BENEFITS

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State

Earnings Related Pension Scheme (SERPS).
Contributions to the TPS are charged as incurred.

Contributions to the TPS scheme are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the 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 increase in the present value of the liabilities of the scheme are expected to arise from employee service in the period is charged to the operating surplus. The expected return of the scheme's assets and the increase during the period in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

Further details of the pension schemes are given in note 29.

REPAIRS AND MAINTENANCE

The University has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of maintenance is charged to the income and expenditure account as incurred.

NOTES TO THE FINANCIAL STATEMENTS

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
1. FUNDING COUNCIL GRANTS		
Recurrent Grant		
Higher Education Funding Council	42,368	43,128
Learning and Skills Council and its successors	-	22
Training and Development Agency	458	466
Foundation Degree Forward	2,734	3,955
Research and Selective Initiatives	11,616	9,576
Release of Capital Grants		
Buildings	763	763
Equipment	1,569	257
	59,508	58,167
2. ACADEMIC FEES AND EDUCATION CONTRACTS		
Full-Time Students -UK/EU	27,505	26,105
Full-Time Students - Overseas	6,651	6,954
Part-Time Fees	3,294	2,746
Education Contracts	7,431	7,342
Short Course Fees	1,768	1,585
	46,649	44,732
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	75	71
UK Based Charities	65	49
UK Industry and Commerce	96	152
UK Central Government/Health Authorities	440	509
European Community Programmes	109	48
Other Research Grants and Contracts	8	(5)
	793	824
4. OTHER OPERATING INCOME		
Residences, Catering and Conferences	6,597	6,069
Consultancy/Self Financing Fees	6,855	6,108
Other Rents/Lettings	1,257	1,121
Release from deferred capital grants (non-funding council)	103	103
Other Income	1,157	1,052
Foundation Degree Forward	44	25
	16,013	14,478

NOTES TO THE FINANCIAL STATEMENTS - continued

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
5. ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Investment Income	373	322
Endowment Income (Note 11)	1	1
	374	323
6. STAFF		
	31 July 2011 Total £'000	31 July 2010 Total £'000
Staff Costs		
Wages	52,799	52,475
Social Security Costs	4,128	4,125
Other Pension Costs	7,909	8,139
FRS 17 adjustments	(639)	(857)
Redundancy/Managed Severance Scheme	440	466
	64,637	64,348
	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Emoluments of the Vice-Chancellor:		
	-	
Professor Christine King		
Salary costs	199	184
Performance bonus	12	20
Benefits in kind	2	2
Sub-Total	213	206
Employers Pension Contributions	17	23
	230	229
Professor Michael Gunn		
Salary costs	92	-
Performance bonus	-	-
Benefits in kind	-	-
Sub Total	92	-
Employers Pension Contributions	13	-
	105	-

The emoluments shown in respect of Professor Christine King are for the 13 month period ended 31 August 2011 and Professor Michael Gunn from 1 January 2011.

The salary and benefits of the Vice Chancellors are shown on the same basis as for higher paid staff and the University's pension contributions to the Teachers' Superannuation Scheme are paid at the same rate as for other academic staff.

NOTES TO THE FINANCIAL STATEMENTS - continued

Average (fte) Staff Numbers by Major Category

Management

Academic

Administrative, Professional, Technical and Clerical Staff

Manual Staff

	2011 Number	2010 Number
Management	85	90
Academic	597	584
Administrative, Professional, Technical and Clerical Staff	764	764
Manual Staff	122	121
	1,568	1,559
Remuneration of other higher paid staff, including employer's pension contributions		
£110,000 - £119,999	1	2
£120,000 - £129,999	1	1
£130,000 - £139,999	2	2
£140,000 - £149,999	0	0
	4	5

A general pay award of 0.4% was made with effect from 1st August 2010.

NOTES TO THE FINANCIAL STATEMENTS – continued

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
7. OTHER OPERATING EXPENSES		
Consumables	1,870	2,157
Equipment and Tools	2,063	2,292
Operating Leases	2,218	1,019
Books and Periodicals	1,461	1,362
Printing - External and Internal	384	506
Protective Clothing/Laundry/Uniforms	64	60
Repairs and General Maintenance	3,152	2,593
Heat, Light, Water and Power	2,217	2,577
Rent and Rates	818	769
Staff and Student Development	2,017	1,945
Travel and Subsistence	1,639	1,626
Student Union Contributions	805	693
Auditors' Remuneration (Corporation)	57	46
Auditors' Remuneration (Subsidiaries)	8	7
Internal Audit Costs	97	120
Payments to Franchise Colleges	8,856	8,652
Telephones and Postages	657	636
Insurance	260	248
Publicity and Prospectus	1,092	1,628
Examinations/Awards Day	379	446
Subscriptions	461	468
Vehicle Hire/Lease	147	131
Other Expenses	88	63
Professional Charges	1,057	1,636
Consultancy	3,707	3,182
Technical and design work	333	176
Legal Charges	621	293
Agency Servicing	665	1,036
Security	622	604
Movement in Provision for Bad/Doubtful Debts	(4)	1,391
Placement Fees	526	328
Registration Fees	197	242
Grant Payments (External Activity)	1,107	1,096
Bursary Payments	3,819	3,478
Hospitality	137	115
Student Awards/Expenses	102	130
Bank Charges	126	108
Loss on disposal of Assets	1	4
	43,826	43,863

Included in Other Operating Expenses are payments to or on behalf of trustees of £2.9k (2010 £6.4k). The £2.9k expenditure in 2010/11 relates to travel and subsistence expenses for nine trustees (2009/10 £5.5k for training courses and £0.9k travel expenses for six trustees).

NOTES TO THE FINANCIAL STATEMENTS – continued

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
8. INTEREST PAYABLE		
Loan not wholly repayable within five years	830	851
Pension finance costs (FRS17)	1,725	2,744
	2,555	3,595

9. TANGIBLE FIXED ASSETS - Group

	Freehold Land and Buildings £'000	Assets in Course of Construction £'000	Computer Equipment £'000	Other Equipment And Fittings £'000	Motor Vehicles £'000	TOTAL £'000
COST OR VALUATION						
At 1 August 2010	131,124	2,841	10,594	9,711	69	154,339
Additions	1,027	8,024	2,223	2,331	24	13,629
Reclassifications	3	(3)	-	-	-	-
Disposals	-	-	(10)	(220)	-	(230)
At 31 July 2011	132,154	10,862	12,807	11,822	93	167,738
DEPRECIATION						
At 1 August 2010	43,729	-	7,699	5,928	38	57,394
Depreciation for year	3,339	-	2,252	1,219	22	6,832
Elimination on disposals	-	-	(10)	(219)	-	(229)
At 31 July 2011	47,068	-	9,941	6,928	60	63,997
Net Book Value at 31 July 2011	85,086	10,862	2,866	4,894	33	103,741
Net Book Value at 31 July 2010	87,395	2,841	2,895	3,783	31	96,945

NOTES TO THE FINANCIAL STATEMENTS – continued**TANGIBLE FIXED ASSETS – Corporation**

	Freehold Land and Buildings	Assets in Course of Construction	Computer Equipment	Other Equipment And Fittings	Motor Vehicles	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION						
At 1 August 2010	120,349	2,841	10,594	9,645	69	143,498
Additions	988	8,024	2,223	2,316	24	13,575
Reclassifications	3	(3)	-	-	-	-
Disposals	-	-	(10)	(220)	-	(230)
At 31 July 2011	121,340	10,862	12,807	11,741	93	156,843
DEPRECIATION						
At 1 August 2010	40,165	-	7,699	5,874	38	53,776
Depreciation for year	3,105	-	2,252	1,215	22	6,594
Elimination on disposals	-	-	(10)	(219)	-	(229)
At 31 July 2011	43,270	-	9,941	6,870	60	60,141
Net Book Value at 31 July 2011	78,070	10,862	2,866	4,871	33	96,702
Net Book Value at 31 July 2010	80,184	2,841	2,895	3,771	31	89,722

As a result of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by the Corporation, previously held by Staffordshire County Council, were formally transferred, under the direction of the Education Assets Board, to the Corporation itself with effect from 1 April 1989.

Freehold buildings, to which the Corporation now has title, were professionally revalued at 1 April 1989 on the basis of replacement cost at that date. Freehold land was revalued on an open market, existing use basis at the same date.

Computer equipment, other equipment and fittings belonging to the University were revalued at 31 July 1995.

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.

In December 1996 the University entered into an agreement with Tamworth and Lichfield College (now South Staffordshire College, see note 15, page 28) to provide a new campus facility at Lichfield. The cost of this project was £3.2m. The project was partly funded by a grant from the European Regional Development Fund and by a loan facility taken out by the University. Responsibility for the loan is shared jointly by the University and the College and the value of the College's commitment is shown as a long term debtor in the University's Balance Sheet (see note 12).

During 2002/03 the University and the College entered into an agreement for the development of a second phase at the Lichfield campus. This phase was partly funded by a loan facility taken out by the College. Responsibility for the loan is shared jointly by the University and the College and the value of the University's commitment is shown as a long term creditor in the University's Balance Sheet (see note 15).

The Thornhill Bequest, a collection of medieval Chinese pottery owned by the University, is not included in the total on Tangible Fixed Assets. The value of the collection is £192k and is based on a valuation made for insurance purposes as at 5th February 1998. The valuation was undertaken by professional advisors expert in this field.

NOTES TO THE FINANCIAL STATEMENTS - continued

10. FIXED ASSET INVESTMENTS

	GROUP		CORPORATION	
	2011	2010	2011	2010
	£'000	£'000	£'000	£'000
At 31 August 2010	33	33	33	33
Additions	-	-	-	-
Disposals	-	-	-	-
At 31 July 2011	33	33	33	33

Fixed Asset Investments represent a 33k investment (0.78% of the issued share capital) in CVCP Properties Limited, which is a Company registered in Great Britain and incorporated in England and Wales.

The group holds shares in a number of spin out companies and companies which have been set up through Enterprise and Commercial Development. The group shareholding is as follows: Picture Nation Limited 19.7%, Blackstone Resourcing Limited 7.5% and Intelligent Orthopaedics 7.4%. The group has chosen not to attribute any value to these investments within the financial statements on the basis of prudence as these companies have only recently started to trade.

The investments in subsidiaries, which cost £4, are detailed below:

Mr S Burgin and Professor M Gunn as nominees of the Corporation hold all the issued share capital of Staffordshire University Enterprises Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The main areas of activity of Staffordshire University Enterprises Limited are the undertaking of consultancy work and the operation of recreational activities.

Mr S Burgin and Professor M Gunn as nominees of the Corporation also hold all the issued share capital of Octagon Computer Centre Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The principal activity of the company is to act as a property management company.

The Friends of Staffordshire University Charitable Trust is regarded as a quasi-subsiary of the University under the definition provided in Financial Reporting Standard 5. Under the provisions of this standard the accounts of the Trust have been consolidated in the group accounts of the University for the year ended 31 July 2011.

11. ENDOWMENT ASSET INVESTMENTS

	GROUP AND CORPORATION	
	2011	2010
	£'000	£'000
Balance at 1 August 2010	29	30
Additions	-	-
Interest Received	1	1
Prize Fund payments	(1)	(2)
Balance at 31 July 2011	29	29
Represented by:		
Fixed interest stocks	7	7
Bank balances	22	22
	29	29

All fixed interest stocks are listed investments and are stated at historical cost.

NOTES TO THE FINANCIAL STATEMENTS - continued

12. DEBTORS: Amounts falling due after more than one year

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Amounts owed by subsidiary undertaking	-	-	-	1,961
Amounts owed under joint arrangement with South Staffordshire College Phase 1 (Formerly Tamworth and Lichfield College – see note 15)	357	406	357	406
	357	406	357	2,367

13. DEBTORS: Amounts falling due within one year

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Trade debtors	3,175	4,182	3,120	4,153
Amounts owed by subsidiary undertakings	-	-	5,521	4,093
Other debtors	508	226	460	165
Prepayments and accrued income	2,108	1,732	2,108	1,732
	5,791	6,140	11,209	10,143

14. CREDITORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Loans	524	324	524	324
Trade creditors	4,928	5,210	4,872	5,102
Amounts owed to subsidiary undertakings	-	-	3,315	1,849
Other taxation and social security	3,460	3,351	3,460	3,351
Other creditors	166	215	166	215
Accruals and deferred income	23,895	25,442	23,886	25,420
	32,973	34,542	36,223	36,261

NOTES TO THE FINANCIAL STATEMENTS - continued

15. CREDITORS: Amounts falling due after more than one year:

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Bank loan account	14,988	15,330	14,988	15,330
Salix Energy Efficiency Loan	451	-	451	-
South Staffordshire College Phase 2	339	393	339	393
Amounts owed to subsidiary company	-	-	-	1,961
	15,778	15,723	15,778	17,684

LOAN OBLIGATIONS

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
Between one and two years	545	343	545	343
Between two and five years	1,480	1,152	1,480	1,152
Over five years	13,414	13,835	13,414	13,835
Within one year	524	324	524	324
	15,963	15,654	15,963	15,654

A new term loan facility of £16.0m was drawn down on 17th September 2007. The interest basis of the loan is 27 years fixed rate at 5.2%.

A new loan facility of £722k was drawn down on 20th October 2010 from Salix Finance Ltd as part of their Energy Efficiency Programme. The loan is interest free, repayable over four years.

South Staffordshire College was formed as a merger of the Colleges of Rodbastan, Cannock and Tamworth & Lichfield on 1st August 2008.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	GROUP AND CORPORATION					
	Pension Enhancement	Onerous Lease/ Dilapidations	Legal Costs	Restructuring	2011 Total	2010 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2010	668	1,177	87	1,000	2,932	3,447
Utilised in the Year	(155)	(28)	(87)	(393)	(663)	(866)
Charge to Income & Expenditure Account	34	931	80	26	1,071	351
At 31 July 2011	547	2,080	80	633	3,340	2,932

NOTES TO THE FINANCIAL STATEMENTS - continued

17. DEFERRED CAPITAL GRANTS

GROUP AND CORPORATION

	Buildings £'000	Equipment £'000	2011 Total £'000	2010 Total £'000
At 1 August 2010	16,061	328	16,389	17,492
Add cash receivable	5,813	2,246	8,059	20
Released to Income and Expenditure	(838)	(1,597)	(2,435)	(1,123)
At 31 July 2011	21,036	977	22,013	16,389

18. ENDOWMENTS RESERVE

GROUP AND CORPORATION

	2011 Permanent £'000	2010 Permanent £'000
At 1 August 2010	29	29
Net Expenditure for year	-	-
At 31 July 2011	29	29

19. REVALUATION RESERVE

GROUP AND CORPORATION

	2011 £'000	2010 £'000
At 1 August 2010	40,911	41,987
Less release of revaluation reserve	(1,075)	(1,076)
At 31 July 2011	39,836	40,911

NOTES TO THE FINANCIAL STATEMENTS - continued

20. INCOME AND EXPENDITURE ACCOUNT RESERVE

	GROUP		CORPORATION	
	2011 £'000	2010 £'000	2011 £'000	2010 £'000
As at 1 August	(21,752)	(29,461)	(26,767)	(34,719)
Surplus retained for the year	5,487	828	5,550	1,071
Transfer from Endowment Reserve	-	1	-	1
Transfer from revaluation reserve	1,075	1,076	1,075	1,076
Actuarial gain/(loss) in respect of pension scheme	10,060	5,804	10,060	5,804
At 31 July	(5,130)	(21,752)	(10,082)	(26,767)
Balance represented by				
Pension Reserve	(42,036)	(51,010)	(42,036)	(51,010)
Income and Expenditure account reserve excluding pension reserve	36,906	29,258	31,954	24,243
At 31 July	(5,130)	(21,752)	(10,082)	(26,767)

21. OPERATING LEASE COMMITMENTS

Annual commitments on operating leases in respect of assets, expiring as follows are:

	GROUP AND CORPORATION					
	2011 Land & Buildings £'000	2011 Other £'000	2011 Total £'000	2010 Land & Buildings £'000	2010 Other £'000	2010 Total £'000
Within one year	465	196	661	512	168	680
Between two and five years	57	36	93	654	25	679
Over five years	-	-	-	20	-	20
	522	232	754	1,186	193	1,379

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

22. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 July 2011	Year to 31 July 2010
		£'000
Surplus for the year before taxation and transfers from reserves	5,487	828
Interest Receivable	(374)	(323)
	<hr/> 5,113	<hr/> 505
Add back interest payable	830	851
Surplus from operating activities	5,943	1,356
Release of capital grant	(2,435)	(1,123)
Depreciation	6,832	5,890
Pension Adjustments (FRS17)	1,086	1,887
Loss on sale of Investments/Fixed Assets	1	4
Decrease in debtors	503	2,976
Increase in creditors	228	1,565
Decrease / (increase) in provisions	408	(515)
	<hr/> 12,566	<hr/> 12,040

23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £'000
Balance at 1 August 2010	15,654
Cash outflow from financing	(413)
New loans	<hr/> 722
Balance at 31 July 2011	<hr/> 15,963

24. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'000
Balance at 1 August 2010	36,231
Net cash inflow	<hr/> 4,693
Balance at 31 July 2011	<hr/> 40,924

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT – continued

25. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2011 £'000	2010 £'000	2011 Change in Year £'000	2010 £'000	2009 £'000	2010 Change In Year £'000
Cash at bank and in hand	40,924	36,231	4,693	36,231	25,646	10,585

26. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Increase in cash in year	4,693	10,585
Repayment of debt	413	310
New loans	(722)	-
CHANGE IN NET DEBT	4,384	10,895
NET FUNDS/(DEBT) AT 1 AUGUST	20,577	9,682
NET FUNDS AT 31 JULY	24,961	20,577

ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2010 £'000	Cash Flows 2011 £'000	Other Movements £'000	31 July 2011 £'000
Cash in hand, at bank	36,231	4,693	-	40,924
Debt due within 1 year	(324)	413	(613)	(524)
Debt due after 1 year	(15,330)	-	(109)	(15,439)
New loans	-	(722)	722	-
	20,577	4,384	-	24,961

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued

27. CAPITAL COMMITMENTS**GROUP AND CORPORATION**

	2011 £'000	2010 £'000
Approved/Contracted for	17,458	23,319
Approved/Not contracted for	10,636	11,322
	28,094	34,641

Of the £17m capital commitments approved/contracted, £13m relates to new build of the Science Centre, being phase 1 of the University Quarter development.

Of the £10.6m capital commitments approved/not contracted, £10m relates to new build of student residences at Stafford campus, £0.3m to a project to upgrade Stoke Campus and £0.1m to purchase specialised IT equipment for the Faculty of Computing and Engineering.

28. CONTINGENT LIABILITIES

The University is a member of UMALT, a company limited by guarantee formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using a bank facility over 7 years. The University is a guarantor, on a joint and several basis with other members, of this £60 million bank facility. No liability has yet arisen under this guarantee.

29. PENSION COSTS

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers Superannuation Scheme for academic staff and to the Staffordshire County Council Superannuation Scheme for non-academic staff. These are both independently administered schemes.

Total employees and employers contributions to the Teachers Superannuation Scheme for 2010/11 were £5,497k (2009/10 £5,516k) and for the Staffordshire County Council Superannuation Scheme £5,034k (2009/10 £4,992k).

Teachers' Pension Scheme

The Teachers Pension Scheme (TPS) is an unfunded scheme. Contributions on a 'pay as you go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

NOTES TO THE FINANCIAL STATEMENTS – continued

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Notional Investment returns per annum.	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of notional assets at date of last valuation.	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%

Following the implementation of Teachers' Pensions (Employers' Supplementary contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2010 to 31 July 2011 the employer contribution was 14.1%. Employee contribution rate was 6.4% for the same period.

Local Government Pension Scheme

The LPGA is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

In its June 2010 budget the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). In the year ended 31 July 2010, the University considered the Staffordshire County Council Pension Fund scheme rules and associated members' literature and concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL') in the 2009/10 financial statements. Following the issue of Urgent Issues Task Force ('UITF') Abstract 48 in December 2010, the University has reconsidered its position in respect of the above and has concluded that the above treatment of the gain remains appropriate.

The agreed contribution rates for future years are 17.7% for employers and between 5.5% and 7.5% for employees.

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2010, with the next formal valuation due as at 31 March 2013.

A valuation of the Fund's liabilities as at 31 July 2011 has been undertaken by the Fund's actuary for the purpose of FRS 17 "Retirement Benefits". The following valuation data has been used for the purposes of this disclosure.

- The individual membership data submitted as at 31 March 2007 for the purpose of the formal funding valuation at that date (or for employers which have joined the Fund after 31 March 2010, membership data as at the date of joining);
- The individual pensioner data in respect of LGPS unfunded pensions and teachers' pensions where appropriate;
- The latest numbers of employees, deferred pensioners and pensioners;
- Employer and employee contributions up to the latest available date (in order to estimate contribution income and pensionable payroll for the accounting period this year);
- The actual split of fund assets as at the latest available date;
- The actual Fund returns provided up to the latest available date;
- The mid-market value of fund assets as at the latest available date; and

NOTES TO THE FINANCIAL STATEMENTS – continued

- Any new early retirements from 1 August 2010 to the latest available date on unreduced pensions which are not anticipated in the normal employer service cost (e.g. non ill-health retirements before the earliest retirement age at which all the member's benefits can be taken unreduced), as set out in Section 1 of the Results Schedule.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2010.

	At 31 July 2011	At 31 July 2010
Rate of increase in salaries	5.0%	4.9%
Rate of increase for pensions	2.7%	2.9%
Expected return on assets	6.4%	6.7%
Discount rate for liabilities	5.3%	5.4%

Salary increases are 1% pa nominal until 31st March 2012, reverting to the long term rate shown thereafter.

Changes to the Local Government Pension Scheme (LGPS) under regulation 3 of the LGPS (Amendment) Regulations 2006 (Statutory Instrument 2006/966) permits employees retiring on or after 6 April 2006 to take an extra increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

Commutation

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 and 75% of the maximum tax-free cash for post-April 2008 service.

Mortality Assumptions

Life expectancy is based on the fund's VitaCurves with improvements from 2007 in line with the medium cohort and a 1% pa underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.2 years	23.4 years
Future Pensioners	23.3 years	25.6 years

Historic Mortality

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is shown in the following table;

Year Ended	Prospective Pensioners	Pensioners
31 July 2010	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007	Year of birth, medium cohort and 1% p.a. minimum improvements from 2007
31 July 2009	Calendar year 2033	Calendar year 2017
31 July 2008	Calendar year 2033	Calendar year 2017
31 July 2007	Calendar year 2017	Calendar year 2004

Age ratings are applied to the above tables based on membership profile.

Please note that the allowance for future life expectancy has changed at this year end. Please refer to the Employer's 2010 Report for historic average future life expectancies at age 65.

NOTES TO THE FINANCIAL STATEMENTS – continued

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2010	Value at 31 July 2010 £'000	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £'000
Equities	7.0%	62,874	7.3%	58,377
Bonds	4.6%	11,895	4.8%	9,986
Property	5.1%	6,797	5.3%	6,145
Cash	4.0%	3,399	4.4%	2,304
Total Market Value of Assets		84,965		76,812

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Group's estimated asset share	84,965	76,812
Present value of scheme liabilities	(127,001)	(127,822)
Deficit in the scheme	(42,036)	(51,010)

Under the arrangements of FRS 17, a provision has been made by the Group for the Institution's share of the deficit of the scheme.

Analysis of the amount charged to the Income and Expenditure Account

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Employer service cost (net of employee contributions)	3,811	3,664
Past service gain	-	-
Curtailment and Settlements	27	24
Total Operating Gain	3,838	3,688

Analysis of pension finance income/costs

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Expected return on pension scheme assets	5,212	4,391
Interest on pension scheme liabilities	(6,937)	(7,135)
Pension finance costs	(1,725)	(2,744)

Amounts recognised in the statement of total recognised gains and losses (STRGL)

Actuarial gain/(loss) recognised in STRGL	10,060	5,804
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NOTES TO THE FINANCIAL STATEMENTS – continued

Reconciliation of defined benefit obligation

	Year Ended 31 July 2011	Year Ended 31 July 2010
Opening Defined Benefit Obligation	127,822	118,044
Current Service Cost	3,811	3,664
Interest Cost	6,937	7,135
Contributions by Members	1,392	1,538
Actuarial Losses/(Gains)	(9,234)	8,572
Past Service Costs/(Gains)	-	(8,055)
Losses/(Gains) on Curtailments	27	24
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(662)	(639)
Estimated Benefits Paid	(3,092)	(2,461)
Closing Defined Benefit Obligation	127,001	127,822

Reconciliation of fair value of employer assets

	Year Ended 31 July 2011	Year Ended 31 July 2010
Opening Fair Value of Employer Assets	76,812	63,117
Expected Return on Assets	5,212	4,391
Contribution by Members	1,392	1,538
Contributions by the Employer	3,815	3,906
Contributions in respect of Unfunded Benefits	662	639
Actuarial Gains/(Losses)	826	6,321
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits paid	(662)	(639)
Estimated Benefits Paid	(3,092)	(2,461)
Closing Fair Value of Employer Assets	84,965	76,812

Movement in deficit during the year

	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Deficit in scheme at 1 August	(51,010)	(54,927)
Movement in year:		
Current service charge	(3,811)	(3,664)
Contributions	3,815	3,906
Contributions in respect of unfunded benefits	662	639
Past service costs	-	-
Impact of Settlements and Curtailments	(27)	(24)
Net interest on assets	(1,725)	(2,744)
Actuarial gain/loss	10,060	5,804
Deficit in scheme at 31 July	(42,036)	(51,010)

NOTES TO THE FINANCIAL STATEMENTS – continued

History of experience gains and losses

	Year Ended 31 July 2011	Year Ended 31 July 2010	Year Ended 31 July 2009	Year Ended 31 July 2008	Year Ended 31 July 2007
Actuarial (Losses)/Gain on assets	826	6,321	(11,218)	(13,932)	2,953
Experience(Losses)/Gains on scheme liabilities	5,930	598	(154)	466	61
Total amount recognised in STRGL	10,060	5,804	(24,314)	(8,965)	10,798

30. ACCESS FUNDS

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Funding Council Grants	541	556
Interest Earned	1	1
	<hr/> 542	<hr/> 557
Disbursements to Students	(515)	(486)
	<hr/> 27	<hr/> 71
Balance Unspent 31 July 2011		

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

NOTES TO THE FINANCIAL STATEMENTS – continued

31. TRAINING AND DEVELOPMENT AGENCY (TDA)**(a) Student Bursaries**

	Year to 31 July 2011 £'000	Year to 31 July 2010 £'000
Opening fund balance	(47)	(33)
Net Training and Development Agency grants received in year	285	388
Disbursed to students	(414)	(402)
Balance Overspent at 31 July owing to the Training and Development Agency	(176)	(47)
(b) Black & Minority Ethnic Recruitment		
Opening fund balance	1	5
Net Training and Development Agency grants received/(reclaimed) in year	-	(2)
Disbursed to students	-	-
Support Payments to Schools	-	-
Development	-	-
Administration	-	(2)
Balance Unspent at 31 July owing to the Training and Development Agency	1	1

Training and Development Agency grants are available solely for students or school for student support and the University acts only as paying agent in administering these TDA grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

32. LINKED CHARITIES**Charities with Income over £100,000**

	Brought forward £000's	Income £000's	Expenditure £000's	Carry forward £000's
Friends of Staffordshire University Charitable Trust	5,378	177	365	5,190

The principle activity of Friends of Staffordshire University Charitable Trust is to act as a property manager for properties leased from Staffordshire University. The Trust also acts as a landlord of a property for which it owns the freehold.

33. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest.

All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and Standing Orders Relating to Contracts and normal procurement procedures. The transactions requiring disclosure under Financial Reporting Standard 8 Related Party Disclosures are as follows:-

Helen Pegg, the Principal of Sixth Form College in Stoke-on-Trent is a member of the Board of Governors. The University is working in partnership with the Sixth Form College on development of the University Quarter in Stoke-on-Trent.