



Financial Statements and Governors' Report 2013/14

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CHAIRMAN'S INTRODUCTION



Staffordshire University's mission is to transform people and communities by delivering accessible, high-quality, higher education through partnership-working with our students, our customers and our staff. We

achieve this by placing our students at the heart of everything we do. Our values, which guide how we operate, include:

- Partnership
- Innovation and Enterprise
- People-focussed
- Excellence.

Our programmes are targeted at producing graduates with subject specific knowledge along with the skills and attributes set out in the Staffordshire Graduate. The Staffordshire Graduate represents a set of qualities that we passionately believe are necessary for success in the 21st century and encompasses the 3Es of employability, enterprise and entrepreneurialism. These attributes are now embedded in every course we offer.

In addition to striving to deliver the highest quality and standards, we will also be seeking to diversify our student base and to deliver our learning and teaching in ways that are flexible and even more customer focused. This includes the development of partnerships with other academic institutions both within the UK and overseas, along with creating flexible and accessible courses.

The University currently has 20,000 students studying at its campuses in Stoke, Stafford, Shrewsbury and Lichfield with a further 20,000 students studying our awards through our partners, both in the UK and overseas. In addition, the University has a strong collaboration with the Ministry of Defence providing flexible study options for serving armed forces staff.

We could not achieve any of this without the commitment and support of all our staff. They are our key asset for delivering our services to our students and customers. We do, and will continue to, invest in staff development across all our teams and celebrate their achievements through programmes such as The Leading for Success Programme and the annual Celebrating Staff Success event.

Another critical aspect of ensuring our students receive the best teaching and learning possible is through the delivery of quality facilities and infrastructure. The University recognises that it has

under-invested in its Estates in the past but is now rectifying this through an on-going investment programme which has recently seen the construction of a new Science Building along with the significant investment in the landscaping and quality of our Stoke Campus. At a Faculty and subject level, we continue to ensure that we provide sector leading equipment for our students to use including recent investments in our new engineering and motor sports facilities along with technological investments across all subjects.

At a strategic level, the University has recently reviewed its estates strategy and has made the decision to locate the majority of its facilities on the Stoke Campus whilst retaining specialist hubs in Stafford, Shrewsbury and Lichfield. This will see the main Stafford Campus close in 2016 with the courses currently provided there being relocated to newly refurbished facilities on the Stoke Campus. This decision was taken after in depth consultation with all key stakeholders. In this, our students told us they wanted a vibrant, lively campus, with modern facilities located within easy access of a city centre. We believe our new plans will deliver this.

2013/14 has been a challenging year for the University as detailed within the operating and financial review. The University continues to face competitive pressure across the sector as both students and other Universities respond to the new fee environment. The £2.5m surplus generated in the year is testament to the commitment of our staff in responding to these challenges and enables us to continue to invest in our both our staffing and our facilities.

Looking forwards, I am confident that we have an exceptional team in place to face whatever challenges arise and to continue the delivery of our excellent teaching and knowledge development.

Finally, I would like to add my personal thanks to our students, our staff, our Governors and all our stakeholders, who together, have made this University the success it is today.

Stephen Burgin
Chair of the Board of Governors

VICE CHANCELLOR'S REPORT



As I write this introduction, there is so much to celebrate at Staffordshire University. Not only are we celebrating our 100th anniversary during which we have looked

back on the rich and eventful history of the University and its predecessors, we have also recently appointed our new Chancellor, Lord Stafford.

When the University was originally founded, as the Central School of Science and Technology, it was inspired by the belief that it could make a great difference to the lives of our students, the local community and even globally. 100 years later after many developments, expansion, new structures and on becoming a University, the main purpose has not changed much at all. Our mission is 'Transforming people and communities by delivering accessible, high-quality, higher education through partnership working with our students, our customers and our staff.' Our primary focus is therefore to continue ensuring academic excellence and financial sustainability. The University promotes social and economic progress by sharing knowledge, promoting new thinking, creativity, innovation, enterprise and excellence. This is achieved through partnership, bringing together industry, our academics and our students who are the future.

To help achieve this we have focused on maintaining and continually improving our teaching excellence which is measured by our Quality Assurance processes and the Quality Assurance Agency, our improvements in the Guardian League Table position and our national Student Satisfaction Survey (NSS) results. This is an independent measurement of the views of final year students across the sector. Our most recent overall NSS satisfaction score was 84% and we achieved a higher score of 86% in the teaching sub-set. This is similar to the sector average and our competitor set. Student achievement, as measured by the percentage of students achieving a 2:1 degree or above, has also improved to 63%, a 5.2% increase from the previous year.

Student experience remains a significant focus for the University. Action plans are put in place every year continuously to improve, particularly in relation to student experience, our NSS scores and teaching excellence. We believe these are key measures of how satisfied our students are with what we offer.

One of the biggest challenges is the changes to the undergraduate market and the sector trends. The UK and EU undergraduate market, according to Universities UK, has seen a 21.7% decrease from

2010/11 to 2013/14 which is driven mainly by several factors including:

- reduction in part time entrants
- economic downturn which particularly has an effect on employer funding
- funding reforms
- the continuing decline of the UK's young population

This is of concern given the positive impact that increases in graduate level skills have on the economy and on life experiences. We also share concerns about the potential effect of the shift towards increased costs to graduates through student loans, particularly on students and families from disadvantaged backgrounds.

Reflecting the above challenges, Staffordshire University has seen a decline in the overall number of applications although some areas do continue to exceed expectations, particularly our post graduate market. For the sector however, recent figures from the Higher Education Statistics Agency (HESA) show a yearly decrease of 6% in student numbers enrolling on postgraduate courses.

Given the climate it is important to maintain focus with financial prudence and to maintain our overall strategy ensuring we generate the surpluses required to enable on-going investment in our facilities and teaching to enhance the student experience and our long term plans. To do this it is also important to draw on our dedicated and talented staff, who are key to ensuring we meet our student expectations.

We are based in the Midlands, at the heart of the UK, and we continue to put students at the heart of everything we do. Our drive, passion, knowledge and dedication gives us the foundations for facing the challenging times ahead.

We are so proud of what our students and staff have achieved over our recent and 100 year history. I am always proud and impressed by our student achievements particularly when I walk around our graduate exhibitions and hear the really successful careers of our alumni. There's no shortage of inspiring stories about Staffordshire Graduates making a difference in all walks of life. This is what Staffordshire University is all about, so here's to the next 100 years....



Professor Michael Gunn
Vice-Chancellor

OPERATING AND FINANCIAL REVIEW – GOVERNANCE & 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, the Friends of Staffordshire University Charitable Trust and Unitemps Ltd. It also includes the University's share of its joint venture Flux Stoke-on-Trent Ltd.

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 gifted back to the University under a covenant arrangement.

Results for the Year

The University's consolidated income, expenditure and results for the year to 31st July 2014 are summarised as follows:

	2013/14	2012/13	2011/12
	£'000	£'000	£'000
Income	118,373	116,251	118,687
Expenditure	115,861	114,211	111,452
Surplus/(deficit) on continuing operations after depreciation at valuation	2,512	2,040	7,235
Historical Cost Surplus	3,587	3,115	8,310
FRS 17 Adjustments included above	(1,529)	(1,508)	(953)
Surplus before FRS17 Adjustments	5,116	4,623	9,263

In 2013/14 the University and its subsidiaries made a historical cost surplus of £3.6 million (*2012/13 £3.1 million*). Income increased by 2% to £118.4 million whilst net expenditure increased by 1% to £115.9 million. These results include adjustments for FRS17 – Accounting for Retirement Benefits. The impact of this accounting standard, on the income and expenditure account remains volatile and reflects changes in assumptions that affect pension assets and liabilities over many years. Its impact this year was to reduce the surplus by £1.5 million (*2012/13 by £1.5 million*). Excluding these FRS17 adjustments the operating surplus increased to £5.1million (*2012/13 £4.6 million*).

Cashflow and Capital Investments

The table below summarises the major cash movements during the year ended 31st July 2014; this includes capital investments:

Cashflow	2013/14	2012/13	2011/12
	£'000	£'000	£'000
Net inflow from operating activities	8,630	11,065	11,601
Net outflow from servicing of finance	(1,307)	(361)	(472)
Capital Expenditure	(10,227)	(16,772)	(21,240)
Adjusted Net (outflow)/ inflow before financing	(1,947)	(5,437)	(6,341)
Increase/ (Decrease) in cash for year	30,676	(5,889)	(6,864)

The consolidated Cash Flow Statement shows cash inflows from operating activities of £8.6 million (*2012/13 £11.1 million*). Payments to acquire and improve fixed assets totalled £10.2 million (*2012/13 £16.8 million*) and net cash outflow before financing at £1.9 million was a £3.5 million improvement on the prior year (*2012/13 outflow £5.4 million*). After allowing for financing drawn in the year, net cash increased by £30.7m (*2012/13 £5.9 million reduction*).

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 2014 the Group's estimated share of the LGPS net deficit was £63.4 million (*2012/13 £43.7 million*).

OPERATING AND FINANCIAL REVIEW: GOVERNANCE & FINANCIAL REVIEW - continued

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. There are however some pension liabilities related to Teachers' Pensions which are not funded through the scheme. These liabilities are valued on the University's balance sheet at £9.9million (2012/13 £9.5 million).

Liquidity and Long-term Financing

The University had net funds, as at 31 July 2014, of £11.2 million (2012/13 net funds of £13.2 million). Cash at bank and in hand was £58.8 million (2012/13 £28.2 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. 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 future capital programme. The remaining £34 million was drawn in the year (2 September 2013) as a 25 term loan at a fixed interest rate of 3.2%.

Treasury and Financing

Cash deposits are invested in accordance with the University's Treasury Management Policy. This was reviewed in the year and additional counterparties added to spread the risk associated with the additional cash balances. 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 remained at £0.3 million (£0.3 million in 2012/13) as a result of lower interest rates but higher cash balances. Interest payable at £2.8 million includes an FRS17 adjustment of £1.0 million and loan interest payments of £1.8 million (2012/13 – interest payable £2.6 million includes FRS17 interest of £1.8 million and loan interest payments of £0.8 million).

Payment of Creditors

It is the University's policy to agree terms with all suppliers. The University's policy is then to abide by the specific terms made in those agreements.

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 principal way in which the University makes a contribution to wider society. Rooted in Staffordshire University's strategic plan is our continued commitment to being an open and accessible institution that proactively encourages people from all backgrounds to aspire to higher education. We are committed to breaking down barriers and encouraging active participation, raising attainment and aspirations, encouraging engagement and ultimately admissions to higher education.

We do this by ensuring pathways to higher education are available through our work with other educational providers. For example, we work closely with schools and colleges, targeting pupils and students from as young as Year 5 through the Children's University, to students in FE Colleges and Sixth Forms in Years 12 and 13 with in-school and on-campus activities, as well as mature learners via the Step Up to HE programme. We also collaborate with HEIs and other local organisations to provide a range of events and facilities that are available to people within our communities

The University has a long history and commitment to widening participation and social inclusion. The Office for Fair Access (OFFA) approves our plans annually including enhancing opportunities for under-represented groups.

Through our access and outreach activities we aim to ensure students are not discouraged from entering higher education because of financial pressures. To support these objectives we operate a generous bursary scheme. In 2013/14 we made bursary payments of £1.8 million to 2,720 students and awarded fee waivers totalling £2.1 million to 1,130 students.

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 along with modifications to estates and infrastructure where necessary.

OPERATING AND FINANCIAL REVIEW – INVESTMENT AND ESTATES

The University operates from two primary campuses, one in Stafford and one in Stoke on Trent. This is supported by specialist hubs in Lichfield and Shrewsbury. Investment in these estates and facilities is key to ensuring our students have the best experience possible.

Historically, the University's capital spend has been lower than the sector norms, however particularly in the past few years we have actively worked towards bridging the gap. During the year we have committed over £10.5m in teaching resources, IT facilities, specialist equipment and refurbishments. Over the past three years we have committed over £50 million to capital investment in the areas highlighted below:

Land and Buildings	Equipment
<ul style="list-style-type: none"> • Estates Master Plan including landscaping and refurbishments of Cadman, Brindley & Henrion • Science and Technology Centre • Engineering facilities • Drama studio facilities • Flexible learning and teaching space and upgrades of teaching rooms • Halls of Residence refurbishments 	<ul style="list-style-type: none"> • IT infrastructure • Specialist Computers and equipment for TV centre, Film and Music technology, media centre, Broadcasting newsroom, clinical skills, psychology • Games Design motion capture • Sports and exercise laboratory • Engineering and computing • Sports Centre

Future Estates Strategy

Last year's annual report referred to a review of our future estates strategy and the Masterplan. This included a comprehensive consultation exercise looking at what our students preferred in terms of campus and location along with the views of staff and other stakeholders. It also took into account the University's need to ensure the efficient utilisation of its estate but also to ensure that its campuses are vibrant, welcoming and provided a real 'heart' to the University.

The first stage of this work concluded in January 2014 when the Governing Board approved a plan to rationalise the two main campuses to a single campus based in Stoke-on-Trent. As part of this strategy, a specialist hub, accommodating about 1,000 students, will be retained in Stafford to support the health courses that work closely with Stafford Hospital and also to provide a base for other subjects where demand arises. The relocation for the remaining subjects from Stafford to Stoke-on-Trent will be undertaken in the summer of 2016 ready for the September 2016 semester start. Work is now underway to deliver the facilities required to accommodate the relocated subjects.

Once complete, the relocation will leave the Stafford Beaconside Campus vacant for ultimate disposal. Consultants have been engaged to support the development of the disposal strategy which will ultimately release further funds to be invested back into the remaining operations.

The decision to relocate has also raised the question of accounting treatment in the 2013/14 accounts for the Stafford campus. At this stage, no decision has been made as to how the site will be disposed of or its open market value. A number of estimates have been undertaken building upon experience in the local area including rental rates for tenants of existing buildings, the proceeds from a recent building disposal and expectations of local land transactions. At this stage, it is believed that this assessment of value supports the existing carrying value of the assets in the University's accounts after allowing for deferred capital grants. As a result, no accounting provisions or adjustments have been made in the accounts. This treatment will remain under review as the disposal plans progress.

OPERATING AND FINANCIAL REVIEW – STRATEGIC PLANNING

Our current Strategic Plan covering the period 2012-2017 was adopted in 2011. The Strategic Plan which is available on our website, sets out the following mission for the University;

'Transforming people and communities by delivering accessible, high-quality, higher education through partnership-working with our students, our customers and our staff.'

The plan includes promoting and improving synergies between teaching and learning, innovation and enterprise, research, partnerships, our environment and staff and student excellence both internally and externally. In delivering the mission, the University is directed by five primary goals:

1. Partnership with students

'To put students at the heart of everything we do, working with them to provide an excellent student experience, which supports them in achieving their academic and personal goals.'



KPIs as measured by the National Student Survey (NSS), the Destination of Leavers from Higher Education Survey (DLHE) and the Guardian League Table have been set to monitor the academic, support service, facilities and employment experiences of our students.

The overall satisfaction of students, as demonstrated by the National Student Survey (NSS), has seen year-on-year improvements over the last two years and is currently at 84% overall (86% for teaching). Improving NSS scores for the quality of learning and teaching as well as assessment contributed to a higher ranking in the Guardian League table moving up 6 places.

Employment prospects are also a key determinant of a good student experience. This improved significantly year on year with 80% of those students undertaking work placements being in work six months after graduating. The Staffordshire Graduate initiative has been designed specifically to further improve employment outcomes.

2. Partnership with staff

'To have professional, engaged, committed and diverse staff central in differentiating us from our competitors and driving the University forwards.'

Within the life of the University Plan, we are committed in achieving 'first class' status in the 'Best

Companies' employer engagement survey as a key performance indicator of our partnership with staff.

The 2014 survey resulted in an Index Score of 575 and demonstrated a modest but pleasing increase of 14 points over last year's survey. More detail in relation to partnership with staff can be found in the 'our staff' section.

3. Partnership with educational providers

'To work even more effectively with our various existing and new educational partners.'

Performance with regards to direct recruitment activity with our various educational partners is covered largely by our financial sustainability indicators. Two specific indicators monitor our ambitions with regards to transnational education.

In line with our KPI to secure 25,000 studying for our awards at partner institutions overseas, our Transnational Education (TNE) work with international partners continued to expand during 2013-14. We are now one of the largest TNE providers in the sector. We are also one of the largest universities in relation to UK partnerships with further education colleges.

4. Partnership with business

'To be known as one of the leading business and employer-facing Universities by 2017.'

Our work with business encompasses a breadth of activity including research, enterprise and commercial activity. To give a real focus to the employer, CPD and work-related element of this work our single KPI for this goal relates to income generation from this activity. The economic climate makes this a challenging area of work, but an increase in income was achieved during 2013-14. We have strong links with many businesses and will continue to strengthen these.

5. Financial Sustainability

'To be a responsible and sustainable business.'

Long term success requires the University to operate on a financially sustainable basis. The changes in the sector through both reductions in capital grant funding and the changes in the fees regime have made this more challenging. As a result, the University's target 10% operating surplus is unlikely to be achieved in the plan period.

A programme of raising financial awareness across all Faculties and Departments has been undertaken, which, along with detailed financial modelling, scenario planning, departmental business plans and resource allocation models ensures that financial sustainability is paramount to the University.

OPERATING AND FINANCIAL REVIEW – TEACHING AND LEARNING

As we celebrate our 100 years of teaching, we pride ourselves on:

- putting students at the heart of everything we do;
- a research-led teaching and learning environment – the year has seen 37 funded projects via the Vice Chancellors teaching-led small research grants scheme;
- ensuring our teaching is up-to-date, innovate and supportive - over 60% of our staff are Fellows of the Higher Education Academy which is above the national average;
- the University's '7 feedback principles' embedded in all programmes - our NSS score for assessment and feedback was higher than the sector score.
- 24 projects completed as part of the students as Academic Partners Scheme
- Blackboard mobile available to all students and staff
- convenient campuses with all of the our facilities within a short distance

We have four Faculties with three schools in each delivering this programme supported by our professional services departments. All Faculties have strong links with key businesses, have significant experience and expertise in their areas and have a hands-on approach which helps lead to greater employability. We connect expertise and creativity to deliver unique solutions to problems.

The **Faculty of Arts and Creative Technologies** is home to the schools of:

- Art and Design
- Film, Sound and Vision
- Journalism, Humanities and Social Sciences



It boasts the latest digital technology including a TV studio and has two Applied Research Centres.

The Faculty is home to the Creative Communities Unit which specialises in community engagement and regeneration projects. The Faculty has links with key businesses including EPIC Games and the BBC. Our academics have helped in numerous activities including voice coaching for the professionals, designs for Xbox and created iTunes games. We are also proud to be amongst the largest journalism team.



The **Faculty of Business, Education and Law** is home to the three schools mentioned in its name with two Applied Research Centres. Staffordshire University is proud to have won two top national awards at the Prospects Postgraduate Awards; a national scheme to recognise and reward excellence and innovation in postgraduate education in both MBA and Education. The faculty works closely with many business locally and nationally, notably Steelite International and the RAF.



The Faculty also boast their own dedicated law library and law courts which significantly help with the learning experience.

The **Faculty of Computing, Engineering and Science** is also split into three schools as the name indicates. The Faculty has recently had a new £30m Science Centre built in Stoke and investment has continued into 2013/14 particularly in equipment to create a regional powerhouse of STEM course delivery. Other facilities amongst many include the Forensic Crime Scene House.



Off-the-peg and bespoke professional development training courses for industry are also in our portfolio and we are proud of our relationships with employers such as the RAF and Bentley Motors.

Graduate exhibitions are held every year to give students and employers the opportunity to connect. Favourite over-heard student comment includes

"I've had the equivalent of 15 job interviews today - what could beat that for experience?"

The **Faculty of Health Sciences** has three schools with two research centres;

- Nursing and Midwifery
- Psychology, Sport and Exercise
- Social work, Allied and Public Health

The Guardian University Guide 2013 ranked Staffordshire University 1st in England for nursing and paramedic studies. The Faculty also has a state of the art psychology lab and an ambulance to help with simulation.



OPERATING AND FINANCIAL REVIEW – THE STUDENT EXPERIENCE



In a highly competitive market driven by well-informed students who aren't afraid to demand what they want, we continue to ensure first class teaching and course content, replicate future work environments and provide the 'tools of the trade'. Student experience is the catchphrase on everyone's lips and we must focus on the areas which boost student satisfactions now and in the future. We aim to inspire, engage and challenge our students by providing the following student experience;

- Top quality teaching – some of our courses achieve 100% NSS teaching feedback;
- Tailored support services to help you every step of the way;
- As part of the Staffordshire Graduate initiative an Alumni Careers Network has been established with over 50 alumni willing and ready to support current students;
- Tailored teaching facilities such as a state of the art psychology lab, ambulance simulation, TV studio, law courts to name a few;
- Focused financial support to enable students to commence and complete their studies;
- Ensuring a student voice – we have close links with the Students' Union and have a large number of student academic representatives;
- Have dedicated staff with high staff contact time to students
- Extra-curricular activities – for example we have great clubs and societies to choose from and we have a student volunteering programme within the community. The volunteering programme increased from 490 to 1300 students this year;
- Positive and enriching experience for students – *"this is such an amazing University and the opportunities you get are fantastic"*;
- Employability – our careers centre focus on improving employability for example they ran five large faculty-based recruitment and business networking events in 2013/14 attended by 1,086 students and 96 employers. The team provides advice on CV writing and interview skills, workshops and a coaching model of delivery has been implemented and has produced very positive feedback. This involved 11,312 students.



Sports Hall, Stoke



Film Theatre at Stoke Campus

The comprehensive student support services offered by the University and Students' Union are designed to build and improve on student wellbeing, student success and lifelong friendships, create a sense of belonging, and to develop life and work skills. These services include;

- 2 sports centres and sports clubs on campus – students can join 'Team Staffs';
- library and IT facilities, with extended opening times;
- film theatre;
- accommodation on campus;
- nature reserve on campus;
- catering facilities;
- Students' Union and Staffordshire University Finance Guidance Advisors providing financial support and guidance on setting personal finance budgets and financial management;
- Outstanding support for international students;
- Unitemps -a recruitment agency for students;
- Disability Centre
- Nurseries on both main campuses

Cadman Library



The Staffordshire Graduate is our pledge that students have more than just a thorough understanding of their subject. Students will offer a set of attributes that prospective employers will value and respect.

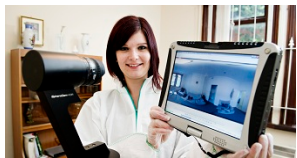


A degree from Staffordshire University is more than an academic qualification. We have designed every one of our undergraduate courses to equip them with the attitude, knowledge and skills essential for career success. As well as being highly employable, students will also be enterprising and entrepreneurial, will work at the forefront of knowledge, have crucial skills for identifying and creating new opportunities, have great communication and teamwork skills, be reflective and critical, be a global citizen and understand sustainability issues. Every attribute is embedded into the curriculum.

OPERATING AND FINANCIAL REVIEW – OUR STUDENT EXPERIENCES AND ALUMNI

Student experiences and alumni

Feedback and comments from our students and alumni is crucial to our quest for continuous improvement. The following are some extracts of this feedback:



"Working in the field of Forensic Science, I am committed to the importance of life-long learning. Throughout my time at Staffordshire University, I've used the latest technologies and been inspired to keep up-to-date with the latest thinking in Forensic and Crime Science. Following a placement with Staffordshire Police, I am now conducting PhD research into crime scene management in the 21st century, using equipment that will assist investigation of the most serious crimes."

Kayleigh Sheppard



"I want to work on the technical side of things for a major radio station when I graduate. That will demand cutting-edge skills, the sort of skills I'm gaining through my degree in Film, TV and Radio Studies."

"The facilities I get to use on my course are incredible. There's a broadcast newsroom equipped with all the latest software and hardware. It's just like working in a commercial radio."

Alex Burnett



"My degree isn't simply teaching me all about Law, through the Staffordshire Graduate programme; I'm also developing lots of transferrable skills that will help me throughout my career." "I challenge what I read and am able to reflect on why some approaches work better than others. "Whenever I am given an assignment, or asked to look at a particular scenario and apply the Law, I am able to consider all the various possibilities, look at things from different angles and justify my thinking".

Catherine Abe



Andrew Triggs Hodge says his rowing heritage is in the grass roots of a small boat club at Staffordshire University. It was while studying Environmental Science at the

University that he took up the sport for the first time on Rudyard Lake; beginning his journey to double Olympic gold.

Andrew Triggs Hodge MBE

Filming on Ridley Scott's Exodus



While some dream about working with Hollywood's biggest names, for Staffordshire graduate, James Thomas, it's the day job. Graduating with a degree in Film Production Technology, James has already achieved notable landmark achievements in his short career. Having already worked as a trainee camera assistant on science fiction films including 'Edge of Tomorrow' starring Tom Cruise, and 'Jupiter Ascending' directed by Lana and Andy Wachowski (The Matrix), his latest work has come on Ridley Scott's next feature film 'Exodus'.

Andrew's fight for the forest and making the difference.....



It's a long way from Stoke to the Indonesian rainforest. But for Staffordshire graduate, Andrew Taylor, such research trips are very much a part of his role as fundraising officer with the World Development Movement – a non-governmental organisation (NGO) that fights for economic justice and inequality. Now aged 29, Andrew graduated in 2006 with a degree in Journalism and Sociology, and completed an MA in International Relations the following year



Amit Shah (on the right of the photo) has been hailed as one of Britain's most promising young actors and destined for Hollywood stardom.

"Staffordshire University built up my confidence and made me aware of the possibilities open to me. It was a good place to find my passion and immerse myself in what I wanted to do."

Amit was also asked what advice would you give students...?

"Be Unique. The only way to be unique is to be yourself and embrace your strength, your personality and your talents. Never stop learning or never think that you have learnt enough."

Amit Shah

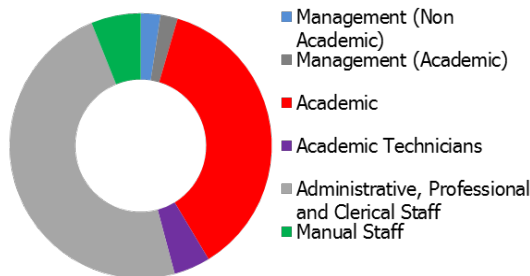
OPERATING AND FINANCIAL REVIEW – OUR STAFF

We are a people business, our staff have a fundamental role to play in the effective delivery of high quality services to students and customers. Our professional, engaged, committed and diverse staff are central to our business plan.

- We are a value-led organisation, being innovative, enterprising and entrepreneurial, valuing everyone’s contribution.
- We strive for the highest standards and have a long standing commitment to equality, diversity, health, wellbeing, safety, social inclusion and mobility.
- To ensure all staff have opportunities to share their ideas, creativity, insight and innovation and a staff voice is heard in decision making, curriculum design and service provision.
- Our academic staff continue with the aim to have a reputation for excellence in teaching and supporting learning and a reputation for scholarship and applied research that makes a difference to the curriculum we offer and to the businesses that engage with us.
- Ensuring that the University teaching staff are specialists in their chosen field and are actively involved in research, which keeps course content relevant and up to date.

Achievements include:

- Improved our employee engagement survey results by 2.5% against last year.
- Maintained low sickness records below 3%.
- 15.6% of our staff in 13/14 completed qualifications in their continuous personal development and celebrated at our Celebrating Staff Success Awards.
- We hold no zero hours contracts with employees and only a small number of casual contracts.
- Equality & diversity is embedded across the University ensuring that it is an integral part of our day-to-day operations and responsibilities with equality training every year to all staff.
- Maintaining expenditure at 62% staff costs against other operating expenses



13/14 Average Staff FTE Mix

- Professional development remains a key focus for the University with a comprehensive range of staff development opportunities available for all staff to support them in their roles.



The University’s strategic priority is for every member of staff to engage in

at least one professional development activity per year. The University has a centre for professional development providing a range of on-line resources, bespoke training, accredited courses such as ILM for our leaders and managers, and support to AUA membership and HEA fellowship.

A particular focus over the past 3-4 years has been to improve the leadership and management competencies of University managers. In particular two cross-university programmes have been introduced:

- Leading for Success
- Leading Academics

Through these programmes over 200 managers have been trained and have each benefitted from 360 degree feedback and one-to-one coaching which were integrated into the structure and content.

In addition to the engagement of staff in professional development being encouraged, supported and valued within the University, their completion on any accredited awards is recognised at the Celebrating Staff Success awards evening every year.

This gives an opportunity to acknowledge the qualifications / achievements of all staff.

One of the new staff development initiatives for 2013/14 has seen the introduction of a cross-University coaching academy. This has been very successful and is focused on coaching and supporting staff.

Another flagship staff development initiative within the University is StaffFest, a 2-week programme of Learning and Teaching, Leadership, Professional Support and Technicians. These events are extremely successful with 1,400 attendees from the recent programme

OPERATING AND FINANCIAL REVIEW – ENTERPRISE, RESEARCH, KNOWLEDGE TRANSFER AND INNOVATION

Our overarching KPI on commercial enterprise activities is measured against the Higher Education Business & Community Interaction Survey which has risen this year to £11.3m (£9.8m 2012/13).

The University recognises and funds nine Applied Research Centres (ARC's) which play an essential role in the delivery of the University's agenda for research, enterprise, advanced scholarship and research-led high quality teaching.

Around the globe and across the UK, researchers from Staffordshire University are making a real impact. From providing sustainable solutions to the problems faced by society, to transforming lives, tackling global issues and devising flexible new ways of teaching and learning. Our academics, graduates and research students are helping to make the world a much better place.

Key achievements include;

- In November 2013 we submitted eight units of research assessment and nine due in November 2014.
- We hosted many public lectures throughout the year.
- Staffordshire University is leading the UK's research into the benefits of green, open spaces on human health. Some other projects include;
 - WatERP aiming to dramatically improve water resource planning and management.
 - The EU Funded Arbor Project examines the design of biomass systems from growing through transporting to converting the biomass to usable energy by the most efficient route.
 - Redesigning hospital operating procedures to save both time and energy and improve patient outcomes (all effectively increasing efficiency of the system).

Our Research Centres include the following;

- Energy efficiency
- Information, intelligence and security systems
- Environment, sustainability and regeneration
- Mobile Fusion Centre
- Media, Arts & Technology
- Applied creative thinking
- Applied business research
- Education policy
- Sports Health Exercise

We also have centres of excellence including psychology, nursing, midwifery and social work.

Employer Engagement and Work Based Learning

The University has a strong track record of delivering work-based learning to a wide range of private and public sector organisations.



Staffordshire University Business Villages have enjoyed a fruitful year in 2013/14 following tough economic conditions affecting occupancy prior to that. The University Business Villages celebrated their tenth birthday in the last academic year and have a long history of supporting University students / alumni and the county wide base of small business owners and entrepreneurs.

Knowledge Exchange and Commercialisation

We have helped local SME companies to grow and innovate supported by funding from the Higher Education Innovation Fund (HEIF), the Technology Strategy Board (TSB), the Regional Growth Fund (RGF) and European Regional Development Fund (ERDF). With our help, these companies have accessed grants and investment opportunities totalling over £3.5m.

We have supported over 80 new and existing projects through our HEIF Programme and increased income from our intellectual property by 56% with a growing pipeline for the future.

OPERATING AND FINANCIAL REVIEW – PARTNERSHIPS

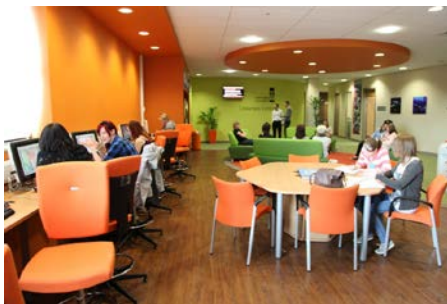
Staffordshire University has a long standing and excellent reputation for its partnership activity which spans a period of over 20 years. We are proud to be in partnership with a wide range of organisations including UK FE colleges and charitable organisations, UK and international private providers and international universities. These connections continually help influence our courses, our teaching and our commitment to enhancing the opportunity for students to study how and where suits them best.



Werbe Akademie, Austria

Our global partnership network has grown through collaboration with partners who demonstrate our shared values and aims – openness, transparency, integrity and professionalism. Our commitment is demonstrated in our Strategic Plan, which recognises partnership working in all its forms as key to our ambitions for the future.

Staffordshire University has a range of established partners which it works closely with and has invested in high levels of support, resulted in engendered loyalty from the partners. We recognise these relationships need to be maximised and enhanced.



Staffordshire University hub at Newcastle-under-Lyme College



Students at Chengdu University of Technology (CDUT), China

In order to grow our approach to higher education the University is working more effectively with our various existing and new educational partners. The following is a continuous focus for partnerships:

- Raising aspiration and growing opportunities to participate in a Staffordshire University experience through a range of partnerships arrangements with educational service providers at home and overseas.
- Ensuring that the full potential of all our partnerships is realised.
- Growing our provision at undergraduate, postgraduate and professional levels.
- Increasing the size and scope of our international relationships by supporting the ambitious growth targets of our existing partners, strategically seeking new partners and developing our presence internationally.

University programmes are undertaken outside the UK in 20 partner colleges, universities and business schools in Europe, the Middle East, Africa and Asia. As a result, more than 16,500 international students are able to study for a Staffordshire University qualification in their home country. In total there are over 20,700 students studying on a Staffordshire University award at over 40 partner organisations around the world. A growth of more than 46% over the last 5 years.

For more information visit:

www.staffs.ac.uk/partnerships

OPERATING AND FINANCIAL REVIEW – SUSTAINABILITY AND CORPORATE RESPONSIBILITY



Being a sustainable and responsible university is a key priority in our University Plan. We have a crucial role to play in helping our students develop a real sense of their role in the world as engaged and responsible citizens; through research and innovation that makes a positive change; and by minimising our negative impacts and maximising our positive impacts as an organisation through our corporate responsibility activities.

Examples of our focus in this area include:

- Placed 16th in the People & Planet Green League, making us one of the top 20 greenest universities in the UK.
- We continue to purchase 100% of our electricity from renewable sources.
- Completing year 4 of Green Impact, a cross-faculty/service environmental improvement framework engaging staff and students to improve the sustainability impacts of their day-to-day operations.
- We engaged with our students on a range of sustainability campaigns and projects including funding 15 student sustainability internships working on various projects across the University as well as working on campaigns such as Green Impact, as both project assistant and auditors, and a Student Switch Off campaign, a residential halls energy saving initiative.
- Maintaining certification to British Standard BS8555 phase 3, an Environmental Management System which enables the University to control and improve its environmental performance and ensure compliance with environmental legislation.
- We recycled up to 80% of our waste and are working hard to reduce the amount of waste we create in the first place.
- We have introduced free filtered water fountains in all our main public spaces and we use eco-water bottles for all University catering in order to reduce the amount of bottled water we consume.
- We have restricted parking spaces to those living within 2 miles from campus, encouraging people who live near the University to walk, cycle or use public transport.



- Improved the provision of new cycle paths, cycle hubs, showers and locker facilities on campus.
- The University's allotment scheme was recently awarded an 'outstanding' rating from RHS judges, a feat no other university was able to achieve, as part of the National Union of Students "Student Eats" project.
- Ruby Hammer, Academic Group Leader in Law, was awarded an HEA Fellow in Education for Sustainable Development to support the development of our sustainability curriculum.
- The University actively gets involved in charity events and supports many good causes.

To ensure that we stay at the forefront of sustainability and corporate responsibility this year we have created a new Sustainability & Corporate Responsibility Board to provide leadership and improved decision-making by integrating and coordinating all of our sustainability and corporate responsibility activities across teaching and learning, research and enterprise and our estates and operations. To support the work of the Sustainability & Corporate Responsibility Board we have also created a new Office of Sustainability and Corporate Responsibility (OSCR) bringing together key staff from across Faculties and Services to coordinate and integrate all of the University's sustainability and corporate responsibility activities to help deliver our ambition to become a world-class leader in educational sustainability.



The Nature Reserve at Stoke Campus

Looking ahead the University is working closely with the Students' Union to create a new physical sustainability hub on campus, which will provide a one-stop-shop for students, staff and the local community to access information and resources about our sustainability activities. This is due to open in November 2014.

OPERATING AND FINANCIAL REVIEW – FUTURE RISKS AND UNCERTAINTIES

HE sector performance and outlook

In 2012/13, the HE sector generated a total surplus of £1.09bn (3.7% of income) compared to a £1.12bn surplus in 2011/12 (4.0% of income). This is the second year of reduction reflecting the increasing financial pressures that the sector is exposed to. This is also reflected in the number of institutions in deficit increasing from 14 to 17 (Source: the Financial Health of the Higher Education Sector 2014, Grant Thornton). Looking forwards, it is likely that increased variability in financial performance will be seen across the sector although longer term, the cap on fees along with increasing cost pressures is likely to pose significant challenges for many.

The Regulatory Framework

The regulatory framework continues to change and evolve. 2012/13 was the first year of the 'new fees regime', 2014/15 gives Universities the ability to grow on a limited basis and 2015/16 will see the removal of recruitment limits. Alongside this, the £9,000 fee cap remains in place which equates to a significant fee reduction in real terms over the period. These factors combined are making the recruitment market increasingly competitive with Universities needing to increase student numbers to grow income.

Tuition Fees and Student Demand

Staffordshire University initially set its tuition fees for undergraduate full time courses towards the lower end of the sector with average fees of £7,500. Experience to date indicates that students are not price sensitive to fees, and in some cases, are interpreting lower fees as lower quality. The University has therefore revised its approach and all full time undergraduate fees will move to the £9,000 level for the 2015/16 academic year.

In terms of sector demand, the changing fee environment saw a 5% surge in applications in 2011/12 (before the new fees were introduced) with a 7% reduction in 2012/2013 and a 3% increase in 13/14. In terms of accepted places, 2011/12 saw a 5,000 increase, 2012/13 a 27,000 reduction and a 31,000 growth in 2013/14.

Against this backdrop, Staffordshire has seen year on year reductions in full time undergraduate recruitment over the last 2 years with 2014/15 also proving challenging. As a significant recruiter through the clearing system, the University also remains exposed to the increasingly competitive market. Looking forwards, the University does expect to stabilise its recruitment at current levels which will create a slightly smaller University as the larger cohorts mature. This is one of the considerations taken into account when deciding to consolidate the University onto one main campus.

The University's response to the overall recruitment and financial sustainability risk is to monitor and react to sector trends but also to focus on its own competitive position. This includes ensuring

that we offer courses that are in demand, have good employment prospects and meet the need of the market supported by a strong and differentiated academic provision (e.g. the Staffordshire Graduate). This will be supplemented by ensuring that we invest in our facilities and infrastructure along with staff development and always placing the student at the heart of everything we do. In addition to this, there is a clear focus on increasing our brand awareness and marketing investment and also reviewing our cost base and financial management. These risks and actions are openly shared and debated with the Governing Board who are fully supportive of the approach.

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 and the unfunded element of the Teachers' Pensions Scheme; currently £73.3 million. This deficit is highly dependent upon valuation assumptions – an example being a 0.5% increase in the discount rate would reduce the deficit by £21m.

The schemes themselves are changing the contribution rates and benefits to mitigate the risks where possible and establish the schemes on a sustainable basis. It does not however disguise the fact that pensions are becoming more expensive through factors such as lower investment returns and increasing longevity. The University will continue to review its options with regards to pensions to ensure that any future pension provision is affordable in the context of our own financial performance.

Capital Investment Funding

Historically, the sector has received high levels of grant funding for capital investment. This is no longer the case and Universities are required to fund the majority of such works out of cash flow of debt. All projects are therefore carefully scrutinised to ensure there are efficient, effective and affordable.

Political Changes

With a general election due in May 2015, there are uncertainties around the future funding and student fee strategy for Universities. There is no clarity of the longer term position from any of the political parties. The University will continue to monitor this risk and react accordingly.

Stephen Burgin
Chair of the Board of Governors

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

Stephen Burgin (Chair)
David Gage (Deputy Chair)
Cordella Bart-Stewart
Nick Bell
Ken Crossland
Richard Cotterell (from 03.07.14)
Rebecca Dobbs
Glenn Earlam (from 03.07.14)
Professor Michael Gunn
Martin Fiddler
Mike Herbert
John van de Laarschot
Barry Machin
Graham Morley (to 09.06.14)
Dayo Odubonojo (from 01.07.14)
Rochelle Owusu-Antwi (to 30.06.14)
Mel Ramsay (from 01.07.14)
Parveen Siddique (to 15.09.14)
Elaine Simpson
Dr Greg Taylor
Dr Ruth Thompson
Sarah Tudor
Sara Williams
Kris Winpenny (to 30.06.14)

Executive Team

Professor Michael Gunn, Vice-Chancellor
Paul Richards, Deputy Vice-Chancellor (to 31.8.13)
Mark Hattersley, Director of Finance & Infrastructure
Ken Sproston, University Secretary
Rosy Crehan, Executive Pro Vice-Chancellor
Ian Blachford, Director of Human Resources

Auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Bankers

Lloyds Bank Plc
5 Market Square
Stafford
ST16 2JL

Solicitors

Martineau
No 1 Colmore Square
Birmingham
B4 6AA

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 2014, the University has been in compliance with all the Code provisions set out in Section 1 of the UK Corporate Governance Code 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 Board of Governors has also formally accepted the CUC's Governance Code of Practice and General Principles issued in March 2009. In this connection the Board of Governors 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, KPIs (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 Board of Governors 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 Board of Governors are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved for decision by the Board of Governors are set out in the Articles of Government. Under the Financial Memorandum with the Higher Education Funding Council for England, the Board of Governors is responsible for the on-going 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 Board of Governors meets four times a year and has six Committees; an Employment and Finance committee, a Nominations and Governance committee, an Audit & Risk committee, a Remuneration committee, an Education committee and an Estates & Infrastructure committee. All of these committees are formally constituted with terms of reference and comprise mainly members of the Board of Governors. In addition the Board of Governors undertakes a regular review of its own effectiveness.

The Employment and Finance committee recommends to the Board of Governors 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.

CORPORATE GOVERNANCE – continued

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

The Audit & Risk 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 Executive members attend meetings of the Audit & Risk 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 2014.

The Estates & Infrastructure committee has responsibility for advising the Board of Governors on its Estates Strategy and the monitoring of Estates related projects.

The Education committee reviews policies and procedures relating to the educational character of the University, checks the soundness of the University's processes relating to assurance of academic standards and quality, and monitors progress against relevant KPIs on behalf of the Board.

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 Board of Governors 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 Board of Governors 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 on-going 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 2014 and up to the date of approval of the Financial Statements.

As the Board of Governors, 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 Audit & Risk 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 & Risk committee to provide oversight of the risk management process.
- The Audit & Risk 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.

CORPORATE GOVERNANCE – continued

- A programme of facilitated workshops has been held to identify and keep up to date the record of risks facing 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 regularly 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 & Infrastructure 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. 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 Board of Governors' 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 BOARD OF GOVERNORS OF STAFFORDSHIRE UNIVERSITY

In accordance with the Education Reform Act 1988, the Board of Governors 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 Board of Governors is responsible, for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP), 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 Board of Governors of the University, the Board of Governors 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 Board of Governors 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 Board of Governors 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 Board of Governors 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 the Executive, Deans of Faculties and Directors of Services.
- a professional internal audit team whose annual programme is approved by the Audit & Risk 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 & Risk 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 BOARD OF GOVERNORS OF STAFFORDSHIRE UNIVERSITY

We have audited the Group and University financial statements (the "financial statements") of Staffordshire University for the year ended 31 July 2014 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, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board of Governors and Auditor

As explained more fully in the Statement of Responsibilities set out on page 21, 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 groups 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 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 group and the University.

Michael Rowley
For on behalf of
KPMG LLP Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham B4 6GH

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT*For the Year ended 31 July 2014*

	Note	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
INCOME			
Funding Council Grants	1	27,622	39,246
Academic Fees and Education Contracts	2	76,297	62,741
Research Grants and Contracts	3	1,329	1,774
Other Operating Income	4	12,787	12,161
Endowment Income and Interest Receivable	5	338	329
TOTAL INCOME		118,373	116,251
EXPENDITURE			
Staff Costs	6	63,583	62,979
FRS 17 pension adjustment to staffing costs	6	505	(272)
Depreciation	9	8,976	7,839
Other Operating Expenses	7	40,115	41,204
Interest Payable and other finance costs	8	1,753	793
FRS 17 pension finance costs	8	1,024	1,780
TOTAL EXPENDITURE		115,956	114,323
SURPLUS FOR THE YEAR BEFORE AND AFTER TAXATION		2,417	1,928
MINORITY INTEREST		95	112
SURPLUS FOR THE YEAR RETAINED IN RESERVES	20	2,512	2,040
NOTE OF HISTORICAL COST DEFICITS AND SURPLUSES			
		Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Surplus for the year retained in reserves		2,512	2,040
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount		1,075	1,075
HISTORICAL COST SURPLUS FOR THE YEAR		3,587	3,115

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

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

		Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Surplus for the year retained in reserves	20	2,512	2,040
Actuarial loss in respect of pension scheme	29	(18,536)	(737)
Total recognised (losses)/gains for the year		(16,024)	1,303
Reconciliation			
Opening Reserves and endowments		35,244	33,941
Transfer from Endowment Reserve		1	-
Total recognised (losses)/gains for the year		(16,024)	1,303
Closing Reserves		19,221	35,244

BALANCE SHEET AS AT 31 JULY 2014

	Note	GROUP		CORPORATION	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
FIXED ASSETS					
Tangible Assets	9	126,747	126,827	120,192	120,031
Investments	10	33	33	49	49
		<u>126,780</u>	<u>126,860</u>	<u>120,241</u>	<u>120,080</u>
ENDOWMENT ASSETS	11	26	27	26	27
CURRENT ASSETS					
Stock		140	95	0	0
Assets held for resale		1,318	0	1,318	0
Debtors: Amounts falling due after more than one year	12	205	259	205	259
Debtors: Amounts falling due within one year	13	8,190	6,818	17,543	13,860
Cash as bank and in hand		58,847	28,171	58,756	28,011
		<u>68,700</u>	<u>35,343</u>	<u>77,822</u>	<u>42,130</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(29,400)</u>	<u>(30,160)</u>	<u>(36,061)</u>	<u>(34,499)</u>
NET CURRENT ASSETS		39,300	5,183	41,761	7,631
TOTAL ASSETS LESS CURRENT LIABILITIES		166,106	132,070	162,028	127,738
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	<u>(46,452)</u>	<u>(14,707)</u>	<u>(46,320)</u>	<u>(14,626)</u>
PROVISIONS FOR LIABILITIES AND CHARGES	16	<u>(2,147)</u>	<u>(2,153)</u>	<u>(2,147)</u>	<u>(2,153)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		117,507	115,210	113,561	110,959
Net pension liability	29	<u>(73,300)</u>	<u>(53,235)</u>	<u>(73,300)</u>	<u>(53,235)</u>
NET ASSETS INCLUDING PENSION LIABILITY		44,207	61,975	40,261	57,724
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
Represented by:					
DEFERRED CAPITAL GRANTS	17	25,040	26,803	25,040	26,803
ENDOWMENTS					
Permanent	18	26	27	26	27
RESERVES					
Revaluation Reserve	19	36,610	37,685	36,610	37,685
Income and Expenditure Account excluding pension reserve	20	55,911	50,794	51,885	46,444
Pension Reserve	20	<u>(73,300)</u>	<u>(53,235)</u>	<u>(73,300)</u>	<u>(53,235)</u>
Income & Expenditure Account including pension reserve		<u>(17,389)</u>	<u>(2,441)</u>	<u>(21,415)</u>	<u>(6,791)</u>
Total Reserves		<u>19,221</u>	<u>35,244</u>	<u>15,195</u>	<u>30,894</u>
Minority Interest	10	<u>(80)</u>	<u>(99)</u>	<u>0</u>	<u>0</u>
		44,207	61,975	40,261	57,724

The financial statements on pages 30 to 47 were approved by the Board of Governors on 26 November 2014 and signed by:

Mr Stephen Burgin
Chair of the Board of Governors

Professor Michael Gunn
Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	22	8,630	11,065
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from short term investments		274	432
Interest Paid		(1,581)	(793)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,307)	(361)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(10,227)	(16,772)
Profit from sales of fixed asset investments		1	(4)
Deferred capital grants received		956	635
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(9,270)	(16,141)
TAXATION		-	-
NET CASH OUTFLOW AFTER TAXATION, BUT BEFORE FINANCING		(1,947)	(5,437)
FINANCING			
New loans acquired	23	34,054	102
Repayment of loans	23	(1,431)	(554)
NET CASH INFLOW FROM FINANCING		32,623	(452)
INCREASE IN CASH FOR THE YEAR	24,25	30,676	(5,889)

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.

BASIS OF CONSOLIDATION

The financial statements of the University include its wholly owned subsidiaries, Staffordshire University Enterprises Limited and Staffordshire University Unitemps Limited. They also include the Friends of Staffordshire University Charitable Trust. The University also includes 100% of the results of Flux Stoke-on-Trent Limited in its financial statements as the University has control over the company. The proportion of Flux Stoke-on-Trent relating to other investors is shown as a minority interest in the University financial statements.

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 and the Teaching Agency 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 National College of Teaching and Leadership (see notes 30 and 31).

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.

STATEMENT OF ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATION TECHNIQUES - continued

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
Plant and Machinery (small)	10% 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 is 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).

STATEMENT OF ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATION TECHNIQUES - continued

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 2014 £'000	Year to 31 July 2013 £'000
1. FUNDING COUNCIL GRANTS		
Recurrent Grant		
Higher Education Funding Council	17,589	27,890
National College of Teaching & Leadership (NCTL)	31	50
Research and Selective Initiatives	8,231	9,488
Release of Capital Grants		
Buildings	1,096	1,055
Equipment	675	763
	27,622	39,246
2. ACADEMIC FEES AND EDUCATION CONTRACTS		
Full-Time Students -UK/EU	51,428	42,557
Full-Time Students - Overseas	6,986	6,320
Part-Time Fees	6,810	4,029
Education Contracts	7,329	6,631
Short Course Fees	3,744	3,204
	76,297	62,741
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	25	17
UK Based Charities	46	84
UK Industry and Commerce	121	75
UK Central Government/Health Authorities	257	466
European Community Programmes	641	769
Other Research Grants and Contracts	239	363
	1,329	1,774
4. OTHER OPERATING INCOME		
Residences, Catering and Conferences	6,291	6,502
Consultancy/Self Financing Fees	3,345	2,853
Other Rents/Lettings	1,221	1,157
Release from deferred capital grants (non-funding council)	132	124
Other Income	1,798	1,525
	12,787	12,161

NOTES TO THE FINANCIAL STATEMENTS - continued

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
5. ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Investment Income	338	329
Endowment Income (Note 11)	0	0
	338	329
6. STAFF		
	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Staff Costs		
Wages	50,685	50,374
Social Security Costs	3,981	4,053
Other Pension Costs	8,120	7,944
FRS 17 adjustments	505	(272)
Redundancy/Managed Severance Scheme	797	608
	64,088	62,707
	Year to 31 July 2014 £'000	Year to 31 July 2012 £'000
Emoluments of the Vice-Chancellor:		
Salary costs	166	165
Performance bonus	13	13
Sub Total	179	178
Employers Pension Contributions	16	23
	195	201

The salary and benefits of the Vice Chancellor 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.

	2014 Number	2013 Number
Average (FTE) Staff Numbers by Major Category		
Management (Non Academic)	39	40
Management (Academic)	34	35
Academic	590	568
Academic Technicians	72	71
Administrative, Professional and Clerical Staff	725	675
Manual Staff	98	121
	1,558	1,510
Remuneration of other higher paid staff, including employer's pension contributions		
£110,000 - £119,999	0	1
£120,000 - £129,999	1	2
£130,000 - £139,999	1	1
£140,000 - £149,999	1	0
	3	4

A general pay award of 1% was made with effect from 1st August 2013.

NOTES TO THE FINANCIAL STATEMENTS - continued

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
7. OTHER OPERATING EXPENSES		
Consumables	1,775	1,738
Equipment and Tools	2,444	2,511
Software Support Maintenance	1,443	1,112
Operating Leases	293	473
Books and Periodicals	1,540	1,488
Printing - External and Internal	400	333
Protective Clothing/Laundry/Uniforms	73	77
Repairs and General Maintenance	3,708	3,670
Heat, Light, Water and Power	2,706	3,126
Rent and Rates	779	595
Staff and Student Development	1,295	1,575
Travel and Subsistence	1,514	1,421
Students' Union Contributions	933	1,463
Auditors' Remuneration Audit Services (Corporation)	47	47
Auditors' Remuneration Audit Services(Subsidiaries)	9	9
Auditors' Remuneration Non-Audit Services (Corporation)	12	0
Internal Audit Costs	101	88
Payments to Franchise Colleges	8,950	8,031
Telephones and Postages	545	620
Insurance	301	280
Publicity and Prospectus	1,660	1,985
Examinations/Awards Day	419	433
Subscriptions	636	651
Vehicle Hire/Lease	237	143
Other Expenses	53	94
Professional Charges	842	1,481
Consultancy	2,223	1,389
Technical and design work	117	154
Legal Charges	222	482
Agency Servicing	870	813
Security	592	631
Movement in Provision for Bad/Doubtful Debts	466	343
Placement Fees	402	421
Registration Fees	177	143
Grant Payments (External Activity)	86	73
Bursary Payments*	1,840	3,047
Hospitality	76	122
Student Awards/Expenses	92	114
Bank Charges	132	144
Gains/(Losses) on Euro Exchange	104	(120)
Losses/(Gain) on disposal of Assets	1	4
	40,115	41,204

Included in Other Operating Expenses are payments to or on behalf of trustees of £3.7k (2012/13 £2.8k). The £3.7K expenditure in 2013/14 relates to travel and subsistence for eight trustees (2012/13 £2.8k for travel and subsistence expenses for nine trustees).

*Bursary payments have reduced due to the increase in fee waivers within the income section

NOTES TO THE FINANCIAL STATEMENTS - continued

8. INTEREST PAYABLE

Loan not wholly repayable within five years
Pension finance costs (FRS17) (refer to note 29)

Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
1,753	793
1,024	1,780
2,777	2,573

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 2013	165,833	6,104	15,714	16,766	105	204,522
Additions	4,055	1,991	1,953	2,192	36	10,227
Reclassifications	4,283	(4,283)	-	-	-	-
Disposals	(53)	-	(490)	(203)	-	(746)
Assets held for resale	(2,438)	-	-	-	-	(2,438)
At 31 July 2014	171,680	3,812	17,177	18,755	141	211,565
DEPRECIATION						
At 1 August 2013	55,371	-	12,821	9,428	75	77,695
Depreciation for year	5,494	-	1,604	1,857	21	8,976
Elimination on disposals	(45)	-	(489)	(199)	-	(733)
Assets held for resale	(1,120)	-	-	-	-	(1,120)
At 31 July 2014	59,700	-	13,936	11,086	96	84,818
Net Book Value at 31 July 2014	111,980	3,812	3,241	7,669	45	126,747
Net Book Value at 31 July 2013	110,462	6,104	2,893	7,338	30	126,827

NOTES TO THE FINANCIAL STATEMENTS - continued**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
COST OR VALUATION						
At 1 August 2013	154,785	6,104	15,714	16,674	105	193,382
Additions	3,756	2,285	1,953	2,173	36	10,203
Reclassifications	4,577	(4,577)	-	-	-	-
Disposals	(52)	-	(490)	(198)	-	(740)
Assets held for resale	(2,438)	-	-	-	-	(2,438)
At 31 July 2014	160,628	3,812	17,177	18,649	141	200,407
DEPRECIATION						
At 1 August 2013	51,095	-	12,820	9,361	75	73,351
Depreciation for year	5,236	-	1,604	1,850	21	8,711
Elimination on disposals	(44)	-	(489)	(194)	-	(727)
Assets held for resale	(1,120)	-	-	-	-	(1,120)
At 31 July 2014	55,167	-	13,935	11,017	96	80,215
Net Book Value at 31 July 2014	105,461	3,812	3,242	7,632	45	120,192
Net Book Value at 31 July 2013	103,690	6,104	2,894	7,313	30	120,031

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 £7.6m and is based on a valuation made for insurance purposes as at November 2013. The valuation was undertaken by professional advisors expert in this field. On an auction basis the collection is valued at £3.0m - £4.6m.

NOTES TO THE FINANCIAL STATEMENTS - continued**10. FIXED ASSET INVESTMENTS**

	GROUP		CORPORATION	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
At 1 August	33	33	49	33
Additions	-	-	-	16
At 31 July	33	33	49	49

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 and £16k investment (55% of the issued share capital) in Flux Stoke on Trent Limited.

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 Ltd 23.6% (closed May 2014), AVA Technologies Ltd 37%, Intelligent Orthopaedics Ltd 7.12%, Ludorum Studios Ltd 15%, Grand Independent Ltd 30%, iCentrica Ltd. 100%, High House Collections Ltd 100%, ERIS Technology Ltd 30% and Echo Breaker Research and Analysis Ltd 47%. The group has chosen not to attribute any value to these investments within the financial statements and will review as they become further established.

Staffordshire University Unitemps Ltd was established to act as an employment agency primarily employing students providing services both internal and external to the University. Other subsidiaries 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.

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 2014.

11. ENDOWMENT ASSET INVESTMENTS

	GROUP AND CORPORATION	
	2014	2013
	£'000	£'000
Balance at 1 August 2013	27	28
Additions	-	-
Interest Received	-	-
Prize Fund payments	(1)	(1)
Balance at 31 July 2014	26	27
Represented by:		
Fixed interest stocks	3	3
Bank balances	23	24
	26	27

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	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Amounts owed by subsidiary undertaking	-	-	-	-
Amounts owed under joint arrangement with South Staffordshire College Phase 1 (Formerly Tamworth and Lichfield College – see note 15)	205	259	205	259
	205	259	205	259

13. DEBTORS: Amounts falling due within one year

	GROUP		CORPORATION	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Trade debtors	5,694	3,793	5,614	3,745
Amounts owed by subsidiary undertakings	-	-	9,562	6,859
Other debtors	249	183	121	414
Prepayments and accrued income	2,247	2,842	2,246	2,842
	8,190	6,818	17,543	13,860

14. CREDITORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Loans	1,472	590	1,472	590
Trade creditors	4,996	5,160	5,076	5,042
Amounts owed to subsidiary undertakings	-	-	6,707	4,585
Other taxation and social security	2,851	2,821	2,824	2,807
Other creditors	603	175	603	156
Accruals and deferred income	19,478	21,414	19,379	21,319
	29,400	30,160	36,061	34,499

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

	GROUP		CORPORATION	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Bank loan account	46,063	14,239	46,063	14,239
Salix Energy Efficiency Loan	77	159	77	159
South Staffordshire College Phase 2	164	212	164	212
Other Creditors	148	97	16	16
	46,452	14,707	46,320	14,626

NOTES TO THE FINANCIAL STATEMENTS - continued

LOAN OBLIGATIONS

	GROUP		CORPORATION	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
Between one and two years	1,425	520	1,425	520
Between two and five years	4,544	1,390	4,544	1,390
Over five years	40,170	12,488	40,170	12,488
Within one year	1,472	590	1,472	590
	47,611	14,988	47,611	14,988

A new term loan facility of £34.0m was drawn down on the 2nd September 2013. The interest basis of the loan is 25 years fixed rate at 3.2%.

A new loan facility of £54k was drawn down on 20 March 2014 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 Rodbaston, Cannock and Tamworth & Lichfield on 1st August 2008.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension Enhancement £'000	Onerous Lease/ Dilapidations £'000	Legal Costs £'000	Restructuring £'000	GROUP AND CORPORATION	
					2014 Total £'000	2013 Total £'000
At 1 August 2013	364	1,117	-	672	2,153	3,306
Utilised in the Year	(116)	(228)	-	(677)	(1,021)	(1,989)
Charge to Income & Expenditure Account	111	64	44	796	1,015	836
At 31 July 2014	359	953	44	791	2,147	2,153

17. DEFERRED CAPITAL GRANTS

	Buildings £'000	Equipment £'000	GROUP AND CORPORATION	
			2014 Total £'000	2013 Total £'000
At 1 August 2013	23,256	3,547	26,803	24,706
Add cash receivable	-	140	140	4,037
Released to Income and Expenditure	(1,199)	(704)	(1,903)	(1,940)
At 31 July 2014	22,057	2,983	25,040	26,803

NOTES TO THE FINANCIAL STATEMENTS - continued

18. ENDOWMENTS RESERVE

	GROUP AND CORPORATION	
	2014 Permanent £'000	2013 Permanent £'000
At 1 August 2013	27	28
Net Expenditure for year	(1)	(1)
At 31 July 2014	26	27

19. REVALUATION RESERVE

	GROUP AND CORPORATION	
	2014 £'000	2013 £'000
At 1 August 2013	37,685	38,760
Less release of revaluation reserve	(1,075)	(1,075)
At 31 July 2014	36,610	37,685

20. INCOME AND EXPENDITURE ACCOUNT RESERVE

	GROUP		CORPORATION	
	2014 £'000	2013 £'000	2014 £'000	2013 £'000
As at 1 August 2013	(2,441)	(4,820)	(6,791)	(9,584)
Surplus retained for the year	2,512	2,040	2,836	2,454
Transfer from Endowment Reserve	1	1	1	1
Transfer from Revaluation Reserve	1,075	1,075	1,075	1,075
Actuarial loss in respect of pension scheme	(18,536)	(737)	(18,536)	(737)
At 31 July 2014	(17,389)	(2,441)	(21,415)	(6,791)
Balance represented by				
Pension Reserve	(73,300)	(53,235)	(73,300)	(53,235)
Income and Expenditure account reserve excluding pension reserve	55,911	50,794	51,885	46,444
At 31 July 2014	(17,389)	(2,441)	(21,415)	(6,791)

21. OPERATING LEASE COMMITMENTS

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

	GROUP AND CORPORATION					
	2014 Land & Buildings £'000	2014 Other £'000	2014 Total £'000	2013 Land & Buildings £'000	2013 Other £'000	2013 Total £'000
Within one year	148	50	198	82	59	141
	148	50	198	82	59	141

NOTES TO THE FINANCIAL STATEMENTS - continued**22. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Surplus for the year before taxation and transfers from reserves	2,512	2,040
Interest Receivable	(338)	(329)
	<u>2,174</u>	<u>1,711</u>
Add back interest payable	<u>1,753</u>	<u>793</u>
Surplus from operating activities	3,927	2,504
Release of capital grant	(1,903)	(1,941)
Depreciation	8,976	7,839
Pension Adjustments (FRS17)	1,586	1,508
Loss/(Surplus) on sale of Investments/Fixed Assets	11	16
Increase in stock	(45)	(95)
Increase in debtors	(1,254)	(1,155)
(Decrease)/Increase in creditors	(2,662)	3,542
Decrease in provisions	(6)	(1,153)
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>8,630</u>	<u>11,065</u>

23. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £'000
Balance at 1 August 2013	14,988
Cash outflow from financing	(1,431)
New loans	<u>34,054</u>
Balance at 31 July 2014	<u>47,611</u>

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

	£'000
Balance at 1 August 2013	28,171
Net cash inflow	<u>30,676</u>
Balance at 31 July 2014	<u>58,847</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

25. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2014 £'000	2013 £'000	2014 Change in Year £'000	2013 £'000	2012 £'000	2013 Change In Year £'000
Cash at bank and in hand	58,847	28,171	30,676	28,171	34,060	(5,889)

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

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Increase/(Decrease) in cash in year	30,676	(5,889)
Repayment of debt	1,431	554
New loans	(34,054)	(102)
CHANGE IN NET FUNDS	(1,947)	(5,437)
NET FUNDS AT 1 AUGUST 2013	13,183	18,620
NET FUNDS AT 31 JULY 2014	11,236	13,183

ANALYSIS OF CHANGES IN NET FUNDS

	1 August 2013 £'000	Cash Flows 2014 £'000	Other Movements £'000	31 July 2014 £'000
Cash in hand, at bank	28,171	30,676	-	58,847
Debt due within 1 year	(460)	1,431	(2,443)	(1,472)
Debt due after 1 year	(14,528)	-	(31,611)	(46,139)
New loans	-	(34,054)	34,054	-
	13,183	(1,947)	-	11,236

27. CAPITAL COMMITMENTS

	GROUP AND CORPORATION	
	2014 £'000	2013 £'000
Approved/Contracted for	5,542	11,711
Approved/Not contracted for	1,760	2,743
	7,302	14,454

NOTES TO THE FINANCIAL STATEMENTS - continued**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' Pension 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 2013/14 were £5,642k (2012/13 £5,406k) and for the Staffordshire County Council Superannuation Scheme £5,215k (2012/13 £5,149k).

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014. These regulations apply to teachers in schools and other educational establishments, including academies, in England and Wales that are maintained by local authorities. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full-time teachers and lecturers and, from 1 January 2007, automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act. The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation Of The Teachers' Pension Scheme

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education (the Department) on 9 June 2014. The key results of the valuation are:

- employer contribution rates were set at 16.4% of pensionable pay;
- total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion;
- an employer cost cap of 10.9% of pensionable pay.

The new employer contribution rate for the TPS will be implemented in September 2015. A full copy of the valuation report and supporting documentation can be found on the Teachers' Pension Scheme website at the following location:

<https://www.teacherspensions.co.uk/news/employers/2014/06/publication-of-the-valuation-report.aspx>

NOTES TO THE FINANCIAL STATEMENTS - continued**Scheme Changes**

Following the Hutton report in March 2011 and the subsequent consultations with trade unions and other representative bodies on reform of the TPS, the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall up to three and a half years outside of the 10 year protection.

Regulations giving effect to a reformed Teachers' Pension Scheme came into force on 1 April 2014 and the reformed scheme will commence on 1 April 2015.

NOTES TO THE FINANCIAL STATEMENTS - continued**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.

The agreed contribution rates for future years are 16.6% plus an increasing annual sum for the employer and between 5.5% and 12.5% for employees.

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2013, with the next formal valuation due as at 31 March 2016.

A valuation of the Fund's liabilities as at 31 July 2014 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 2013 for the purpose of the formal funding valuation at that date (or for employers which have joined the Fund after 31 March 2013, 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;
- Actual payroll data information up to the latest available date;
- 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 bid value of fund assets as at the latest available date; and
- Any new early retirements from 1 August 2013 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 2013.

	At 31 July 2014	At 31 July 2013
Rate of increase in salaries	4.5%	5.1%
Rate of increase for pensions	2.7%	2.8%
Expected return on assets	5.9%	5.9%
Discount rate for liabilities	4.0%	4.6%

Salary increases are 1% pa nominal until 31st March 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS - continued**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	22.1 years	24.3 years
Future Pensioners	24.3 years	26.6 years

Historic Mortality

Life expectancy for the prior year end is based on the fund's VitaCurves. The allowance for future life expectancies are shown below;

Year Ended	Prospective Pensioners	Pensioners
31 July 2013	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

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

	Long-term rate of return expected at 31 July 2014	Value at 31 July 2014 £'000	Long-term rate of return expected at 31 July 2013	Value at 31 July 2013 £'000
Equities	6.6%	88,772	6.4%	84,424
Bonds	3.6%	14,203	3.9%	13,157
Property	4.7%	9,469	4.6%	8,771
Cash	3.6%	5,918	3.4%	3,289
Total Market Value of Assets		118,362		109,641
			Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Group's estimated asset share			118,362	109,641
Present value of scheme liabilities			(191,662)	(162,876)
Deficit in the scheme			(73,300)	(53,235)

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.

NOTES TO THE FINANCIAL STATEMENTS - continued**Analysis of the amount charged to the Income and Expenditure Account**

	Year Ended 31 July 2014	Year Ended 31 July 2013
	£'000	£'000
Employer service cost (net of employee contributions)	5,171	4,276
Past service cost	-	-
Curtailment and Settlements	225	98
	<hr/>	<hr/>
Total operating cost	5,396	4,374

Analysis of pension finance income/costs

	Year Ended 31 July 2014	Year Ended 31 July 2013
	£'000	£'000
Expected return on pension scheme assets	6,511	4,486
Interest on pension scheme liabilities	(7,535)	(6,266)
Pension finance costs	(1,024)	(1,780)
	<hr/>	<hr/>

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

Actuarial loss recognised in STRGL	<hr/>	<hr/>
	(18,536)	(737)

Reconciliation of defined benefit obligation

	Year Ended 31 July 2014	Year Ended 31 July 2013
	£'000	£'000
Opening Defined Benefit Obligation	162,876	141,508
Current Service Cost	5,171	4,276
Interest Cost	7,535	6,266
Contributions by Members	1,405	1,356
Actuarial Losses	19,146	13,292
Past Service Costs	-	-
Losses on Curtailments	225	98
Estimated Unfunded Benefits Paid	(697)	(696)
Estimated Benefits Paid	(3,999)	(3,224)
Closing Defined Benefit Obligation	191,662	162,876

Reconciliation of fair value of employer assets

	Year Ended 31 July 2014	Year Ended 31 July 2013
	£'000	£'000
Opening Fair Value of Employer Assets	109,641	90,518
Expected Return on Assets	6,511	4,486
Contribution by Members	1,405	1,356
Contributions by the Employer	4,194	3,950
Contributions in respected of Unfunded Benefits	697	696
Actuarial Gains/(Losses)	610	12,555
Estimated Unfunded Benefits paid	(697)	(696)
Estimated Benefits Paid	(3,999)	(3,224)
Closing Fair Value of Employer Assets	118,362	109,641

NOTES TO THE FINANCIAL STATEMENTS - continued

Movement in deficit during the year

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000
Deficit in scheme at 1 August 2013	(53,235)	(50,990)
Movement in year:		
Current service charge	(5,171)	(4,276)
Contributions	4,194	3,950
Contributions in respect of unfunded benefits	697	696
Past service costs	-	-
Impact of Settlements and Curtailments	(225)	(98)
Net interest on assets	(1,024)	(1,780)
Actuarial loss	(18,536)	(737)
Deficit in scheme at 31 July 2014	(73,300)	(53,235)

History of experience gains and losses

	Year Ended 31 July 2014 £'000	Year Ended 31 July 2013 £'000	Year Ended 31 July 2012 £'000	Year Ended 31 July 2011 £'000	Year Ended 31 July 2010 £'000
Actuarial Gains/(Losses) on assets	610	12,555	(1,773)	826	6,321
Experience(Losses)/Gains on scheme liabilities	(2,644)	57	(1,691)	5,930	598
Total amount recognised in STRGL	(18,536)	(737)	(8,001)	10,060	5,804

30. ACCESS TO LEARNING FUND

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Funding Council Grants	537	552
Interest Earned	1	1
Disbursements to Students	(537)	(547)
Balance Unspent 31 July 2014	1	6

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. NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL)****(a) Student Bursaries**

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Opening fund balance	12	8
Net NCTL grants received in year	434	250
Disbursed to students	(410)	(246)
Balance Unspent at 31 July owing to the NCTL	36	12

(b) Black & Minority Ethnic Recruitment

Opening fund balance	1	1
Net NCTL grants received/(reclaimed) in year	-	-
Disbursed to students	-	-
Support Payments to Schools	-	-
Development	-	-
Administration	-	-
Balance Unspent at 31 July owing to the NCTL	1	1

National College for Teaching and Leadership grants are available solely for students or school for student support and the University acts only as paying agent in administering these National College for Teaching and Leadership grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

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

	Brought Forward Reserves £000's	Income £000's	Expenditure £000's	Carry Forward Reserves £000's
Friends of Staffordshire University Charitable Trust	4,814	177	365	4,626

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 such transactions 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.

Included within the accounts for the period are transactions between Flux Stoke-on-Trent Ltd and Staffordshire University. Purchases by the University amounted to £1K (2012/13: £5k) and sales £37k (2012/13: £34k). At the end of the year, there was a balance outstanding due to the University of £408k comprising of a loan and working capital facility. This has been eliminated in consolidation.