

# Financial Statements and Governors' Report

# 2009/10

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

Stephen Burgin (Chair)  
Lady Ann Fender DL (Deputy Chair)  
Cordella Bart-Stewart (from 17.3.10)  
Jane Booth (from 17.3.10 until 23.6.10)  
Simon Crofts (from 17.3.10)  
Ken Crossland  
Rebecca Dobbs (from 23.6.10)  
The Very Reverend Adrian Dorber  
Martin Fiddler  
David Gage  
Sharon Gwinneth  
Chris Harman (until 25.11.09)  
Ron Hilton (until 1.4.10)  
Professor Christine King  
Helen Pegg  
Fred Pritchard  
Laura Rowley  
Ann Spears  
Ruth Thompson (from 17.3.10)  
John van de Laarshot (from 23.6.10)  
Assed Baig for academic year 2009/10  
Fiona Wood for academic year 2010/11

**Executive Team**

Professor Christine King	Vice-Chancellor
Paul Richards	Deputy Vice-Chancellor
Neil Scott	Finance Director
Ken Sproston	University Secretary
Gill Howland	Executive Pro Vice-Chancellor (to 30.6.10)
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  
ST16 2JL

**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 2010.

### 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.

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 latest strategic plan, 2007-2012, is a dynamic response to the increasingly competitive environment of higher education. Our students and other customers have rising expectations of quality of service and value for money. This presents the University with real challenges and great opportunities. Our strategic plan will enable the University to meet and exceed these demands.

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 31<sup>st</sup> July 2010 are summarised as follows:

	2009/10	2008/9	2007/8
	£'000	£'000	£'000
Income	118,524	111,765	105,667
Expenditure	117,696	110,940	105,927
Surplus/(deficit) on continuing operations after depreciation at valuation	828	825	(260)
Historical Cost Surplus	1,904	1,900	816
FRS 17 Adjustments included above	(1,887)	(494)	(783)
Surplus before FRS17 Adjustments	3,791	2,394	1,599

In 2009/10 the University and its subsidiaries made a historical cost surplus of £1.9 million equal to that achieved in 2008/9. Income grew by 6% to £118.5 million, whilst year-on-year operating costs were £117.7 million (2008/9 £110.9 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 £(1.9) million (2008/9 by £(0.5) million). Excluding these FRS17 adjustments our operating surplus increased to £3.8 million (2008/9 £2.4 million).

## Cashflow and Capital Investments

The table below summarises the major cash movements during the year ended 31<sup>st</sup> July 2010; this includes capital investments:

Cashflow	2009/10	2008/9	2007/8
	£'000	£'000	£'000
Net inflow from operating activities	12,040	11,834	4,072
Net outflow from servicing of finance	(521)	(343)	(101)
Capital Expenditure	(6,240)	(4,774)	(7,060)
Adjusted Net inflow before financing	10,895	10,821	1,760
Increase/(decrease) in cash for year	10,585	10,785	2,930

The consolidated Cash Flow Statement shows cash inflows from operating activities of £12.0 million (2008/9 £11.8 million). Overall there was a cash inflow for the year ended 31<sup>st</sup> July 2010 of £10.6 million (2008/9 inflow £10.8 million). Payments to acquire and improve fixed assets totalled £6.2 million (2008/9 £4.8 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 2010 the Group's estimated share of the LGPS net deficit was £51.0 million (2008/9 £54.9 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 2010, of £20.6 million, (2008/9 net funds of £9.7 million). Cash at bank and in hand was £36.2 million (2008/9 £25.6 million).

On 17<sup>th</sup> 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 £323,000 in 2009/10 (£572,000 in 2008/9) as a result of the fall in interest rates. Interest payable at £3,595,000 includes an FRS17 adjustment of £2,744,000 and loan interest payments of £851,000 (2008/9 FRS17 adjustment £1,576,000, loan interest payments £861,000).

## 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 2008/9 we made bursary payments of £3.6 million to 3,600 students, of whom 2,400 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 its support of students through a distributed model of delivery. Centred upon our main campuses in Stoke and Stafford, we deliver courses 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; the first project in a

programme of work that will transform our Stoke campus. This building will be funded by the University and the Higher Education Funding Council for England (HEFCE), through its Strategic Development Fund.

The new Stoke Sixth Form College building was opened in September and sits adjacent to our campus on Leek Road. Students from the college will share facilities in our new Science and Technology Centre. 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. It will demonstrate that the University Quarter is not just a building project, but an innovative approach to the process of education.

The Stafford campus is a vital part of our University. The refurbishment of this site continues, building upon the significant investment over the past few years. Further plans to improve the configuration and vibrancy of the campus will be reviewed in the autumn of 2010. The University has also received detailed planning consent for a new 300 bed student accommodation building.

The University continues to invest in its staff, with many initiatives underway. These focus on enhancing leadership and management, Celebrating Staff Success, new flexible working arrangements and a improved performance management processes.

The University has been successful in developing its relationship with employers, providing training solutions for small, medium and large employers. 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 Business Evolutions, which will enhance our relationships with employers and other potential customers.

We continue to build on the success of our 'fast-track' two year degrees, and the development of Foundation Degrees; Staffordshire University 'hosts' the national body Foundation Degree Forward (FDF). The successful delivery of Foundation Degrees, with our SURF 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 joined the Higher Education Carbon Management programme (HECM), introduced an environmental workbook scheme and secured funding through the Salix interest-free loan scheme.

**Public Sector Funding and the Browne Report**

The past year has seen continued and dramatic changes in the economic position of the UK and its public finances. The coalition government has embarked upon a programme of spending cuts with long-term implications for publicly funded bodies, including Higher Education Institutions (HEIs). The Comprehensive Spending Review (CSR) in October 2010 provided confirmation of departmental spending targets. The cost reductions required by the Department for Business, Innovation and Skills (BIS) are likely to be achieved through deep cuts to the teaching grant to universities; it is possible that public funding of teaching, in HEIs, could be cut by up to three quarters.

The Independent Review of Higher Education Funding (the Browne review) issued in early October, proposed a transformation of higher education towards a market system. Whilst retaining many of the features of the current undergraduate tuition fees system, the report recommended many changes, which when coupled with the proposed cuts in public funding could result in a radical transformation of the higher education sector. Importantly the Browne review proposes removing the 'cap' on undergraduate fees – this is currently set at £3,290. This would enable universities to increase income from students at the same time as public funding is reduced.

The government welcomed the report's recommendations and initially accepted its findings in full. There is, however, some uncertainty about how the report's recommendations are to be implemented; there is greater uncertainty as to the impact upon this university and the wider sector.

**The issues for teaching-led universities**

Funding cuts and the likely changes to student fees, whatever the final shape and size of increase, will present universities with many challenges, and some opportunities.

1. Substitution of funding from public subsidy to student fees will not necessarily preserve current income levels. Browne estimates fees of around £6,000 would preserve income across the sector. Calculations by other groups conclude this would be nearer £7,500 for most teaching-led institutions.
2. The increase in fees will clearly deter many students from seeking a traditional full-time higher education. There has been little research into the impact, upon the likely choices made of future students, caused by increased fees and the associated burden of debt.
3. The recommendation that student support for tuition fees will be available to part-time students represents a challenge, but also an opportunity, to many HEIs. This should encourage more students to consider a part-time route, and should enable

greater access to higher education in those groups that have not considered a traditional full-time undergraduate path. The challenge, for universities such as Staffordshire, will be to develop flexible study packages that will satisfy the demands of these new students.

4. Increased undergraduate tuition fees will alter the choices and expectations of students. Browne has highlighted the need for better information and greater transparency of data to support these choices. In particular the report makes comment on the need for information about contact hours and the need for formal teaching qualifications for teaching staff in universities.
5. The changes proposed by Browne will create a market economy in higher education that will attract more private institutions into the sector. The cuts to HEFCE's teaching grant could result in no public subsidy for certain categories of undergraduate award (band C and band D subjects). The removal of the subsidy will enable private sector organisations to compete on more even terms. This will challenge the market dominance enjoyed by publicly funded higher education institutions and represents a significant threat to the income of universities. This competition will determine what value students give to the university experience and whether they are prepared to pay to for this.

**The University's Response to Browne**

The market in which the University operates will become increasingly competitive and demanding. Likely reductions in public funding, and the need to increase revenue from other sources (including tuition fees) only heighten the importance of our long-term strategy. At the heart of this will be the ability to attract and retain students and other customers. The full-time undergraduate market will become fiercely competitive, but opportunities to grow part-time numbers will be available to Universities that offer flexible courses and delivery. The University continues to recognise these challenges and opportunities and is working to widen its customer-base and appeal beyond traditional full-time undergraduates.

**Other challenges - Pensions**

The University offers generous retirement benefits to its employees. These pension schemes are becoming increasingly expensive, as the growth in liabilities outstrips the growth in the value of assets and contributions. The University recognises in the accounts the net liability of the Local Government Pension Scheme; currently £51.0 million. The uncertainty around future pension funding and liabilities is a significant risk to the University; 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 revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to assist readers of the Financial Statements to understand how the principles have been applied.

Throughout the year ended 31 July 2010, the University has been in compliance with all the Code provisions set out in Section 1 of the Combined Code of Corporate Governance 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 Nominations 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.

## Staffordshire University

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 2010.

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

## Financial Statements for the Year to 31 July 2010

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 31<sup>st</sup> July 2010 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 University financial statements (the "financial statements") of Staffordshire University for the year ended 31 July 2010 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. These financial statements have been prepared under historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors, as a body, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors, for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the University's Board of Governors and Auditors

The University's Board of Governors responsibilities for preparing the Financial Statements and Governors' Report in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 7.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the June 2008 Financial Memorandum with the Higher Education Funding

Council for England and with the Training and Development Agency. We also report to you whether

in our opinion, the Governors' Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

### Basis of Opinion

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

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

### Opinion

In our opinion:

- § the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- § the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;

- § in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- § in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the June 2008 Financial Memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency.

**Andy Argyle**

for and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
One Snowhill  
Snow Hill Queensway  
Birmingham  
West Midlands  
B4 6GH

24 November 2010

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT***For the Year Ended 31 July 2010*

	Note	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>INCOME</b>			
Funding Council Grants	1	58,167	59,030
Academic Fees and Education Contracts	2	44,732	37,348
Research Grants and Contracts	3	824	788
Other Operating Income	4	14,478	14,027
Endowment Income and Interest Receivable	5	323	572
<b>TOTAL INCOME</b>		<b>118,524</b>	<b>111,765</b>
<b>EXPENDITURE</b>			
Staff Costs	6	65,205	64,091
FRS 17 pension adjustment to staffing costs	6	(857)	(1,082)
Depreciation	9	5,890	4,956
Other Operating Expenses	7	43,863	40,538
Interest Payable and other finance costs	8	851	861
FRS 17 pension finance costs	8	2,744	1,576
<b>TOTAL EXPENDITURE</b>		<b>117,696</b>	<b>110,940</b>
<b>SURPLUS FOR THE YEAR BEFORE TAXATION</b>		<b>828</b>	<b>825</b>
TAXATION		-	-
<b>SURPLUS FOR THE YEAR AFTER TAXATION</b>	20	<b>828</b>	<b>825</b>

**NOTE OF HISTORICAL COST DEFICITS AND SURPLUSES**

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Surplus for the year after taxation	828	825
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	1,076	1,075
<b>HISTORICAL COST SURPLUS FOR THE YEAR</b>	<b>1,904</b>	<b>1,900</b>

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

<b>IMPACT OF FRS 17 "RETIREMENT BENEFITS"</b>	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Historic cost surplus for the year after FRS 17 adjustments	1,904	1,900
FRS 17 – current service cost and curtailments (included in staff costs)	(857)	(1,082)
FRS 17 – pension finance costs (included in interest payable)	2,744	1,576
<b>Historical cost surplus for the year before FRS 17 adjustments</b>	<b>3,791</b>	<b>2,394</b>

## STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

		Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Surplus for the year after taxation	20	828	825
Actuarial gain/(loss) in respect of pension scheme		5,804	(24,314)
<b>Total recognised gains/(losses) for the year</b>		<b>6,632</b>	<b>(23,489)</b>
<b>Reconciliation</b>			
Opening Reserves and endowments		12,526	36,015
Transfer from Endowment Reserve		1	-
Total recognised gains/(losses) for the year		6,632	(23,489)
<b>Closing Reserves</b>		<b>19,159</b>	<b>12,526</b>

**BALANCE SHEET AS AT 31 July 2010**

		<b>GROUP</b>		<b>CORPORATION</b>	
	Note	2010 £'000	2009 £'000	2010 £'000	2009 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	9	96,945	96,603	89,722	89,193
Investments	10	33	33	33	33
		<u>96,978</u>	<u>96,636</u>	<u>89,755</u>	<u>89,226</u>
<b>ENDOWMENT ASSETS</b>	11	29	30	29	30
<b>CURRENT ASSETS</b>					
Debtors: Amounts falling due after more than one year	12	406	449	2,367	2,600
Debtors: Amounts falling due within one year	13	6,140	9,080	10,143	12,665
Cash at bank and in hand		36,231	25,646	36,155	25,573
		<u>42,777</u>	<u>35,175</u>	<u>48,665</u>	<u>40,838</u>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	(34,542)	(27,317)	(36,261)	(28,677)
<b>NET CURRENT ASSETS</b>		8,235	7,858	12,404	12,161
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>105,242</u>	<u>104,524</u>	<u>102,188</u>	<u>101,417</u>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	15	(15,723)	(16,102)	(17,684)	(18,253)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	16	(2,932)	(3,447)	(2,932)	(3,447)
<b>NET ASSETS EXCLUDING PENSION LIABILITY</b>		86,587	84,975	81,572	79,717
Net pension liability	29	(51,010)	(54,927)	(51,010)	(54,927)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<u>35,577</u>	<u>30,048</u>	<u>30,562</u>	<u>24,790</u>

**BALANCE SHEET - continued**

		GROUP		CORPORATION	
	Note	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Represented by:					
<b>DEFERRED CAPITAL GRANTS</b>	17	16,389	17,492	16,389	17,492
<b>ENDOWMENTS</b>					
Permanent	18	29	30	29	30
<b>RESERVES</b>					
Revaluation Reserve	19	40,911	41,987	40,911	41,987
Income and Expenditure Account excluding pension reserve	20	29,258	25,466	24,243	20,208
Pension Reserve	20	(51,010)	(54,927)	(51,010)	(54,927)
Income & Expenditure Account including pension reserve		(21,752)	(29,461)	(26,767)	(34,719)
Total Reserves		19,159	12,526	14,144	7,268
<b>TOTAL FUNDS</b>		35,577	30,048	30,562	24,790

The financial statements on pages 13 to 39 were approved by the Board of Governors on 24<sup>th</sup> November 2010 and signed by:

Stephen Burgin  
Chair of the Board of Governors

Professor Christine King  
Vice-Chancellor

**CONSOLIDATED CASH FLOW STATEMENT**

	Note	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	22	12,040	11,834
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Income from short term investments		331	523
Interest Paid		(852)	(866)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		(521)	(343)
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(6,240)	(4,774)
Payments to acquire fixed asset investments		-	-
Receipts from sales of fixed asset investments		4	9
Deferred capital grants received		5,612	4,095
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		(624)	(670)
<b>TAXATION</b>		-	-
<b>NET CASH INFLOW AFTER TAXATION, BUT BEFORE FINANCING</b>		10,895	10,821
<b>FINANCING</b>			
New loans acquired	23	-	-
Repayment of loans	23	(310)	(36)
Capital element of finance lease repayments	23	-	-
<b>NET CASH OUTFLOW FROM FINANCING</b>		(310)	(36)
<b>INCREASE IN CASH FOR THE YEAR</b>	24, 25	10,585	10,785

**CONSOLIDATED CASH FLOW STATEMENT - continued****RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 26)**

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Increase in cash in year	10,585	10,785
Repayment of debt	310	36
	<hr/>	<hr/>
Movement arising from cash flows	10,895	10,821
	<hr/>	<hr/>
<b>CHANGE IN NET DEBT</b>		
<b>NET FUNDS/(DEBT) AT 1 AUGUST 2009</b>	<b>9,682</b>	<b>(1,139)</b>
	<hr/>	<hr/>
<b>NET FUNDS AT 31 July 2010</b>	<b>20,577</b>	<b>9,682</b>
	<hr/>	<hr/>

## 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.

### 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 10 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 2010 £'000	Year to 31 July 2009 £'000
<b>1. FUNDING COUNCIL GRANTS</b>		
Recurrent Grant		
Higher Education Funding Council	43,128	42,706
Learning and Skills Council and its successors	22	32
Training and Development Agency	466	484
Foundation Degree Forward	3,955	4,722
Research and Selective Initiatives	9,576	9,902
Release of Capital Grants		
Buildings	763	767
Equipment	257	417
	<b>58,167</b>	<b>59,030</b>
<b>2. ACADEMIC FEES AND EDUCATION CONTRACTS</b>		
Full-Time Students -UK/EU	26,105	22,009
Full-Time Students - Overseas	6,954	5,629
Part-Time Fees	2,746	2,291
Education Contracts	7,342	6,233
Short Course Fees	1,585	1,186
	<b>44,732</b>	<b>37,348</b>
<b>3. RESEARCH GRANTS AND CONTRACTS</b>		
Research Councils	71	187
UK Based Charities	49	26
UK Industry and Commerce	152	64
UK Central Government/Health Authorities	509	499
European Community Programmes	48	12
Other Research Grants and Contracts	(5)	-
	<b>824</b>	<b>788</b>
<b>4. OTHER OPERATING INCOME</b>		
Residences, Catering and Conferences	6,069	6,144
Consultancy/Self Financing Fees	6,108	5,753
Other Rents/Lettings	1,121	972
Release from deferred capital grants (non-funding council)	103	100
Other Income	1,052	981
Foundation Degree Forward	25	77
	<b>14,478</b>	<b>14,027</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>		
Investment Income	322	571
Endowment Income (Note 11)	1	1
	<b>323</b>	<b>572</b>
<b>6. STAFF</b>		
	31 July 2010 Total £'000	31 July 2009 Total £'000
<b>Staff Costs</b>		
Wages	52,475	51,231
Social Security Costs	4,125	3,976
Other Pension Costs	8,139	7,644
FRS 17 adjustments	(857)	(1,082)
Redundancy/Managed Severance Scheme	466	1,240
	<b>64,348</b>	<b>63,009</b>
	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>Emoluments of the Vice-Chancellor</b>		
Salary costs	184	184
Performance bonus	20	31
Benefits in kind	2	3
Sub-Total	206	218
Employers Pension Contributions	23	28
	<b>229</b>	<b>246</b>

The salary and benefits of the Vice-Chancellor are shown on the same basis as for higher paid staff. The bonus payment of £31,000 in 2009 relates to £18,000 for 2008/09 and £13,000 for 2007/08. The University's pension contributions to the Teachers' Superannuation Scheme are paid at the same rate as for other academic staff and amounted to £23,318 (2009: £28,500).

	2010 Number	2009 Number
<b>Average (fte) Staff Numbers by Major Category</b>		
Management	90	92
Academic	584	570
Administrative, Professional, Technical and Clerical Staff	764	783
Manual Staff	121	119
	<b>1,559</b>	<b>1,564</b>
<b>Remuneration of other higher paid staff, including employer's pension contributions</b>		
£110,000 - £119,999	2	2
£120,000 - £129,999	1	1
£130,000 - £139,999	2	1
£140,000 - £149,999	0	1
	<b>5</b>	<b>5</b>

A general pay award of 0.5% was made with effect from 1<sup>st</sup> August 2009.

## NOTES TO THE FINANCIAL STATEMENTS – continued

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
<b>7. OTHER OPERATING EXPENSES</b>		
Consumables	2,157	2,098
Equipment and Tools	2,292	1,909
Operating Leases	1,019	1,154
Books and Periodicals	1,362	1,187
Printing - External and Internal	506	581
Protective Clothing/Laundry/Uniforms	60	60
Repairs and General Maintenance	2,593	2,937
Heat, Light, Water and Power	2,577	2,644
Rent and Rates	769	536
Staff and Student Development	1,945	2,144
Travel and Subsistence	1,626	1,575
Student Union Contributions	693	697
Auditors' Remuneration (Corporation)	46	37
Auditors' Remuneration (Subsidiaries)	7	7
Internal Audit Costs	120	133
Payments to Franchise Colleges	8,652	8,215
Telephones and Postages	636	766
Insurance	248	262
Publicity and Prospectus	1,628	1,601
Examinations/Awards Day	446	396
Subscriptions	468	536
Vehicle Hire/Lease	131	122
Other Expenses	277	204
Professional Charges	1,636	406
Consultancy	3,182	2,625
Legal Charges	255	183
Agency Servicing	1,036	748
Security	604	472
Movement in Provision for Bad/Doubtful Debts	1,391	1,087
Placement Fees	328	431
Registration Fees	242	210
Grant Payments (External Activity)	1,096	516
Bursary Payments	3,478	3,639
Hospitality	115	80
Student Awards/Expenses	130	83
Bank Charges	108	131
Loss on disposal of Assets	4	126
	<b>43,863</b>	<b>40,538</b>

Included in Other Operating Expenses are payments to or on behalf of trustees of £6.4k (2009 £0.6k). Of the £6.4k expenditure in 2010, £5.5k relates to training courses open to all trustees and £0.9k to travel expenses for six trustees. The expenditure for 2009 of £0.6k covers travel expenses for five trustees.

**8. INTEREST PAYABLE**

Loan not wholly repayable within five years  
Pension finance costs (FRS17)

851	861
2,744	1,576
<b>3,595</b>	<b>2,437</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 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
<b>COST OR VALUATION</b>						
At 1 August 2009	130,779	755	8,931	8,671	62	149,198
Additions	345	2,086	2,084	1,718	7	6,240
Disposals	-	-	(421)	(678)	-	(1,099)
At 31 July 2010	131,124	2,841	10,594	9,711	69	154,339
<b>DEPRECIATION</b>						
At 1 August 2009	40,497	-	6,410	5,671	17	52,595
Depreciation for year	3,232	-	1,710	927	21	5,890
Elimination on disposals	-	-	(421)	(670)	-	(1,091)
At 31 July 2010	43,729	-	7,699	5,928	38	57,394
Net Book Value at 31 July 2010	87,395	2,841	2,895	3,783	31	96,945
Net Book Value at 31 July 2009	90,282	755	2,521	3,000	45	96,603

## TANGIBLE FIXED ASSETS - Corporation

	Freehold Land and Buildings £'000	Assets in Course of Construction £'000	Computer Equipment £'000	Other Equipment And Fittings £'000	Motor Vehicles £'000	TOTAL £'000
<b>COST OR VALUATION</b>						
At 1 August 2009	120,038	755	8,931	8,493	62	138,279
Additions	311	2,086	2,084	1,708	7	6,196
Disposals	-	-	(421)	(556)	-	(977)
At 31 July 2010	120,349	2,841	10,594	9,645	69	143,498
<b>DEPRECIATION</b>						
At 1 August 2009	37,161	-	6,410	5,498	17	49,086
Depreciation for year	3,004	-	1,710	924	21	5,659
Elimination on disposals	-	-	(421)	(548)	-	(969)
At 31 July 2010	40,165	-	7,699	5,874	38	53,776
Net Book Value at 31 July 2010	80,184	2,841	2,895	3,771	31	89,722
Net Book Value at 31 July 2009	82,877	755	2,521	2,995	45	89,193

## NOTES TO THE FINANCIAL STATEMENTS - continued

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.

### 10. FIXED ASSET INVESTMENTS

	GROUP		CORPORATION	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
At 31 August 2009	33	33	33	33
Additions	-	-	-	-
Disposals	-	-	-	-
<b>At 31 July 2010</b>	<b>33</b>	<b>33</b>	<b>33</b>	<b>33</b>

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 0.1%. 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 C E King 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.

**NOTES TO THE FINANCIAL STATEMENTS - continued**

Mr S Burgin and Professor C E King 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 2010.

**11. ENDOWMENT ASSET INVESTMENTS**

	GROUP AND CORPORATION	
	2010 £'000	2009 £'000
Balance at 1 August 2009	30	29
Additions	-	-
Interest Received	1	1
Prize Fund payments	(2)	-
<b>Balance at 31 July 2010</b>	<b>29</b>	<b>30</b>
		2009 £'000
Represented by:		
Fixed interest stocks	7	7
Bank balances	22	23
	<b>29</b>	<b>30</b>

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

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

	GROUP		CORPORATION	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Amounts owed by subsidiary undertaking	-	-	1,961	2,151
Amounts owed under joint arrangement with South Staffordshire College Phase 1 (Formerly Tamworth and Lichfield College – see note 15)	406	449	406	449
	<b>406</b>	<b>449</b>	<b>2,367</b>	<b>2,600</b>

**13. DEBTORS: Amounts falling due within one year**

	GROUP		CORPORATION	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Trade debtors	4,182	6,521	4,153	6,488
Amounts owed by subsidiary undertakings	-	-	4,093	3,662
Other debtors	226	174	165	130
Prepayments and accrued income	1,732	2,385	1,732	2,385
	<b>6,140</b>	<b>9,080</b>	<b>10,143</b>	<b>12,665</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 14. CREDITORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Loans	324	310	324	310
Trade creditors	5,210	6,409	5,102	6,301
Amounts owed to subsidiary undertakings	-	-	1,849	1,482
Other taxation and social security	3,351	2,604	3,351	2,604
Other creditors	215	143	215	143
Accruals and deferred income	25,442	17,851	25,420	17,837
	<b>34,542</b>	<b>27,317</b>	<b>36,261</b>	<b>28,677</b>

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

	GROUP		CORPORATION	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Bank loan account	15,330	15,654	15,330	15,654
South Staffordshire College Phase 2 (Formerly Tamworth & Lichfield College)	393	448	393	448
Amounts owed to subsidiary company	-	-	1,961	2,151
	<b>15,723</b>	<b>16,102</b>	<b>17,684</b>	<b>18,253</b>

## LOAN OBLIGATIONS

	GROUP		CORPORATION	
	2010	2009	2010	2009
	£'000	£'000	£'000	£'000
Between one and two years	343	324	343	324
Between two and five years	1,152	1,091	1,152	1,091
Over five years	13,835	14,239	13,835	14,239
Within one year	324	310	324	310
	<b>15,654</b>	<b>15,964</b>	<b>15,654</b>	<b>15,964</b>

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

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

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 16. PROVISIONS FOR LIABILITIES AND CHARGES

## GROUP AND CORPORATION

	Pension Enhancement	Lease Dilapidations	Legal Costs	Restructuring	2010 Total	2009 Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2009	482	1,587	3	1,375	3,447	3,004
Utilised in the Year	(127)	(372)	(3)	(364)	(866)	(797)
Charge to Income & Expenditure Account	313	(38)	87	(11)	351	1,240
<b>At 31 July 2010</b>	<b>668</b>	<b>1,177</b>	<b>87</b>	<b>1,000</b>	<b>2,932</b>	<b>3,447</b>

## 17. DEFERRED CAPITAL GRANTS

## GROUP AND CORPORATION

	Buildings £'000	Equipment £'000	2010 Total £'000	2009 Total £'000
At 1 August 2009	16,894	598	17,492	18,688
Add cash receivable	3	17	20	88
Released to Income and Expenditure	(836)	(287)	(1,123)	(1,284)
<b>At 31 July 2010</b>	<b>16,061</b>	<b>328</b>	<b>16,389</b>	<b>17,492</b>

## 18. ENDOWMENTS RESERVE

## GROUP AND CORPORATION

	2010 Permanent £'000	2009 Permanent £'000
At 1 August 2009	30	29
Net Expenditure for year	(1)	1
<b>At 31 July 2010</b>	<b>29</b>	<b>30</b>

## NOTES TO THE FINANCIAL STATEMENTS - continued

## 19. REVALUATION RESERVE

## GROUP AND CORPORATION

	2010 £'000	2009 £'000
At 1 August 2009	41,987	43,062
Less release of revaluation reserve	(1,076)	(1,075)
<b>At 31 July 2010</b>	<b>40,911</b>	<b>41,987</b>

## 20. INCOME AND EXPENDITURE ACCOUNT RESERVE

## GROUP

## CORPORATION

	2010 £'000	2009 £'000	2010 £'000	2009 £'000
As at 1 August	(29,461)	(7,047)	(34,719)	(12,551)
Surplus retained for the year	828	825	1,071	1,071
Transfer from Endowment Reserve	1	-	1	-
Transfer from revaluation reserve	1,076	1,075	1,076	1,075
Actuarial gain/(loss) in respect of pension scheme	5,804	(24,314)	5,804	(24,314)
<b>At 31 July</b>	<b>(21,752)</b>	<b>(29,461)</b>	<b>(26,767)</b>	<b>(34,719)</b>
Balance represented by				
Pension Reserve	(51,010)	(54,927)	(51,010)	(54,927)
Income and Expenditure account reserve excluding pension reserve	29,258	25,466	24,243	20,208
<b>At 31 July</b>	<b>(21,752)</b>	<b>(29,461)</b>	<b>(26,767)</b>	<b>(34,719)</b>

## 21. OPERATING LEASE COMMITMENTS

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

## GROUP AND CORPORATION

	2010 Land & Buildings £'000	2010 Other £'000	2010 Total £'000	2009 Land & Buildings £'000	2009 Other £'000	2009 Total £'000
Within one year	512	168	680	536	231	767
Between two and five years	654	25	679	993	69	1,062
Over five years	20	-	20	20	-	20
	<b>1,186</b>	<b>193</b>	<b>1,379</b>	<b>1,549</b>	<b>300</b>	<b>1,849</b>

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

## 22. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 July 2010	Year to 31 July 2009
	£'000	£'000
Surplus for the year before taxation and transfers from reserves	828	825
Interest Receivable	(323)	(572)
	<u>505</u>	<u>253</u>
Add back interest payable	851	861
Surplus from operating activities	1,356	1,114
Release of capital grant	(1,123)	(1,284)
Depreciation	5,890	4,956
Pension Adjustments (FRS17)	1,887	494
Loss on sale of Investments/Fixed Assets	4	126
Decrease in stock	-	167
Decrease/(increase) in debtors	2,976	(639)
Increase in creditors	1,565	6,457
(Decrease) / increase in provisions	(515)	443
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b><u>12,040</u></b>	<b><u>11,834</u></b>

## 23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £'000
Balance at 1 August 2009	15,964
Cash outflow from financing	<u>(310)</u>
<b>Balance at 31 July 2010</b>	<b><u>15,654</u></b>

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

	£'000
Balance at 1 August 2009	25,646
Net cash inflow	10,585
<b>Balance at 31 July 2010</b>	<b><u>36,231</u></b>

## NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT – continued

## 25. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2010 £'000	2009 £'000	2010 Change in Year £'000	2009 £'000	2008 £'000	2009 Change In Year £'000
Cash at bank and in hand	36,231	25,646	10,585	25,646	14,861	10,785

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

	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Increase in cash in year	10,585	10,785
Repayment of debt	310	36
New loans	-	-
<b>CHANGE IN NET DEBT</b>	<b>10,895</b>	<b>10,821</b>
<b>NET FUNDS/(DEBT) AT 1 AUGUST</b>	<b>9,682</b>	<b>(1,139)</b>
<b>NET FUNDS AT 31 JULY</b>	<b>20,577</b>	<b>9,682</b>

## ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2009 £'000	Cash Flows 2010 £'000	Other Movements £'000	31 July 2010 £'000
Cash in hand, at bank	25,646	10,585	-	36,231
Debt due within 1 year	(310)	310	(324)	(324)
Debt due after 1 year	(15,654)	-	324	(15,330)
	<b>9,682</b>	<b>10,895</b>	<b>0</b>	<b>20,577</b>

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued****27. CAPITAL COMMITMENTS****GROUP AND CORPORATION**

	2010 £'000	2009 £'000
Approved/Contracted for	23,319	1,715
Approved/Not contracted for	11,322	13,982
	<b>34,641</b>	<b>15,697</b>

Of the £23m capital commitments approved/contracted, £20m relates to new build of the Science Centre, being phase 1 of the University Quarter development.

Of the £11m capital commitments approved/not contracted, £10m relates to new build of student residences at Stafford Campus and £1m relates to planned expenditure on the University Quarter development.

**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 2009/10 were £5,516k (2008/09 £5,430k) and for the Staffordshire County Council Superannuation Scheme £4,992k (2008/09 £4,853k).

**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 2009 to 31 July 2010 the employer contribution was 14.1%. Employee contribution rate was 6.4% for the same period.

**Local Government Pension Scheme**

The LPGS 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). The University has considered the Staffordshire County Council Pension Fund scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year.

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2007, with the next formal valuation due as at 31 March 2010.

A valuation of the Fund's liabilities as at 31 July 2010 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 2007, 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 2009 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 of the employee's Rule of 85 retirement age (minimum of 60) or normal retirement age, which are not reduced), 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 2007.

	At 31 July 2010	At 31 July 2009
Rate of increase in salaries	4.9%	5.2%
Rate of increase for pensions	2.9%	3.7%
Discount rate for liabilities	5.4%	6.0%

The salary increase assumption for 31<sup>st</sup> July 2010 is 1.0% pa for the first 2 years.

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 PMA92/PFA92 year of birth tables, 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	20.8 years	24.1 years
Future Pensioners	22.3 years	25.7 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
31 July 2006	Calendar year 2004	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 2009 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	7.3%	58,377	7.3%	49,232
Bonds	4.8%	9,986	5.3%	8,205
Property	5.3%	6,145	5.3%	4,418
Cash	4.4%	2,304	4.3%	1,262
<b>Total Market Value of Assets</b>		<b>76,812</b>		<b>63,117</b>

	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Group's estimated asset share	76,812	63,117
Present value of scheme liabilities	(127,822)	(118,044)
<b>Deficit in the scheme</b>	<b>(51,010)</b>	<b>(54,927)</b>

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 2010 £'000	Year Ended 31 July 2009 £'000
Employer service cost (net of employee contributions)	3,664	3,259
Past service gain	-	-
Curtailement and Settlements	24	158
<b>Total Operating Gain</b>	<b>3,688</b>	<b>3,417</b>

**Analysis of pension finance income/costs**

	Year Ended 31 July 2010	Year Ended 31 July 2009
Expected return on pension scheme assets	4,391	4,947
Interest on pension scheme liabilities	(7,135)	(6,523)
<b>Pension finance costs</b>	<b>(2,744)</b>	<b>(1,576)</b>

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

Actuarial gain/(loss) recognised in STRGL	5,804	(24,314)
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## NOTES TO THE FINANCIAL STATEMENTS – continued

## Reconciliation of defined benefit obligation

	Year Ended 31 July 2010	Year Ended 31 July 2009
<b>Opening Defined Benefit Obligation</b>	<b>118,044</b>	<b>96,323</b>
Current Service Cost	3,664	3,259
Interest Cost	7,135	6,523
Contributions by Members	1,538	1,510
Actuarial Losses/(Gains)	8,572	13,096
Past Service Costs/(Gains)	(8,055)	-
Losses/(Gains) on Curtailments	24	158
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(639)	(622)
Estimated Benefits Paid	(2,461)	(2,203)
<b>Closing Defined Benefit Obligation</b>	<b>127,822</b>	<b>118,044</b>

## Reconciliation of fair value of employer assets

	Year Ended 31 July 2010	Year Ended 31 July 2009
<b>Opening Fair Value of Employer Assets</b>	<b>63,117</b>	<b>66,204</b>
Expected Return on Assets	4,391	4,947
Contribution by Members	1,538	1,510
Contributions by the Employer	3,906	3,877
Contributions in respect of Unfunded Benefits	639	622
Actuarial Gains/(Losses)	6,321	(11,218)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits paid	(639)	(622)
Estimated Benefits Paid	(2,461)	(2,203)
<b>Closing Fair Value of Employer Assets</b>	<b>76,812</b>	<b>63,117</b>

## Movement in deficit during the year

	Year Ended 31 July 2010 £'000	Year Ended 31 July 2009 £'000
Deficit in scheme at 1 August	(54,927)	(30,119)
Movement in year:		
Current service charge	(3,664)	(3,259)
Contributions	3,906	3,877
Contributions in respect of unfunded benefits	639	622
Past service costs	-	-
Impact of Settlements and Curtailments	(24)	(158)
Net interest on assets	(2,744)	(1,576)
Actuarial gain/loss	5,804	(24,314)
<b>Deficit in scheme at 31 July</b>	<b>(51,010)</b>	<b>(54,927)</b>

## NOTES TO THE FINANCIAL STATEMENTS – continued

## History of experience gains and losses

	Year Ended 31 July 2010	Year Ended 31 July 2009	Year Ended 31 July 2008	Year Ended 31 July 2007	Year Ended 31 July 2006
Actuarial (Losses)/Gain on assets	6,321	(11,218)	(13,932)	2,953	4,515
Experience( Losses)/Gains on scheme liabilities	598	(154)	466	61	24
Total amount recognised in STRGL	5,804	(24,314)	(8,965)	10,798	1,049

## 30. ACCESS FUNDS

	Year to 31 July 2010 £'000	Year to 31 July 2009 £'000
Funding Council Grants	556	624
Interest Earned	1	4
	<hr/> 557	<hr/> 628
Disbursements to Students	(486)	(620)
	<hr/> 71	<hr/> 8

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 2010 £'000	Year to 31 July 2009 £'000
Opening fund balance	(33)	33
Net Training and Development Agency grants received in year	388	245
Disbursed to students	(402)	(311)
<b>Balance Overspent at 31 July owing to the Training and Development Agency</b>	<b>(47)</b>	<b>(33)</b>
(b) Black & Minority Ethnic Recruitment		
Opening fund balance	5	4
Net Training and Development Agency grants received/(reclaimed) in year	(2)	2
Disbursed to students	-	-
Support Payments to Schools	-	-
Development	-	(1)
Administration	(2)	-
<b>Balance Unspent at 31 July owing to the Training and Development Agency</b>	<b>1</b>	<b>5</b>

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. 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 is the Principal of Sixth Form College in Stoke-on-Trent and 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.