

LEEDS BECKETT UNIVERSITY

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2016

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UNIVERSITY

Opening minds
Opening doors

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Please address all enquiries to:

Leeds Beckett University
 Rose Bowl
 Portland Crescent
 Leeds
 West Yorkshire
 LS1 3HB

T: 0113 812 0000
 E: financialaccounting@leedsbeckett.ac.uk
www.leedsbeckett.ac.uk

Cover images (clockwise from top left): Leeds Beckett University graduation celebrations, 'Politics Matters' widening participation event, two images from our Applicant Days, our Graduation Ceremony and our journalism studios.





Leeds Beckett University

Leeds Beckett University has 26,000 students studying at our Leeds campuses and just over 2,400 staff ¹ offering a range of undergraduate, postgraduate and professional provision across our four faculties: Arts, Environment & Technology; Carnegie; Health & Social Sciences; and Business & Law. We have over 18,800 full-time students: 17,300 undergraduate and 1,500 postgraduate. 7,200 students enjoy part-time and flexible learning opportunities with us. Our international students come to us from over 118 different countries ² and we have another 1,800 students studying on Leeds Beckett programmes abroad. Our University spans two campuses; Headingley Campus on the outskirts of the city and our large City Campus which is part of the business infrastructure of Leeds city centre. Our University has a turnover of £222.1m and we contribute an estimated £520m to the regional economy.

Our role is to make a decisive difference to individuals and organisations through education, training and the application of knowledge, skills and expertise. We work closely with employers and partners to enrich our portfolio and ensure that our graduates are ready to seize the opportunities that lie ahead.

Shaping our future

On 1 September 2015 we welcomed our new Vice Chancellor Professor Peter Slee. Professor Slee joined us following six highly successful years as Deputy Vice Chancellor at the University of Huddersfield and has previously held a number of senior roles in higher education management at Northumbria, Durham and Aston universities and at the Confederation of British Industry (CBI) where he was Head of Education Policy.

¹ Staff number is Full Time Equivalent (FTE).

² Numbered based on the domicile of students registered as non-UK; from the Higher Education Statistics Agency Student and Offshore Aggregate return for 2014/15.

Our University leadership has been further enhanced by a number of senior appointments. In July 2016 Tracey Lancaster joined us as our Deputy Vice Chancellor Corporate Communications. Tracey was previously Director of Corporate Communications at Sheffield Hallam University. In June 2016 Cathy Barnes, Professor of Retail Innovation was appointed to our new Director of Research & Enterprise role. In December 2015 Professor Paul Smith was appointed to our new Deputy Vice Chancellor Resources role. In January 2016 Julie Maughan was appointed our Director of Human Resource and Phil Harrison was appointed as our Director of Finance.

Strategy and performance

In 2015 we consolidated our performance under our out-going Strategic Plan *Quality, Relevance & Sustainability (2010-2015)*; developed and driven forward under our former Vice Chancellor, Professor Susan Price who retired from our University in August 2015. Under this plan our strategic vision has been:

To be acknowledged for our commitment to student success, our innovation and enterprise, our global reach and strong local impact.

Our values demonstrate how we work with students, staff and stakeholders in promoting a collaborative, customer focussed environment that supports our students to realise their academic and professional ambitions:

*Inspiring & creative
Enterprising & purposeful
Respectful & professional*

Our journey under our **Strategic Plan: Quality, Relevance and Sustainability (2010-15)**

Throughout the five year period of our Strategic Plan, *Quality, Relevance and Sustainability (2010-2015)*, we monitored how effectively we were achieving our strategic ambitions and our overall institutional performance in relation to 25 key performance indicators grouped under the themes: *student experience, financial health, research and enterprise, people and quality, and sustainability and estates*. We experienced an improved performance for the majority of our KPI measures particularly in relation to student and staff satisfaction, the financial health of our organisation and research and enterprise activity.

Increases in our student satisfaction levels evident within our National Student Survey (NSS) results include a rise of five percentage points for both the question regarding 'overall satisfaction with course quality' and the teaching quality group of questions³. We experienced an increase in the percentage of our students receiving a first class or upper second honours degree from 53% to 62%⁴. The percentage of our graduates in work or further study within six months increased from 89% to 93% marginally out performing our Higher Education Statistical Agency benchmark group⁵.

³ National Student Surveys results from 2010 to 2015 for the question 'overall I am satisfied with the quality of the course.'

⁴ Higher Education Statistics Agency data; student gaining first and upper second degree awards, 2009/10 to 2013/14.

⁵ Higher Education Statistics Agency Destination of Leavers from Higher Education; percentage of graduates in work or further study, 2009/10 to 2013/14.

Staff satisfaction as measured through our previous biennial staff survey increased, rising from 69% in 2009 to 78% in 2014. We successfully achieved the Customer Service Excellence standard⁶ across the whole of our institution. Our assessments over the standard's review cycle continue to highlight our good practice in relation to how we engage and consider our diverse community of customers; evidenced within our operations, customer interactions, customer-focused initiatives, and organisational development. Through this strong collective engagement we achieved the standard two years ahead of our target.

During a period of economic turbulence and sector change we steered a positive financial course by reducing our borrowings and achieving a healthy surplus. We experienced an increase in research and enterprise income rising from £10.2m in 2010 to £16.8m in 2014⁷ and our income from research grants and contracts increased from £1.7m to £2.1m over the same period. Within the Research Excellence Framework 2014 we increased the percentage of our outputs rated as 1* or above from 16% in 2012 to 44% in 2014, with 1* representing research of quality recognised nationally in terms of originality, significance and rigor. Within the Sport Exercise Science, Leisure and Tourism unit 59% of our research submitted was assessed as world-leading or internationally excellent.

We experienced a positive upward trajectory for two key performance indicators where we did not meet our stretching targets, for example, we increased the proportion of students from under-represented groups and increased the number of students in graduate level employment positions.

We experienced a marginal decrease in the proportion of postgraduate students within our student population, impacted by changes in the student recruitment environment and economic landscape over this period. We experienced an increase of just over one percentage point in the percentage of students not continuing in their studies⁸, which going forward we will continue to address under our new *Strategic Planning Framework (2016-2021)*.

Setting our future strategic course

Under the leadership of Professor Slee, our University staff, students, governors and partners have engaged in discussions on the development of our new *Strategic Planning Framework (2016-2021)* approved by our Board of Governors in May 2016; to be implemented from academic year 2016/17. Staff consultation included over 126 individual meetings with senior, academic and operational managers and a series of open staff meetings attended by over a third of our total staff population.

Our *Strategic Planning Framework (2016-2021)* sets forth our vision, mission, values and strategic aims for the next five years. Our success in achieving our strategic aims will be monitored in relation to 12 institutional key performance indicators under four themes: *an excellent education and experience; leading research and enterprise; a community of great people; and sustainable resources*. We have developed supporting strategies for key

⁶ The Customer Service Excellence standard is a Government standard that offers a practical tool for driving customer-focussed change within an organisation.

⁷ Research and enterprise income measured in the Higher Education Business and Community Interaction survey.

⁸ Higher Education Statistics Agency non-continuation rates following year of entry for full-time, first degree entrants, 2013/14 data.

business areas; through these we elaborate further on how we intend to achieve our strategic ambitions. These include our Education Strategy and Research Strategy, approved by our Academic Board and Board of Governors in July 2016 and our Finance Strategy, Estates Strategy and People Strategy, also considered and approved by our Board of Governors in July 2016. In addition our IT Strategy will be updated to ensure its continued alignment with the strategic vision of our University.

Responding to external change

The higher education sector will face a substantial period of uncertainty and change over the coming years prompted by changes in HE policy and major economic changes, notably the historic referendum result signalling the UK's intention to leave the European Union. We await further clarification on how this will affect our diverse community of staff and students and recognise that new approaches and allegiances will need to be formed to sustain the UK's influence as a major provider of education, research and innovation.

In May 2016 the Government published its highly anticipated White Paper on higher education: *Higher education: success as a knowledge economy*. Central to this is encouraging greater marketization of the sector and linking increases in tuition fees to external indicators set out in the Teaching Excellence Framework (TEF). Our improved performance over the last five years places Leeds Beckett University in an excellent position to respond successfully to Government policy change. In addition, we will continue to explore new models of delivery including degree apprenticeships and other forms of study that meet the demands of our students and employers.

Enhancing academic quality

In April 2014 we were successfully reviewed under the Quality Assurance Agency for Higher Education (QAAHE) Higher Education Review (HER) methodology. As a result of this review the QAAHE confirmed we had met UK expectations in all four areas of assessment: the setting and maintenance of the threshold academic standards of awards; the quality of student learning opportunities; the information provided about higher education provision and the enhancement of student learning opportunities. The review report also confirmed two areas of good practice in relation to the embedding of employment skills and attributes across our curriculum and our management of partnerships and collaborations. This successful outcome positions us well for our year one TEF submission.

To further support the enhancement of academic standards we have commenced a comprehensive review of our University's Academic Principles and Regulations. The aim of this is to improve accessibility, clarity and ease of use for students, staff and other stakeholders and ensure continuing compliance with Competitions and Market Authority (CMA) guidelines.

Satisfaction with our student experience

One of our core objectives is to provide an excellent education and experience to all of our students and to provide them with the support they need at each stage of their student life cycle. We seek to attract students who have the capacity to excel in their studies regardless of their background and therefore provide a range of services to support their individual needs. Our student-facing professional support services located in our *Services for Students* and *Libraries and Learning Innovation* services work in partnership with our academic teams to achieve this.

Our 2015 NSS results place us in the top quartile for the personal development and learning resources question areas and we have sustained this position within our 2016 NSS results. In addition we have increased our scores across all of the other question groups with our 'overall satisfaction' score rising two percentage points to 84% and our score for the 'teaching on my course' group of questions increasing one percentage point to 85%.

The International Student Barometer (ISB) survey is independently administered by the International Graduate Insight Group surveying 69 institutions worldwide, with 51 located in the UK. Our latest results⁹ reveal that we were ranked fourth in the world for our personal tutors and that we scored higher than our UK benchmark group for our campus environment, food outlets, worship facilities, sports facilities and accommodation quality.

Preparing our graduates for their future careers

We support and inspire those studying with us to become great graduates, exceptional employees, dynamic citizens and enterprising leaders. A recent study placed Leeds Beckett University in the top five UK universities for producing graduates that go on to become Chief Executive Officers¹⁰. Our results from the Destination of Leavers of Higher Education also confirms that our students leave us equipped to achieve further success. Our 2014/15 results place our University fourth in the UK for graduate employment with 97% of our graduates in work or further study within six months of completing their course.

Our partnerships with business and industry provides our students with professional work placements and the opportunity to foster their own professional networks. For example, in November 2015 our Events Management students benefitted from our University's longstanding relationship with the Music of Black Origin (MOBO) awards. In 2015 the event was hosted by the City of Leeds and our students held key support roles to ensure the event was a resounding success. Overall in 2015 over 3,800 organisations provided our students with over 4,500 placements opportunities. We waive the fee for placement years as an additional incentive for our students to take up these opportunities.

We have developed a whole student life cycle approach to the embedding of employability skills and going forward this will be a significant cornerstone in our new Education Strategy. This is augmented by our relationship with Professional, Statutory and Regulatory Bodies (PSRBs). Our courses are accredited by 57 PSRBs and in 2015/16 all confirmed outcomes of our PSRB accreditations and reaccreditations were successful.

Fostering a community of teaching excellence

Through our Developing Excellent Academic Practice (DEAP) framework we offer two programmes accredited by the Higher Education Academy (HEA) enabling staff to endorse their commitment to student learning, and therefore become HEA Fellows. To date over 430 staff have achieved Fellowship with over 176 of those at Senior Fellowship level.

Our Students' Union Golden Robes award ceremony provides an opportunity for our student body to acknowledge the exceptional pastoral and curriculum support and ingenuity of our academic and support staff. This year 871 nominations were received for 360 staff

⁹ Data from our International Student Barometer (ISB) survey, Summer Wave 2015.

¹⁰ Survey by Emolument.com, a crowdsourced pay-data website, analysing data from 26,000 former University students.

members, course or module teams. Winners in ten categories were announced at a celebratory ceremony in April 2016.

Competing within a highly competitive student recruitment environment

The UK recruitment market for undergraduate students remains highly competitive. In this year, this has been exacerbated by students actively 'trading' offers between universities at confirmation and clearing. This has meant that the process of recruitment continues right up to the moment the student arrives on campus. Despite these increased challenges, our University has still been able to attract one of the larger UK/EU undergraduate cohorts in the sector. Recruitment to our postgraduate provision has been more variable across our portfolio. Our international student numbers were lower than the previous academic year but we continue to receive positive feedback from our international students about their University experience, as evidenced in our most recent International Student Barometer (ISB) results¹¹. Their positive feedback provides a strong basis on which to build an international cohort in the years ahead. Our University has expanded its senior leadership for student recruitment by appointing to a new post in August 2016: Deputy Vice Chancellor for Corporate Communications, within whose brief student recruitment performance lies.

Building and maintaining strong academic partnerships and collaborations

Our University continues to have an extensive and diverse portfolio of collaborations and partnerships. In 2015/16 we had agreements with 29 collaborative partners including 10 franchises, joint and validated provision (12 domestic and 7 international) and 128 partnership arrangements including 24 articulation agreements¹².

We have continued to develop our franchise partnerships, including validating additional courses with several partners and entering into a new partnership in Singapore, which strengthens our regional partnership hub in South East Asia.

We continue to work closely with overseas regulatory and quality assurance agencies including the Tertiary Education Commission in Mauritius, Malaysian Qualifications Agency, Education Bureau in Hong Kong and the Council for Private Education in Singapore. We held our second Quality Conference in July 2016 which brought together practitioners from our University, the UK HE sector and also from our UK and International partnerships to discuss a range of topics and themes that enable excellence in higher education.

Leading research and academic enterprise

Our HEFCE Quality-Related funding has increased by approximately 4.5% to over £2.3m for 2015/16 with a rise of £100k coming from the Research Degree Programme (RDP) supervision funding element. This increase in RDP funding demonstrates the attractiveness of our University in terms of research student recruitment, particularly in the 11 units under which we submitted in the Research Excellence Framework (REF) 2014. We are planning to expand our research submission for REF 2020.

The focus on an improved REF submission in 2020/21 demonstrates that our policy of appointing research active academic staff is having an impact with circa 29% of returnable staff new to our University since the REF 2014 submission. The continued internal

¹¹ International Student Barometer, Summer Wave 2015 survey results.

¹² In this respect, an articulation agreement is a pathway arrangement between our University and a partner institution where eligible students are admitted with advanced standing.

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investment in developing academic careers has also seen almost £350K being made available for University-driven internal funding schemes such as Early Career Researcher, Mid-term Career Prize and Cluster Awards¹³.

The creation of the Director of Research and Enterprise post is bringing a new impetus to our growing research profile adding to the work of established professors and readers and the recruitment of high quality research students. The impact of a growing research and enterprise portfolio has seen £2.8m won through competitive externally funded grants, exemplified by the successful bids to the Arts & Humanities Research Council (AHRC), Public Health England and Suffolk County Council.

Our four research institutes; the Institute for Health and Wellbeing, Institute of Sport, Physical Activity and Leisure, the Leeds Sustainability Institute and the Retail Institute remain a focus of our research activity along with our approved research centres. This year has seen the creation of the Cybercrime and Security Innovation Centre bringing the total number of formal university research centres to 11.

In the last financial year our University has contributed an estimated £520m to the local economy. Our revenue from research and enterprise has continued to increase from £16.8m to £17.6m in 2014/15¹⁴. We have maintained our position in the top 50 higher education institutions in terms of research and enterprise income. Over recent years we have experienced particular success in the field of public health. This has included the delivery of unique programmes that draw upon our expertise in weight management and childhood obesity commissioned by local authorities and Public Health England to develop practical strategies for building a healthier society, for example, in 2015 we were awarded £18m as part of a five year contract to deliver integrated healthy lifestyle services for Suffolk County Council.

During 2015/16, our Knowledge Transfer Partnership (KTP) portfolio reached 11 active projects which placed our university in the top 25 higher education institutions in March 2016 for total number of KTPs. Each KTP is a partnership between a company, an academic and a recently qualified graduate and is designed to introduce some form of innovation (e.g. a process, product or system) into the business with support from an academic and a graduate.

We have signed a new Memorandum of Understanding (MOU) with Calderdale Council which establishes Leeds Beckett University as a choice provider of higher education services to and for the local authority area. We have also signed a MOU with Wakefield College which reflects the new strategic partnership we have and builds on the refreshed Wakefield Council MOU which was re-signed in 2014/15.

Our University is home to the Regional Institute of Directors and provides Business Lounge Services for its 1000 plus members. We are also patrons of the Leeds, York and North Yorkshire Chamber of Commerce and play an active role in their Leadership Group which helps to articulate a joined-up business perspective on key national and local policy decisions. As a member of this Leadership Group we were invited to meet with Lords

¹³ Cluster Awards are of between £15k and £30k. These are available to support interdisciplinary research led by mid-career academic staff at the cutting edge of their research field with the skills to direct multidisciplinary research clusters for the purpose of generating original research ideas.

¹⁴ Higher Education Business and Community Interaction survey 2014/15.

Mountevans, Lord Mayor of London, to represent the interests of universities in a debate on the issues affecting education and business within the Northern Power House.

In 2015/16 our Enterprise Academy has provided 170 mentor exchanges between our business advisors and students which has led to an impressive 14 new businesses created by our students. Our Enterprise and Innovation Academy hub is home to over 200 current business clients who operate their businesses from our premises or who register their business address with us and benefit from our business advisors and support for SME development and growth. Our digital hub, launched in 2015 in partnership with Johnston Press, is now full and home to 20 new and early stage businesses in the digital sector.

Delivering an energy-efficient and sustainable estate

In 2015/16 we invested the time in strategically reviewing our capital spend on our estate in order to ensure alignment with the ambitions set out in our new *Strategic Planning Framework (2016-2021)* to be implemented in 2016/17. However, smaller enhancement projects have been undertaken that continue to improve our campus environment. This has included the completion of the refurbishment of our IT laboratories at our Headingley Campus, phase two of our city campus library refurbishment and a newly refurbished space for our Leeds Law School. Work has commenced on a project to radically improve the flow and configuration of our city campus and our new Teaching Resource Implementation Programme has been developed to deliver quick impact projects in our 300 plus teaching spaces to ensure these continue to meet the needs of our students and academic staff.

Since 2007 we have invested almost £800k in bespoke energy efficiency projects across the estate through our Salix Recycling Fund; a funding scheme for energy saving projects that aim to deliver financial savings within a five year period¹⁵. This will result in total lifetime savings of almost £4m and 23,000 tonnes of CO₂. In 2015/16 we have invested a further £1m in a Combined Heating and Power unit for our city campus. This will generate electricity from surplus heat created by our new energy efficient boilers which will deliver savings of £215k per annum and carbon savings of 915 tonnes per annum.

Our new Estates Strategy steers a course for the next 10 years. Investment areas will include: the reconfiguration of our campuses to provide an easily identifiable 'heart' including social and study spaces, service desks and food outlets; and signature buildings with state of the art facilities to support key subject areas within our portfolio.

Supporting the 'connected learner'

A fundamental strand in our IT Strategy is focused upon the 'connected learner' and the provision of a learning environment responsive to the IT preferences of our students. We consistently score highly in the NSS in relation to library and IT resources; outperforming the sector average and within the top quartile. Within the latest ISB survey¹⁶ results we scored first in the world for technology and second for our virtual learning provision.

¹⁵ The Salix Recycling Fund aims to increase capital investment in energy efficient technologies across the public sector. It is a ring-fenced fund with capital provided by Salix Finance Ltd (an independent not for profit company funded by The Department for Energy and Climate Change, The Welsh Assembly Government and The Scottish Government). Funding provided by Salix Finance Ltd is matched by the partner organisation.

¹⁶ International Student Barometer, Summer Wave 2015 survey results.

We maximise our use of digital technology and social media throughout the application and student enrolment period. In 2016 we gained a HEIST¹⁷ gold award for our *100 days to freshers* digital media campaign and a bronze award for our online prospectus.

Working together with our customers at the heart of what we do

Our people are key to our success and we provide a positive working environment which is both supportive and challenging. We encourage excellent performance, clarity of responsibility and a positive diverse culture to ensure Leeds Beckett is a great place to work. In February 2016 we launched our institution-wide Staff Survey to provide our community of colleagues with the opportunity to feedback on their employment experience achieving 86% against our staff satisfaction question group.

We have a strong collective commitment to delivering the best possible experience for our students, staff, partners, visitors and our Board of Governors. This is affirmed by our position as one of the first UK Higher Education Institutions to hold the Customer Service Excellence (CSE) standard across the whole institution and the only University to hold both CSE and the Investors in People Gold accreditation. In June 2016 we gained notification that we had successfully achieved reaccreditation of the CSE standard for which we gained nine areas of 'compliance plus' and 'full compliance' in all of the remaining criteria. We were praised for the way in which we had embedded the customer focussed principles that underpin the standard and used this to focus our organisational development on a culture of continuous improvement with our customers at the heart of our University.

Commitment to equality & diversity

Our University has once again been placed in the Stonewall's Workplace Equality Index. Our University ranked number 64 this year and a number of other education organisations have joined Leeds Beckett in the table, 13 of the top 100 are now universities. We have in place a number of equality and diversity fora embedded across our organisational structure to ensure our diverse community has a voice in shaping continuous improvement and future change. We also work closely with our Students' Union to implement initiatives to increase diversity within our student course representative community.

We have been an Athena Swan Charter member since June 2014 and will seek accreditation for a bronze award for the whole of our institution later in 2016. The charter recognises the work that institutions do to address gender equality in relation to representation, student progression into academia, staff career progression and the working environment. We are also seeking accreditation for the Equality Challenge Unit (ECU) Race Charter Mark and continue to engage colleagues from across our University to identify excellent practice and areas for improvement to deliver benefits across our diverse staff population.

¹⁷ HEIST Education Marketing awards for further and higher education delivered by Havas People.

At Leeds Beckett University under our Strategic Plan, *Quality, Relevance & Sustainability, 2010-2015*, our strategic vision has been: *To be acknowledged for our commitment to student success, our innovation and enterprise, our global reach and strong local impact.* The following values have been intrinsic to this vision: *Inspiring & creative; enterprising & purposeful; respectful & professional.*

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In 2015/16 we engaged our many stakeholder groups: staff, students and partners in consultations to define what we stand for; what we do and what we want to achieve over the next five years. This is drawn together in our new *Strategic Planning Framework (2016-2021)* within which we set forth our mission: *to ensure we use our knowledge and resources to make a positive and decisive difference to people, communities and organisations. With a vision to be an excellent, accessible, globally-engaged university which contributes positively to a thriving Northern economy.* We will take our activities forward under this *Strategic Planning Framework* from academic year 2016/17.

We are an exempt charity within the definition of the Charities Act 2011. Our Board of Governors are our University Trustee Board; membership for the financial year ending July 2016 is provided in our Corporate Governance Statement on page 17. Our charitable status relies on ensuring our activities are in line with our charitable aims and thereby the integrity with which we undertake them. In confirming this statement and in setting and reviewing our University's objectives and activities, our Board of Governors confirm that the trustees have complied with their duty of paying due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education. This statement has been included in conformance with the formal reporting requirement introduced by the Higher Education Funding Council for England (HEFCE) as the principal regulator of English higher education institutions under the Charities Act.

The advancement of education

Our primary purpose is the advancement of education through the provision of learning, teaching, research and enterprise. Students of our University and our staff are our immediate beneficiaries, however, our strong regional engagement and international reach means that a range of local, national and international charities, communities, schools, businesses and partners also benefit from our educational expertise and the broader societal benefits of our research and enterprise activities.

Our tuition fees, scholarships and financial support

At Leeds Beckett University full time undergraduate tuition fees for 2015/16 were £9,000 per year; part time fees were no more than £6,750 per year. We set our fees to enable our University to continuously enhance our academic and pastoral support to our students to promote their retention and success. We have determined a single fee rate for our

undergraduate provision and do not charge variable fees based on subject area. We are a university community in which every element of our professional portfolio plays an important role in enabling students to fulfil their career ambitions.

We are committed to offering financial scholarships and bursaries to allow a wide range of students to experience university education with us. In the 2015/16 academic year we awarded 468 National Scholarship awards, comprising of almost £440k in cash bursary payments plus just over £286K in institutional services (this includes services such as food cards, accommodation discounts, printer credits). Our Leeds Beckett Bursary was awarded to 52 students with two students receiving awards of £800 and 50 students awarded £1000 cash bursary payments; in 2015/16 this scheme provided funds of over £51k. Our Care Leavers bursaries supported 46 students, receiving individual bursaries of either £300¹ or £1,500 totalling over £53k. Our Leeds Beckett Hardship Fund provided financial support to 1,201 students totalling just over £421k and the UPP hardship fund provided financial support to 32 students totalling over £10k.

We encourage applications from students wishing to progress from our partner schools and colleges. Our Partnership Bursary is aimed at those who progress through this route and indicate we are their firm choice institution via the UCAS admissions process. In 2015/16 we awarded 92 students £300 cash bursary payments which totalled over £40k.

High Achiever Scholarships were awarded to those who met the eligible A level grades or equivalent; these were awarded to 1,144 students receiving a £1000 fee waiver totalling £1.1m overall.

We continue to use the Student Loan Company HEBSS scheme (higher education bursary and scholarships scheme) so that we receive enhanced information concerning student financial backgrounds which ensures we can allocate financial support to those students who need it.

Extending our reach to widen participation

We have a varied and sustained programme of activity that provides pupils at all stages of education with an introduction to University life. We aim to make personal advancement through higher education a tangible ambition for those with academic ability, regardless of their background. In the 2014/15, we delivered in excess of 571 outreach events and engaged with 33,882 learners.

In practice we raise the aspirations of prospective students through working with a variety of local, regional and national partners and networks across the whole educational lifecycle. We continue to build on our partnership activities working with NEON (The National Educational Opportunities Network) and within the HEART (Higher Education Access Rewarding Transforming) consortium in West Yorkshire. We are leading on a Yorkshire Universities project on how to engage with hard to reach groups. We are also recognised

¹ For students who applied for annual funding under the schemes former award structure and have repeated a year of study.

by Buttle UK (a national charity that supports young people and families in crisis) for our work with care leavers and looked after students.

Our primary school programme includes our flagship *Kids @uni* programme through which we work with 14 schools, within areas of socio-economic disadvantage, offering pupils the opportunity to engage in workshops and a mini-graduation ceremony. Our *Let Leeds Read* project is delivered in partnership with our Students' Union and local businesses to support reading programmes across schools in the region.

We offer a varied programme for pupils at key stage 3 and above. Our *Young Professionals programme* includes a number of co-ordinated interventions beginning in Year 10. This includes activity targeted at white working class boys from disadvantaged areas. Students who successfully complete the programme are tracked through to Key Stage 5 and are invited to join our post -16 initiatives including the *Tomorrow's Professionals Programme* and the *Progression Module*. Our *Tomorrow's Professionals Programme* is targeted at potential University students who are disadvantaged due to socio-economic factors. The *Progression Module* is a year-long formal programme of study, delivered in schools. The programme is a collaborative venture between Leeds Beckett University and the University of Huddersfield. In 2014/15, 2,600 students enrolled onto the module across the two institutions. Students who successfully complete the module are awarded UCAS points which can be used across the two institutions when applying for a place at the two universities.

We have a successful long term track record of working with students from Black or Minority Ethnic (BME) groups to raise aspirations to pursue higher education and are committed to exploring ways to increase the number of BME students represented in our student body. Examples of interventions include the *Larkia*, the *UJIMA* and *Junior Leadership programmes*. The *Larkia* programme seeks to raise the confidence and motivation of young Asian girls through a three day residential programme focussing on the creative arts. The *UJIMA* programme targets young black males and enables participants to gain inspiration from our student ambassador role models who mentor the participants through the three day programme. In line with other pre-16 programmes participants who progress through these programmes are encouraged onto our *Tomorrow's Professionals* programme and *Progression Module*.

Our Disability Assessment Team work with our Outreach and Access Team to visit schools and colleges to encourage potential students with disabilities to consider early planning for their transition into university and to make them aware of support available through the Disabled Students Allowance and our University.

Throughout these programmes and interventions, we seek to include parents, guardians, carers and other influencers of potential higher education learners in these activities to develop their knowledge and understanding of higher education and increase support for progression into higher education.

Across our University, our expenditure on access and outreach activities has increased over the last three years in line with our fees strategy to expenditure levels of 22.5% of premium fee income in line with Office for Fair Access (OFFA) guidelines.

Providing targeted student support

Our central *Services for Students* is well established with a mission to secure excellence and innovation in the delivery of student facing services. Work delivered by this service gained

significant recognition in our Customer Service Excellence standard reaccreditation. This included our work with Thomas International Ltd to pilot the use of their *personal profile* analysis tool. This was recognised as a 'compliance plus' area; the highest award within the standards framework. In its pilot phase this tool was used to profile 900 students. This has brought benefits in the early establishment of the academic tutor and student relationship and has also helped staff to determine which students were vulnerable and 'at risk' of early withdrawal from study in order to prompt timely interventions. This builds upon our existing support framework and services developed to provide staff with early alerts about absent or intermittent student engagement so that appropriate support and communication can be put into place.

Our Student Wellbeing team, consisting of counsellors, mental health practitioners and chaplains, provides one-to-one and group interventions, as well as extensive online resources and support which are accessible to all students. In line with the sector, there has been an annual increase of approximately 30% take-up of this support over the past 3 years.

Our University works in partnership with The National Autistic Society to review and enhance our service provision to students declaring autistic spectrum conditions. This collaborative approach is unique within the higher education sector. In addition our practises for supporting students with Specific Learning Difficulties have been enhanced; a Disability Support Team has been established in our Libraries and Learning Innovation service and dedicated disability resource areas have been introduced in both Libraries with a wide range of assistive hardware and software with staff on hand to support its use.

The attainment of our BME students is closely monitored; currently our performance mirrors that of the sector in this area. Programmes of continuous improvement have been introduced to minimise attainment gaps across our student demographic. This has included the development of Inclusivity Student Champions and targeted support for BME students during their work-based placements.

Safeguarding the wellbeing of vulnerable groups

To enable our students to thrive on their educational journey it is imperative that their learning environment safeguards their wellbeing especially for our more vulnerable student groups. We have a robust policy for safeguarding vulnerable groups developed in accordance with the Safeguarding Vulnerable Groups Act 2006 (as amended by the Protection of Freedoms Act 2012). We have procedures for dealing with disclosures of abuse, procedures for recruitment and selection for positions that entail supporting vulnerable groups, specific admissions procedures for under 18s complemented by the provision of training in this area.

Our University recognises its duty under the Counter-Terrorism Act 2015 to engage with the Prevent agenda and put reasonable measures in place to safeguard our students from indoctrination into any form of extreme ideology which may lead to the harm of self or others. Our University engages in the Prevent partnership in the City, as well as with the regional Prevent Co-ordinator for Further and Higher Education in the sector to ensure appropriate procedures, risk assessments and staff training are in place.

Leading Research with significant societal benefits

We continue to build upon our research achievements. Following the Research Excellence Framework (REF) 2014 we moved up 12 places, from 89th in 2008 to 77th in 2014, in the 2014 research power league table published by the Times Higher. We continue to enhance our research impact in the areas of excellence highlighted within the REF 2014 as well as in new areas of expertise and through multidisciplinary engagement and early career support.

Our research is focussed upon some of the critical issues facing our industries, our society and the health and well-being of the population of the UK and the world. Many of our areas of research excellence seek to foster improvements that benefit the most vulnerable in our society both within the UK and overseas. For example, work led by Claire Surr, Professor of Dementia Studies, is highlighted in the Department of Health's *Dementia Strategy Implementation Plan*. Leeds Beckett and the Together in Dementia Everyday (TIDE) network of family carers, are leading a project to develop a specialist dementia training programme. This will provide those caring for individuals with dementia access to knowledge, skills and psychological resources to assist them in their caring role and their own self-care. In addition, *What Works*, a research study led by Professor Surr, in collaboration with the University of Bradford and the University of Leeds, is currently investigating what components lead to the most effective approaches to training health and social care staff about dementia.

In a project awarded first prize at the Water Industry Forum (WIF) Impact Awards for UK Water Research 2015 – Process Technologies; Dr Martin Pritchard, Reader in the School of Built Environment & Engineering, has developed a sustainable water treatment system suitable for use in small rural communities. This has benefitted thousands of rural Malawians by reducing the risk of water borne disease.

Corporate Social Responsibility

Using the HEFCE (Higher Education Funding Council for England) definition of corporate social responsibility; '*how we take account of the impact of our work on the economy, society and the environment*' we have developed and published our University's first Corporate Social Responsibility (CSR) statement available on our externally facing web pages. The purpose of our CSR statement is to provide a public commitment to how our University carries out its activities in a socially responsible way with due regard to our location and those we seek to engage and work with. This was received by our Board of Governors in May 2016 and in future we will publish our progress under this public statement in our Financial and Operating Review within our Financial Statements.

Promoting opportunities to support our global community

In 2015/16 our University celebrated the 10th anniversary of our international volunteering programme. In 2014/15 this programme supported 163 placements for our students with 28 host organisations in 22 countries. Since 2006 our Universities volunteering programme has raised more than £150k for charity and given a staggering 151,629 volunteering hours to projects worldwide.

Inspiring a sense of citizenship within our local region

We encourage our students to play active roles in shaping the society in which they live. Every year our University helps more than 3000 people gain sports coaching qualifications opening up a range of volunteering opportunities and boosting their careers. Our students undertake volunteering work that helps to sustain the work of a range of charitable organisations for example our physiotherapy students provide physiotherapy support to a local homeless charity and annually support many participants at the Great North Run in their efforts to raise money for charitable causes.

Our University has recently signed up to the Leeds Social Value Charter, and as a major city employer, we will engage with this to contribute to making our city a healthy, compassionate and caring place to live and work.

Our commitment to ethical practices

Our new Ethics Framework was approved by our Board of Governors in July 2016 and has been made available to the public on our external website. This brings together, in an overarching statement, our existing policies and procedures that demonstrate how ethical consideration is embedded throughout decision-making processes and structures across our University. As with our CSR statement we will publish future updates on our Ethics Policy Framework within our Financial and Operating Statement within our Financial Statements. This will include specific compliance with the Equality Act 2010; our Public Sector Equality Duty; and our CSR statement; all of which demonstrate our policies and practices have due regard to both legal compliance and high ethical standards.

Despite increasingly difficult market conditions for recruiting home and international students, 2015/16 has been another successful year for our university. A surplus of £10.4m, equivalent to 4.7% of income is the first to be reported under the new FRS102 accounting format. The new format has led to some presentational changes such that it equates to an operational surplus under our old accounting format of £24.9m, equivalent to 11.2% of income. The key changes include adjustments to how we recognise capital grants, pension liabilities, holiday pay and some embedded finance leases. Further detail on the impact of these changes on our restated 2014/15 financial statements are provided in note 32.

The new format has however had no impact on cash flows and a minimal impact on our measure of cash flows from operations, which over the last year amounted to £36.1m, equivalent to 16.3% of income. Our average operating cash inflows over the last 4 years have been equivalent to 17.7% of income thereby enabling us to build our financial strength and liquidity levels such that at the end of July they were equivalent to 183 days' worth of recurrent expenditure.

With net assets of £271m before pension liabilities, our balance sheet continues to be strong with net assets growing by over 6% during the year. This included £16.6m of capital investment on the refurbishment of our city campus library, on a new entranceway also at our city campus and on new equipment. We continue to show our student residences on balance sheet, a consequence of which is that our balance sheet includes £65m of long terms loans that were raised to fund their development.

Like many higher education institutions, our pension liabilities have increased during the year, principally due to a reduction in the discount rate used to measure our liabilities to the West Yorkshire Pension Fund. Our pension liabilities now include a £1m liability to recognise our share of the Universities Superannuation Scheme deficit which is recognised on university balance sheets for the first time following the trustees decision to quantify the value of past deficit contributions.

During the year we agreed a new financial strategy, a key element of which is that we will target a level of operating surpluses that will generate at least £34m of operating cash inflows each year, which together with a planned short term increase in our loan portfolio will be sufficient to fund over £211m of capital investment and loan serving costs over the next 5 years.

Whilst our loan servicing costs are relatively high compared to the rest of the sector, approximately two thirds relate to our student residences. Eliminating these reduces them to below the sector average. Soon after the financial year-end we took advantage of the current low interest rate environment to fix floating interest rates on £29m of our loans for the next 20 years such that all of our loans are now protected from any future rate changes.

Our financial performance and position places us well to respond to continuing uncertainty and change in our funding and control environment and in the markets in which we operate. These include the impact of this year's EU referendum, which is yet to be felt, but with relatively few EU students, EU staff and EU funded research projects, in the short term the direct impact will not be great, yet this may not be so in the longer term.

Framework of Governance

Leeds Beckett University is a higher education corporation established under the Education Reform Act 1988 (“ERA”) and an exempt charity under schedule 3 of the Charities Act 2011. The Higher Education Funding Council for England is the University’s principal regulator. The University’s powers are defined in section 124(1) ERA as ‘(a) to provide higher education; (b) to provide further education; and (c) to carry out research and to publish the results of the research or any other material arising out of or connected with it in such manner as the corporation think fit’. The charitable purpose of the University, as defined in the Charities Act 2011, is the advancement of education for the public benefit.

The University’s framework of governance is established in the Instrument and Articles of Government. The Board of Governors is committed to high standards of governance and during 2015/16 has complied with the Higher Education Code of Governance produced by the Committee of University Chairs (December 2014).

The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty, and leadership).

The University has received confirmation from HEFCE, following its visit to the University on 8 July 2016 to conduct its quinquennial Assurance Review, that HEFCE considered itself able to place reliance on the University’s accountability information.

Board of Governors

The Board of Governors is the governing body of the University. The Board’s responsibilities are set out in the University’s Articles of Government and, in accordance with guidance set out in the Higher Education Code of Governance, a Statement of Primary Responsibilities is in place. Responsibilities reserved for the Board’s decision include: determining the educational character and mission of the University; approving annual estimates of income and expenditure; ensuring the solvency of the institution and safeguarding its assets; appointing the Vice Chancellor; amending the Articles of Government; and appointing the external auditors. In February 2016 the Board approved changes to its own Statement of Primary Responsibilities, in order to clarify the role of the Board in relation to: working with the Executive to set the mission and strategic direction of the University; monitoring academic performance and strategy, and; ensuring regulatory and legal compliance. For the purposes of charity law, the Governors are the trustees of the University and, as required, have had regard to the Charity Commission’s guidance on public benefit.

In November 2015 the Board received the findings of its quinquennial Board Effectiveness evaluation, which had been carried out during 2014/15 and which had involved the appointment of the Higher Education Consulting Group as consultants. This review, which included an independent assessment of the University’s compliance with the Code of Governance, concluded that the University’s governance arrangements were strong. It also made recommendations for further development of good practice, which informed the creation of a Governance Action Plan for the University. In line with the timescales set out in this Action Plan, the recommended actions were substantially completed during the year ended 31 July 2016.

In the year ended 31 July 2016, the Board met formally on four occasions and in addition held two strategic ‘away days’. The principal business undertaken by the Board included: the approval of the University’s Strategic Plan for 2016-2021, including the consideration of

associated opportunities and risks; endorsing the University's academic strategy; considering the University's position in relation to league tables and student surveys; medium and longer term estates planning; agreeing an approach to implementation of the PREVENT duty; overseeing the work of Academic Board as regards academic quality and standards; reviewing institutional performance; and monitoring the University's solvency and financial sustainability.

During the course of the year, the Board considered and approved: a new Memorandum of Understanding between the University and the Students' Union; a new Corporate and Social Responsibility Statement for the University; a new Ethics Framework; and a new Fundraising Policy for the University.

In accordance with the Instrument of Government, the Board comprises twenty governors, consisting of thirteen independent members (previously known as "lay" members), four staff nominees, two students' union nominees, and the Vice Chancellor. In the last year one independent governor and two new student governors have joined the Board of Governors and an independent member has been co-opted to the Finance, Staffing and Resources Committee. New governors receive a personalised induction programme and all governors are eligible to take part in relevant training and development at the University's expense. Governors took advantage of a number of sessions of the governor development programme offered by the Leadership Foundation for Higher Education during 2015/16.

There has been one resignation by an independent governor and accordingly a new recruitment round has been initiated. The principles of open advertisement and transparent recruitment for independent Board positions are well established as matters of good governance.

Mr David Lowen is the Chair of Governors. Following an established nominations and election process, Mr Steven Webb was appointed as Deputy Chair of the Board of Governors with effect from 1 September 2015. The role of Deputy Chair has been enhanced with effect from 1 September 2015, following a review of the role description which took place during the second half of the 2014/15 financial year.

The Chair of the Board and the chairs of committees are entitled to remuneration, in accordance with the Instrument of Government, following the completion of an annual review process and the approval of the Governance and Nominations Committee. All governors are entitled to reimbursement of out of pocket expenses incurred in discharging their responsibilities and these amounts are published on our website on a quarterly basis.

The University maintains a register of interests of governors and senior managers which is available for inspection on request to the Clerk to the Board of Governors.

Jenny Share, Secretary and Registrar, is the Clerk to the Board of Governors.

Committees to the Board of Governors

The principal standing committees of the Board of Governors are as follows:

- Audit Committee which is responsible for reviewing the effectiveness of the University's system of internal control and risk management.

CORPORATE GOVERNANCE STATEMENT

During 2015/16 the Audit Committee has considered the findings and recommendations of 9 internal audit reviews including Health and Safety processes; HESES student data management; risk management; Destination of Leavers in Higher Education data; student number forecasting; income and debtors in relation to non-fee income; the Students' Union; student feedback in respect of student satisfaction; Value For Money processes; IT Strategy and Delivery; and the University's Carnegie Faculty, in addition to receiving and considering audit reviews of the University's financial control. The Audit Committee also received an update in respect of the recommendations arising from the Student Loan Company processes internal audit review, which the Committee had received in June 2015.

The Committee has considered detailed risk analysis reports in respect of a number of individual risks on the corporate risk register at each of its meetings. These include looking at: student satisfaction; student progression and attrition; investment in the University's estate; the Prevent duty; and the University's HR strategy. The Committee considered issues relating to cyber security and approved new policies in respect of Counter Fraud & Anti-Bribery, and Public Interest Disclosures. It also considered the implications of the introduction of the FRS102 accounting standard for the financial year ending 31 July 2017.

Members of the Audit Committee took part in the annual review of the appointment of PwC for external audit services and, as a result of this process, the appointment of PwC was renewed until 1 August 2017.

- Finance, Staffing and Resources Committee which advises the Board on policy and strategy relating to financial strategy and sustainability, human resources strategy, health and safety, equality and diversity and the strategic development and maintenance of the University's estate. In particular, during 2015/16 the Committee has considered and made recommendations to the Board in respect of new institutional supporting strategies for the next five years in the areas of Finance, Estates and Human Resources.

The Committee has continued to monitor the University's financial position, sustainability and future forecasts. It has approved tuition fees to 2018 and agreed the Students' Union annual block grant for 2016/17. It also reviewed the University's Treasury Management Policy.

In relation to human resources the Committee has discussed and approved the University's safety, health and wellbeing policy. It has also considered the response to the most recent staff engagement survey and the University's approach to staff development, progression and promotion.

Resource considerations have included capital development plans and opportunities for estates development, our ongoing environmental sustainability, and enhancements relating to the way in which estates planning is undertaken across the University.

The Board of Governors agreed that staff- and student- governors would be added to the membership of the Finance, Staffing and Resources Committee in future years, in order to implement a recommendation arising from the Board's Effectiveness Review.

- Governance & Nominations Committee which advises the Board on the appointment of governors and good practice in governance. During 2015/16 its work has focused predominantly on enhancing the effectiveness of the Governing Body and its committees through the implementation of the Governance Action Plan, which arose out of the recommendations from 2014/15 Governance Effectiveness Review.

The Governance & Nominations Committee reviewed and approved amendments to the University's Student Complaints Procedure and its Student Code of Discipline. Its terms of reference have been amended to include responsibility for oversight of certain aspects of regulatory compliance and for certain academic matters, including monitoring the effectiveness of the Academic Board.

- Senior Staff Remuneration Committee which is responsible for determining salaries and monitoring performance of the Vice Chancellor, Secretary and Registrar and other senior staff who are designated as senior post holders. Following the development work that took place during 2014/15, the new policy framework for the review of senior postholders' remuneration was used by the Senior Staff Remuneration Committee during 2015/16 and the framework within which the Committee would work for 2016/17 was approved by the Board in July 2016.

The Senior Staff Remuneration Committee also considered issues relating to pensions liabilities and the pension tax implications for senior staff.

The terms of reference clearly set out the powers delegated by the Board to each committee. Committees make a full report to the Board after every meeting, including any decisions taken under delegated authority and setting out recommendations to the Board where required. The terms of reference of all Board committees are reviewed annually and were last approved by the Board on 15 July 2016.

Academic Board

The Academic Board is the University's principal academic authority. Subject to the powers of the Board of Governors and the Vice Chancellor, it is responsible for the academic affairs of the University, the design and implementation of the academic regulatory framework, and for general issues relating to learning, teaching and research. Its forty members are drawn entirely from staff and students and it is chaired by the Vice Chancellor.

The Academic Board makes a full report to the Board of Governors after every meeting as part of the Vice Chancellor's report.

In 2015/16 the Academic Board has considered and approved a new Education Strategy and a new Research & Enterprise Strategy, in each case for the five-year period to be covered by the University's Strategic Plan 2016-21. The Academic Board also considered and supported proposals for amendments to the way in its membership would be made up in future years, and approved new constitutions for its committees. It has also approved a new Access Agreement for the University, and a new set of University-wide Academic Regulations.

Executive management

Professor Peter Slee joined the University as Vice Chancellor on 1 September 2015 and assumed responsibility as Chief Executive Officer responsible to the Board of Governors for the organisation, direction, and executive management of the University. Professor Slee is also the 'Accountable Officer' for the purposes of the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England ("HEFCE") and is advised by the Corporate Management Team (CMT).

Responsibilities of Governing Body

Internal control

The Board is responsible for instituting and maintaining a sound system of internal control that supports the achievement of the University's aims and objectives and safeguards public and other funds and assets for which it is responsible. In discharging this responsibility, the Board complies with the requirements of the HEFCE Memorandum of Assurance and Accountability. The system of internal control is designed to manage rather than eliminate risk and to provide reasonable, but not absolute, assurance of effectiveness. The Board is satisfied that an adequate system of internal control has been in place for the year ended 31 July 2016 and up until the date the financial statements were signed.

The Vice Chancellor is responsible for implementing the system of internal control. The Audit Committee undertakes detailed review and monitoring of the system of internal control on behalf of the Board. The University's internal audit service was provided by KPMG LLP and operated to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports to the Audit Committee, which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement. The Audit Committee's work is further informed by reports from management on the implementation and development of the system of internal control and by comments from the external auditors in their management letter and other reports.

Risk management

The Board has overall responsibility for risk management. A Risk Management Policy, which accords with HEFCE guidance, is in place. As part of the process of managing risk, the Board approves the corporate strategy and budget, reviews progress against key performance indicators, and takes account of opportunities and risks in decision-making. A robust system for identifying, reporting, and managing risk is in place, and is integral to the University's strategic planning process. A corporate risk register is maintained, and each faculty and professional service area also has a risk register. These are reviewed regularly by management and the corporate risk register is considered at each meeting of the Audit Committee.

In response to a recommendation from the University's internal auditor, the Board of Governors approved the adoption of a new risk assurance framework, in place of the University's existing corporate risk register. The Board also considered and approved a Risk Appetite Statement for the University.

Financial Control

The Board is required to secure the economical, efficient, and effective management of the University's resources and to safeguard its assets (including preventing and detecting fraud). The Board must ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the HEFCE Memorandum of Assurance and Accountability; and that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

Key elements of the University's financial control system include a comprehensive strategic planning process, underpinned by annual income, expenditure, capital, and cash flow budgets, and monthly review of financial performance. The Finance, Staffing & Resources Committee undertakes detailed review of financial planning and performance on behalf of the Board. The Board receives regular forecasts of financial out-turn. Comprehensive financial regulations and procedures are in place, which clearly define the system for approval and control of expenditure, including the responsibilities and levels of authority of managers. Capital investment is subject to rigorous appraisal and review. The system of financial control is reviewed by the internal auditor which reports its findings to the Audit Committee.

The Board has placed significance on the annual report and opinion of the Audit Committee in relation to the University's risk management, control and governance and its economy, efficiency and effectiveness (value for money) and the management and the quality assurance of data submitted to HESA, the Students Loans Company, HEFCE and other bodies. In coming to its opinion the Audit Committee and the Board has been mindful of the reports presented to it from both management and external assurance providers, in particular the work of the internal and external auditors, including the outcomes of eight internal audit reviews which resulted in 'significant assurance with minor improvement opportunities'. The University's strategic approach to value for money was identified as an area where improvements and enhancements would be made, which our most recent annual value for money report now include.

The Board is responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the University and which ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the HEFCE Accounts Direction, the Statement of Recommended Practice: Accounting for Further and Higher Education, and applicable UK law and relevant accounting standards. Under the terms of the HEFCE Memorandum of Assurance and Accountability, the Board, through its Accountable Officer, 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 institutional surplus or deficit and cash flows for that year.

In the preparation of the financial statements, the Board has taken reasonable steps to ensure that suitable accounting policies are selected and applied consistently; judgments and estimates are made that are reasonable and prudent; and applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements).

JENNY SHARE

Secretary & Registrar and Clerk to the Board

CORPORATE GOVERNANCE STATEMENT

BOARD OF GOVERNORS		
Membership from 1 August 2015 to 25 November 2016		
Mr David Lowen (Chair)	Independent Governor	
Mr Steven Webb (Deputy Chair)	Independent Governor	Re-appointed from 1 September 2015
Mr Bill Hartley (Deputy Chair)	Independent Governor	Stood down on 31 August 2015
Ms Gabrielle Atmarow	Independent Governor	Stood down on 31 March 2016
Ms Kirsty Bashforth	Independent Governor	Re-appointed from 1 September 2016
Ms Mobina Begum	Co-opted Staff Governor	Re-appointed from 1 September 2015
Ms Ann Bishop	Independent Governor	
Mr Andy Brown	Independent Governor	Re-appointed from 1 September 2015
Mr Jay Malpass Clark	Student Governor	Stood down on 30 June 2016
Professor Mohammad Dastbaz	Academic Board nominee	Stood down on 31 August 2015
Ms Jean Dent	Independent Governor	
Mr Les Everett	Independent Governor	
Dr David Fletcher	Independent Governor	Re-appointed from 1 September 2016
Professor Peter Marsh	Co-opted Governor	
Ms Jayne Mothersdale	Academic Board nominee	Stood down on 31 August 2016
Mr Joe Murray	Student Governor	Appointed from 1 July 2016
Mr Dorrton Otter	Co-opted Staff Governor	Re-appointed from 1 September 2016
Professor Ruth Pickford	Academic Board nominee	Stood down on 31 August 2016
Ms Meg Robinson	Student Governor	Appointed from 1 July 2016
Professor Susan Price	Vice Chancellor	Stood down on 31 August 2015
Professor Peter Slee	Vice Chancellor	Appointed from 1 September 2015
Mr James Starnes	Student Governor	Stood down on 30 June 2016
Mr Richard Walker	Independent Governor	Re-appointed from 1 September 2016
Ms Gill Webber	Independent Governor	
Mr Nick Whitaker	Independent Governor	Appointed from 1 September 2015

Independent auditors' report to the Governing Body of Leeds Beckett University (the "institution")

Report on the financial statements

Our opinion

In our opinion, Leeds Beckett University's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent institution's affairs as at 31 July 2016 and of the group's income and expenditure and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report") for the year ended 31 July 2016, comprise:

- the Consolidated and University Balance Sheets as at 31 July 2016;
- the Consolidated Statement of Comprehensive Income and Expenditure for the year then ended;
- the Consolidated and University Statement of changes in Reserves for the year then ended;
- the Consolidated Cash Flow Statement for the year then ended;
- the Statement of Principal Accounting Policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the Governing Body has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed in the HEFCE Audit Code of Practices issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's Instrument and Articles of Government; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required 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 parent institution and group. We have no exceptions to report from this responsibility.

Respective responsibilities of the Governing Body and auditors

As explained more fully in the Financial Control section of the Corporate Governance Statement set out on page 22 the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Governing Body as a body in accordance with the institution's Instrument and Articles of Government and section 124B of the Education Reform Act 1988 as amended by section 71 of the Further and Higher Education Act 1992, and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Governing Body; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Governing Body judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Operating and Financial Review 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.

G WILSON

Greg Wilson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Newcastle upon Tyne
November 2016

- (a) The maintenance and integrity of Leeds Beckett University's website is the responsibility of the Governing body; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Transition to SORP

The Institution has prepared its financial statements for 2015/16 in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. This has been done with effect from 1 August 2014 and the 2014/15 comparatives have also been updated accordingly. An explanation of how the transition to the HE SORP 2015 has affected the reported financial position, financial performance and cash flows is provided in Note 35.

The principal changes are

- a) Land and Buildings. Freehold property valued at £309m at 31 July 2014, has been taken as deemed cost under an exemption from the full requirements of the HE SORP in the transition period following the first time of adoption of FRS102.
- b) Building Depreciation. Adoption of a component cost approach highlighted a discrepancy in building lives being applied that led to a £20.840m reduction in the net book value at 1 August 2014 and a higher annual depreciation charge in 2014/15.
- c) Service Concession Arrangements. Finance lease in respect of student accommodation have been reclassified under this heading.
- d) Finance Leases and Service Concession Arrangements. In two cases, the allocation of payments made between capital and interest was recalculated resulting in an increase in the liability as at 1 August 2014 of £5.553m and a higher interest charge in 2014/15.
- e) Deferred Capital Grants. These have been reclassified with £23.927m being grants which should no longer be deferred at 1 August 2014 and an increase in income recognised in 2014/15.
- f) LGPS pension scheme. This now shows a higher finance charge but a lower actuarial loss in 2014/15, as a result of the change in defining finance charges.
- g) USS pension scheme. The liability to make additional payments to reduce the USS deficit is now shown in the Financial Statements with a liability of £0.393m at 1 August 2014.
- h) Holiday Pay. The liability for holiday pay accrued but not taken has been recognised at £3.548m at 1 August 2014, with a subsequent increase in the surplus in 2014/15.
- i) Endowments. Endowments of £0.369m were reclassified as donations in earlier years as at 1 August 2014.

2. Basis of Preparation and Consolidation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education (2014) and in accordance with applicable accounting standards. The Institution is a public benefit entity and therefore has applied the relevant public benefit requirement of the applicable accounting standards. The financial statements are prepared in accordance with the historical cost convention and following the Governors' review of our long-term sustainability.

Judgements made by management in the application of these accounting policies that have a significant effect on the financial statements

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements include the Institution and all its subsidiaries for the current financial year. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation. Associated companies and joint ventures are accounted for using the equity accounting method.

The consolidated accounts do not include the income and expenditure of the Students' Union as the Institution does not exert control or dominant influence over policy decisions.

3. Income Recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Tuition fee income is stated net of any discount or waiver and credited to the Consolidated Statement of Income and Expenditure over the period in which students are studying. Related payments such as bursaries and scholarships are accounted for as expenditure and not deducted from income.

Government grants are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met, except for grants given to create a specific fixed asset, which are recognised within the Consolidated Statement of Income and Expenditure over the period that that the asset is expected to be used.

Other Non-exchange income, including grants and income from non-government sources are recognised within the Consolidated Statement of Income and Expenditure when any performance related conditions have been met.

Donations and endowments are recognised within the Consolidated Statement of Income and Expenditure when any performance conditions have been met or restrictions lifted. Endowments are donations where usually only the income generated by the gift can be used or where the donation is for a specific purpose and may be repayable if the funds cannot be utilised for that purpose.

Investment income and dividends or other returns from investment assets are recognised as they become receivable, either as restricted or unrestricted income, according to the terms of the restriction applied to the individual endowment fund. Gains or losses in the value of the holdings are not income or expenditure but are shown separately in the Consolidated Statement of Income and Expenditure as realised or unrealised gains or losses as appropriate.

Restricted Reserves record all non-exchange income that has been given for a specific purpose within the University's usual range of activity to the extent that the income has not been applied for the use specified.

Agency Funds where funds are received but disbursed as paying agent on behalf of a third party are excluded from both income and expenditure.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

4. Retirement Benefits

The University provides retirement benefits for most of its employees by making contributions to the Teachers' Pension Scheme (TPS), University Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF).

The **TPS** is a defined benefit multi-employer scheme but due to its mutual nature it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is the contributions payable in the period. There is no obligation on employers to fund any deficit in the scheme.

The **USS** is a defined benefit multi-employer scheme where, due to its mutual nature, it is not possible to identify the assets and liabilities of individual members and therefore it is accounted for as a defined contribution retirement benefit scheme. The cost of providing pensions is therefore the basic contribution rate payable in the period.

There is an agreement to fund a share of any deficit in the scheme by paying a higher rate of contributions for a period of time which is reviewed triennially. The estimated cost of this, discounted at an appropriate rate, is recognised as a liability within Pension Provisions.

The **WYPF** is a defined benefit multi-employer scheme where the assets and liabilities of members are identified. The charge in the Consolidated Statement of Income and Expenditure is the estimated cost of providing a pension benefit for the additional years' service.

The net liability to provide future pension benefits, discounted at an appropriate rate, less the fair value of assets in the fund are shown in the Balance Sheet as a provision. Any changes in assumptions and valuations are shown as an Actuarial Gain or Loss in the Consolidated Statement of Income and Expenditure. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the total of any unrecognised past service costs and the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

5. Employment Benefits

Employment benefits are recognised as an expense in the year in which the services have been rendered. The difference between services rendered and the payments made are recognised as an asset or liability.

6. Tangible Fixed Assets

Fixed assets are stated at cost or, in case of freehold land and buildings at 1 August 2014, deemed cost, less accumulated depreciation and accumulated impairment losses. The deemed cost represents the fair value as at 1 August 2014.

Staff costs are capitalised only when incurred in direct consequence of specific fixed asset projects. Borrowing costs are not capitalised.

Where parts of a fixed asset have different remaining useful lives, they are accounted for as separate items. Depreciation methods, remaining useful lives and residual values are reviewed at each Balance Sheet date and all assets are subject to periodic impairment reviews when appropriate.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

Freehold land

Freehold land is not depreciated as it is considered to have an indefinite useful life.

Freehold buildings

Freehold buildings are depreciated on a straight line basis over their expected remaining useful lives. Subsequent additions to buildings are depreciated on a straight line basis over the expected useful life of those changes. Depreciation is not charged on assets in the course of construction.

Leasehold land and buildings

Leasehold land and buildings are depreciated over the life of the lease up to a maximum of 50 years. Where leasehold land and buildings are modified the cost is depreciated over shorter of the expected useful life of the modifications or the remaining lease period. The estimated cost of restoring the asset to the condition required by the lease is recognised in the Consolidated Statement of Income and Expenditure on a straight-line basis over the remaining period of the lease and the accumulated liability is recorded as a Provision for dilapidations.

Leased equipment, furniture & fittings

Leased equipment, furniture & fittings are depreciated over the life of the lease. Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

Equipment, furniture & fittings

Individual purchases over £5,000 and with an expected useful life exceeding 2 years are accounted for as fixed assets and depreciated on a straight-line basis over their expected useful life.

Asset class	Life in years
Specialist equipment, furniture & fittings	3-25
Motor Vehicles	4

Certain items cost individually under £5,000 but constitute a significant asset, all purchases of these assets are capitalised as a pool, except where the cost is to replace damages or individually exceeds £5,000. Each pool is depreciated on a straight-line basis over its estimated average useful life.

Asset pool	Life in years
Furniture	10
IT equipment	3-10
AV equipment	5
Cameras	3
Music equipment	5
Fashion equipment	10
Signage	5

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

7. Heritage assets

Individual works of art and other valuable artefacts valued at over £25,000 are capitalised and recognised at their cost or value where reasonably obtainable. Assets initially received as donations are initially recognised at fair value. Heritage assets are not depreciated.

8. Intangible Assets

Initial costs of acquiring rights to software and the costs of creating corporate information systems, including consultancy services and essential staff recruited specifically for that purpose, are capitalised and depreciated over the expected useful life of the systems.

Intangible assets, including any goodwill, are subject to periodic impairment reviews when appropriate.

9. Finance Leases

Leases in which the Institution assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases and recognised as a fixed asset and as a liability. The asset is valued initially at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, depreciated over the shorter of the lease term and the estimated useful lives and subject to an impairment test where appropriate.

The minimum lease payments are accounted for as a reduction of the liability and a finance charge. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining useful life of the lease.

10. Service Concession Arrangements

Buildings held under service concession arrangements are recognised in the Balance Sheet at the present value of the minimum lease payments when the building was brought into use, with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to zero over the life of the arrangement.

11. Operating Leases

Operating lease payments are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Where the lease permits modifications to the asset but the asset needs to be returned to its original state at the end of the lease, a provision is created for the expected cost of these dilapidations over the remaining life of the lease.

12. Inventories

Stocks and Work In Progress are stated at the lower of cost and net realisable value.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

13. Investments

Non-current investments are held on the Balance Sheet at amortised cost less impairment. Current asset investments are held at fair value with movements recognised in the Consolidated Statement of Income and Expenditure.

Investments in associate companies and subsidiaries are carried at cost less impairment.

14. Associated and Subsidiary companies

Subsidiary companies results are consolidated under the equity accounting method. Any increase or decrease in the share of each associated company's net assets is added to or deducted from the value of the investment.

15. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised in the financial statements when:

- (a) the Institution has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation;
- and (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability. The University recognises provisions for exgratia pensions, with the cost charged to the Consolidated Statement of Income and Expenditure in the period the pension was agreed and for the expected cost of dilapidations, where a lease requires that the asset needs to be returned to its original state at the end of the lease.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes. A contingent liability arises from a past event that gives the Institution a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the Institution a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Institution.

16. Cash and Cash Equivalents

Cash at bank and in hand includes cash in hand and deposits repayable within 24 hours without penalty. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

17. Tax

The Institution is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on purchases is included in the cost of such purchases. Any irrecoverable VAT incurred on fixed assets is included in their cost.

The Institution's subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred

tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

18. Currency

Transactions in foreign currencies are translated into sterling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Statement of Comprehensive Income.

19. Impairment

Where there is reasonable evidence that the net book value of any asset may exceed its net realisable value, the fair value is determined and an impairment charge is made to reduce the asset value to its net realisable value. If in any subsequent period it is identified that the realisable value of any asset exceeds its carrying value, the carrying value can be increased, but only to the extent of any previous impairment charges, less any depreciation that would have been charged if no impairment charge had been made.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the Year Ended 31 July 2016

	Notes	Year Ended 31 July 2016		Year Ended 31 July 2015	
		£000	£000	£000	£000
INCOME					
Tuition fees and education contracts	1		167,108		161,846
Funding body grants	2		16,086		19,817
Research grants and contracts	3		2,701		2,138
Other income	4		35,449		31,824
Investment income			738		605
			<u>222,082</u>		<u>216,230</u>
New Endowments & Donations	5		36		61
Total Income			<u>222,118</u>		<u>216,291</u>
EXPENDITURE					
Payroll costs excluding pension provision charges		112,970		103,000	
Accrual to maintain pension provisions		<u>3,604</u>		<u>2,795</u>	
Total Staff costs	6		116,574		105,795
Exceptional Restructuring expenses			1,715		882
Total Other Operating expenses	8		67,224		67,086
Total Depreciation and Amortisation	10		17,625		15,179
Interest payable excluding pension financing charges		5,796		5,909	
Pension financing charges		<u>3,002</u>		<u>2,958</u>	
Total Interest and other finance costs	9		8,798		8,867
Total Expenditure	10		<u>211,936</u>		<u>197,809</u>
Surplus/(deficit) before taxes, gains & losses and associated company results			10,182		18,482
Gain/(loss) on disposal of assets			239		427
Share of operating profit/(loss) in associate	16		18		32
Surplus/(Deficit) for the year before Tax			<u>10,439</u>		<u>18,941</u>
Taxation	11		(43)		-
Surplus/(Deficit) for the year after Tax			<u>10,396</u>		<u>18,941</u>
Gain/(loss) on actuarial adjustments	23		(41,179)		(7,503)
Total Comprehensive Income/(expense) for the year			<u>(30,783)</u>		<u>11,438</u>
Surplus/(Deficit) for the year after Tax attributable to:					
Non-Controlling Interest			85		-
University			<u>10,311</u>		<u>18,941</u>
Total Comprehensive Income for the year after Tax attributable to:					
Non-Controlling Interest			85		-
University			<u>(30,868)</u>		<u>11,438</u>

All amounts relate to continuing operations.

STATEMENT OF CHANGES IN RESERVES

For the Year ended 31 July 2016

Consolidated	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
	£000	£000	£000	£000	£000	£000
Balances at 1 August 2014	86	5,968	149,903	155,957	-	155,957
Surplus/(deficit) in Income and Expenditure after Tax	(3)	(195)	19,139	18,941	-	18,941
Surplus/(deficit) in Other Comprehensive Income			(7,503)	(7,503)	-	(7,503)
Released to Unrestricted Reserves		(142)	142	-	-	-
Balances at 31 July 2015	83	5,631	161,681	167,395	-	167,395
Surplus/(deficit) in Income and Expenditure after Tax	(5)	601	9,715	10,311	85	10,396
Surplus/(deficit) in Other Comprehensive Income			(41,179)	(41,179)		(41,179)
Acquisition incl write-back of balance provided for			530	530	123	653
Post acquisition dividend to non-controlling interest			(10)	(10)	5	(5)
Released to Unrestricted Reserves		(145)	145	-		-
Balances at 31 July 2016	78	6,087	130,882	137,047	213	137,260
University	Endowments	Restricted	Unrestricted	Total excluding Non- controlling interest	Non- controlling interest	Total
	£000	£000	£000	£000	£000	£000
Balances at 1 August 2014	86	5,968	149,903	155,957	-	155,957
Surplus/(deficit) in Income and Expenditure after Tax	(3)	(195)	19,139	18,941		18,941
Surplus/(deficit) in Other Comprehensive Income			(7,503)	(7,503)		(7,503)
Released to Unrestricted Reserves		(142)	142	-		-
Balances at 31 July 2015	83	5,631	161,681	167,395	-	167,395
Surplus/(deficit) in Income and Expenditure after Tax	(5)	601	9,626	10,222		10,222
Surplus/(deficit) in Other Comprehensive Income			(41,179)	(41,179)		(41,179)
Acquisition				-		-
Post acquisition dividend to non-controlling interest				-		-
Released to Unrestricted Reserves		(145)	145	-		-
Balances at 31 July 2016	78	6,087	130,273	136,438	-	136,438

BALANCE SHEETS AS AT 31 JULY

	Notes	Consolidated		University	
		31 July 2016 £000	31 July 2015 £000	31 July 2016 £000	31 July 2015 £000
Fixed Assets					
Intangible assets	12	2,885	1,491	2,885	1,491
Tangible assets	13	325,714	327,468	325,044	327,468
Fixed asset investments	14	37	37	201	37
Investments in associated companies	16	-	147	-	147
Total fixed assets		328,636	329,143	328,130	329,143
Current Assets					
Stock		64	90	58	90
Debtors	18	13,494	14,396	13,470	14,396
Investments	17	42,000	37,000	42,000	37,000
Cash at bank and in hand		51,454	42,735	50,390	42,735
Total current assets		107,012	94,221	105,918	94,221
Less: Creditors: amounts falling due within one year	19	(39,170)	(40,579)	(38,587)	(40,579)
Net current assets		67,842	53,642	67,331	53,642
Total assets less current liabilities		396,478	382,785	395,461	382,785
Less: Creditors: amounts falling due after more than one year	20	(124,198)	(127,194)	(124,003)	(127,194)
Provisions:					
Net Pension liability	24	(133,639)	(87,204)	(133,639)	(87,204)
Other Provisions	25	(1,381)	(992)	(1,381)	(992)
Total provisions		(135,020)	(88,196)	(135,020)	(88,196)
Net assets		137,260	167,395	136,438	167,395
Endowment Funds					
Permanent	26	27	27	27	27
Expendable	26	51	56	51	56
Total endowments		78	83	78	83
Restricted Reserves	27	6,087	5,631	6,087	5,631
Unrestricted Reserves		130,882	161,681	130,273	161,681
		137,047	167,395	136,438	167,395
Non-Controlling Interest		213	-	-	-
Total Reserves		137,260	167,395	136,438	167,395

The Financial Statements on pages 26 to 52 were approved by the Board of Governors on 25 November 2016 and were signed on its behalf by:

D LOWEN

Chair of the Board

P SLEE

Vice Chancellor

P HARRISON

Director of Finance

CONSOLIDATED CASH FLOW STATEMENT

For the Year Ended 31 July 2016

Notes	Year Ended 31 July 2016 £000	Year Ended 31 July 2015 £000
Surplus/(deficit) for the year	10,396	18,941
Adjustment for non-cash items:		
Depreciation & Amortisation	17,625	15,179
(Increase)/Decrease in Stock	43	(10)
(Increase)/Decrease in Debtors	3,323	(1,845)
Increase/(Decrease) in Creditors	(3,566)	1,508
Increase/(Decrease) in Pension	2,254	1,460
Increase/(Decrease) in Other Provisions	389	94
Increase/(Decrease) in share of associated company net assets	(18)	(32)
Adjustments for investing and financing activities items:		
Interest Receivable	(738)	(605)
Interest Payable	8,798	8,763
(Gain)/Loss on disposal of fixed assets	(239)	(427)
Capital Grant income	(2,177)	(2,906)
Net cash inflow/(outflow) from operating activities	36,090	40,120
Cash flow used in investing activities		
Proceeds from the disposal of assets	304	1,025
Deferred Capital Grants Received	2,177	2,906
Movement on Deposits	(5,000)	(6,499)
Investment income	609	583
Purchase of Tangible Fixed Assets	(16,794)	(21,900)
Purchase of Intangible Assets	(1,695)	(1,066)
Acquisition of subsidiaries	-	-
Dividends paid to Non-controlling interests	(5)	-
Dividends received from Associated companies	-	5
Total Cash flow used in investing activities	(20,404)	(24,946)
Cash flow used in financing activities		
Interest Paid	(5,692)	(5,687)
New Finance Leases	217	214
New Other interest-free loans	-	1,014
Repayment of amounts borrowed	(1,461)	(1,576)
Capital Element of Finance Lease Rental	(521)	(608)
Other interest-bearing loans repaid	35	-
Other interest-free loans repaid	(176)	(177)
Total Cashflow used in financing activities	(7,598)	(6,820)
Increase/(decrease) in cash in the year	8,088	8,354
Cash and Cash equivalents at beginning of year	42,735	34,381
Cash and Cash equivalents gained from acquisition	631	-
Cash and Cash equivalents at end of year	51,454	42,735

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Tuition fees and education contracts

	Year Ended 31 July 2016 £000	Year Ended 31 July 2015 £000
HE course fees		
<i>Home and EC domicile students</i>		
Full-time undergraduate	140,843	131,121
Full-time postgraduate	5,008	5,038
Part-time undergraduate	2,883	2,936
Part-time postgraduate	3,459	4,000
<i>Overseas (non-EC) domicile students</i>		
Overseas students	12,723	16,299
Sub-total HE course fees	164,916	159,394
Research Studentships	143	103
Short course fees	1,111	1,344
Education contracts UK	394	366
Education contracts overseas	544	639
	167,108	161,846

Note 2. Funding body grants

	Year Ended 31 July 2016			Year Ended 31 July 2015
	HEFCE £000	NCTL £000	Total £000	Total £000
Recurrent grants:				
HEFCE Teaching	3,201	-	3,201	5,969
HEFCE Research	2,169	-	2,169	1,694
HEFCE Widening participation	6,545	-	6,545	6,787
Other funding bodies	-	260	260	922
Higher Education Innovation Fund	1,390	-	1,390	1,521
Specific grants:	344	-	344	18
Releases of deferred capital grants:	2,177	-	2,177	2,906
	15,826	260	16,086	19,817

Grants are mostly received from the Higher Education Funding Council for England [HEFCE] or from the National College for Teaching and Leadership [NCTL] in respect of teacher training.

Note 3. Research grants and contracts

	Year Ended 31 July 2016 £000	Year Ended 31 July 2015 £000
Research councils	132	26
UK based charities	586	553
UK central government, local, health and hospital authorities	1,116	469
UK industry, commerce, public corporations	528	403
EU government bodies	200	303
EU other	5	74
Other overseas	125	273
Other	9	37
	2,701	2,138

Note 4. Other income

	Year Ended 31 July 2016 £000	Year Ended 31 July 2015 £000
Knowledge Services	8,097	4,848
Other Grants receivable	333	562
Residences, catering and conferences	25,004	24,885
Remaining other income	2,015	1,529
	35,449	31,824

The following income is included within the above figures:

Operating lease rentals in respect of Woodhouse Building (Note 13)	159	159
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NOTES TO THE FINANCIAL STATEMENTS

Note 5. Endowment & donations

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£000	£000
New endowments	-	-
Income from restricted donations	24	47
Income from unrestricted donations	12	14
	<u>36</u>	<u>61</u>

Donations are primarily to provide bursaries and prizes for University students.

Note 6. Staff

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£000	£000
Staff costs		
Wages and salaries	93,068	85,818
Social security costs	8,076	7,041
Other pension costs (Note 23)	15,430	12,936
	<u>116,574</u>	<u>105,795</u>

The highest salary paid at 31 July 2016 represented 6.4 times the median pay at that date (2015: 7.9 times).

Emoluments of the Vice-Chancellor

Basic salary	202	-
Benefits in kind	-	-
	<u>202</u>	<u>-</u>
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:	33	-
Total emoluments	<u>235</u>	<u>-</u>

The current Vice-Chancellor, Professor Peter Slee, took up office on 30 September 2015.

Emoluments of the former Vice-Chancellor

Basic salary	46	271
Benefits in kind	-	-
	<u>46</u>	<u>271</u>
University's pension contributions to the Teachers' Pensions Agency, in respect of the Vice-Chancellor:	-	-
Total emoluments	<u>46</u>	<u>271</u>

The former Vice-Chancellor, Professor Susan Price, ended her term in office on 31 August 2015.

Key Management personnel

The Vice-Chancellor's Group are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs paid to this group are as follows:

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£000	£000
	<u>965</u>	<u>936</u>

Compensation for loss of office

Compensation for loss of office, including pension costs and provisions for terminations agreed but not completed before 31 July 2016, paid to former higher paid employees during the year amounted to £nil (2015: £nil). Any pay in lieu of notice is included in the total staff costs and the analysis below.

Remuneration of other higher paid staff, excluding employer's pension contributions

	Year Ended 31 July 2016	Year Ended 31 July 2015
	Number	Number
£100,000 - £109,999	3	1
£110,000 - £119,999	-	2
£120,000 - £129,999	2	1
£130,000 - £139,999	-	1
£140,000 - £149,999	2	2
£150,000 - £159,999	1	-
	<u>8</u>	<u>7</u>

Average full-time equivalent

	Number	Number
Academic staff	1,033	985
Support staff	1,404	1,373
	<u>2,437</u>	<u>2,358</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Governor remuneration

In accordance with the Instrument of Government, the Board of Governors has the power to remunerate the lay Chair and Chairs of Committees and Vice-chairs for their services as Governors. Governors who are also employees or students of the University are not entitled to claim such remuneration. The amounts paid and waived in the period are as follows:

	<u>Year Ended</u> <u>31 July 2016</u>	<u>Year Ended</u> <u>31 July 2015</u>
	£	£
David Lowen	11,250	-
Jean Dent	7,500	-
Bill Hartley	6,000	5,000
Steven Webb	3,750	7,500
Total Remuneration	28,500	12,500
The following Governors waived their entitlements to all or part of their remuneration:	£	£
Bill Hartley	1,500	2,500
Gabrielle Atmarow	7,500	7,500
Total waived	9,000	10,000

Reimbursement of expenses

All Governors are entitled to reimbursement of expenditure incurred directly in attending meetings, provided that the claim is in accordance with the requirements that all senior employees have to meet in order to reclaim expenditure, for example, the production of relevant receipts.

	<u>Year Ended</u> <u>31 July 2016</u>	<u>Year Ended</u> <u>31 July 2015</u>
	£	£
Gabrielle Atmarow	-	79
Mobina Begum	-	188
Ann Bishop	-	382
Jay Malpass Clark	-	153
Jean Dent	-	20
Les Everett	-	30
David Fletcher	922	1,150
Bill Hartley	263	592
David Lowen	697	3,994
Peter Marsh	407	567
Safron Rose	-	153
James Starnes	47	-
Richard Walker	746	91
Steven Webb	-	364
Gill Webber	1,154	1,344
Nick Whittaker	2,357	77
Total reimbursement	6,594	9,187

Note 8. Other operating expenses

	<u>Year Ended</u> <u>31 July 2016</u>	<u>Year Ended</u> <u>31 July 2015</u>
	£000	£000
Student support	4,946	4,546
Teaching support	6,961	6,625
Staff support	8,037	5,720
Rents & Rates	13,763	13,341
Other Facilities management	8,836	9,347
Utilities	3,261	3,684
Equipment	4,348	4,087
Consumables	2,857	2,970
Catering	2,965	2,775
Travel and subsistence	2,829	2,642
Professional services	3,065	5,032
Advertising and marketing	3,589	4,333
Insurance and financial expenses	1,723	1,968
Other expenses	44	16
	67,224	67,086

The following costs are included within the above figures:

External auditors' remuneration for:

University audit services	59	52
Subsidiaries audit services	2	2
Non-audit work	9	9
Internal auditors' remuneration for non-audit work	118	106
Operating lease rentals - buildings	11,358	10,919
Operating lease rentals - Plant & equipment	199	533
Student Union grant	1,194	1,098

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Interest and other finance costs

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£000	£000
Finance charges in respect of Service Concession Agreements and finance leases	4,561	4,598
Finance charges in respect of pension provisions	3,002	2,958
Bank loans not wholly repayable within 5 years	1,234	1,311
Other interest payable	1	-
	8,798	8,867

Service Concession Agreements are secured on residential properties

Note 10. Analysis by activity

	Staff Costs	Re- organisation costs	Other Operating Expenses	Depreciation	Interest Payable	Total
	£000	£000	£000	£000	£000	£000
2015/16 Activity						
Academic departments	68,598	1,178	12,160	1,862	-	83,798
Academic services	13,842	120	6,156	2,259	-	22,377
Research grants and contracts	3,197	1	2,515	67	-	5,780
Residences, catering and conferences	1,917	54	15,314	26	4,480	21,791
Premises	4,241	1	14,162	12,896	-	31,300
Administration	21,334	126	12,536	472	4,315	38,783
Other services rendered	2,229	-	3,831	40	-	6,100
Other	1,216	235	550	3	3	2,007
Total	116,574	1,715	67,224	17,625	8,798	211,936

Tangible Asset depreciation [Note 13]

17,324

Intangible asset amortisation [Note 12]

301

17,625

2014/15 Activity

Academic departments	63,575	320	12,618	1,068	-	77,581
Academic services	13,260	144	6,088	1,286	-	20,778
Research grants and contracts	2,616	-	2,029	68	-	4,713
Residences, catering and conferences	1,822	10	15,715	734	4,494	22,775
Premises	4,197	75	16,007	11,429	-	31,708
Administration	18,106	232	12,672	568	4,373	35,951
Other services rendered	2,219	101	1,957	26	-	4,303
Other	-	-	-	-	-	-
Total	105,795	882	67,086	15,179	8,867	197,809

Tangible Asset depreciation [Note 13]

15,024

Intangible asset amortisation [Note 12]

155

15,179

Note 11. Taxation

Taxation recognised in the Statement of Comprehensive Income and Expenditure relates to current tax liabilities on subsidiaries of the University. There is no significant Deferred Tax liability.

Note 12. Intangible assets

Consolidated and University

	Software Purchased	Assets under development	Total
	£000	£000	£000
Cost			
At 1 August 2015	1,403	637	2,040
Assets brought into use	60	(60)	-
Additions at cost	523	1,172	1,695
Disposals and transfers in Year	-	-	-
At 31 July 2016	<u>1,986</u>	<u>1,749</u>	<u>3,735</u>
Accumulated depreciation			
At 1 August 2015	(549)	-	(549)
Charge for year	(301)	-	(301)
Eliminated on disposals and transfers	-	-	-
At 31 July 2016	<u>(850)</u>	<u>-</u>	<u>(850)</u>
Net book value at 31 July 2016	1,136	1,749	2,885
Net book value at 31 July 2015	854	637	1,491

NOTES TO THE FINANCIAL STATEMENTS

Note 13. Tangible assets

Consolidated	Land	Freehold Buildings	Leasehold Buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2015	34,570	373,190	32,364	43,042	5,299	488,465
Assets brought into use	-	5,299	-	-	(5,299)	-
Additions at cost	-	2,985	-	7,993	4,002	14,980
Disposals and transfers in Year	-	-	-	(13,579)	-	(13,579)
Acquired from acquisition	-	814	-	-	-	814
At 31 July 2016	34,570	382,288	32,364	37,456	4,002	490,680
Accumulated depreciation						
At 1 August 2015	-	(127,196)	(5,904)	(27,897)	-	(160,997)
Charge for year	-	(11,061)	(1,006)	(5,257)	-	(17,324)
Eliminated on disposals and transfers	-	-	-	13,496	-	13,496
Acquired from acquisition	-	(141)	-	-	-	(141)
At 31 July 2016	-	(138,398)	(6,910)	(19,658)	-	(164,966)
Net book value at 31 July 2016	34,570	243,890	25,454	17,798	4,002	325,714
Net book value at 31 July 2015	34,570	245,994	26,460	15,145	5,299	327,468
University						
	Land	Freehold Buildings	Leasehold Buildings	Equipment	Assets under construction	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 August 2015	34,570	373,190	32,364	43,042	5,299	488,465
Assets brought into use	-	5,299	-	-	(5,299)	-
Additions at cost	-	2,985	-	7,993	4,002	14,980
Disposals and transfers in Year	-	-	-	(13,579)	-	(13,579)
At 31 July 2016	34,570	381,474	32,364	37,456	4,002	489,866
Accumulated depreciation						
At 1 August 2015	-	(127,196)	(5,904)	(27,897)	-	(160,997)
Charge for year	-	(11,058)	(1,006)	(5,257)	-	(17,321)
Eliminated on disposals and transfers	-	-	-	13,496	-	13,496
At 31 July 2016	-	(138,254)	(6,910)	(19,658)	-	(164,822)
Net book value at 31 July 2016	34,570	243,220	25,454	17,798	4,002	325,044
Net book value at 31 July 2015	34,570	245,994	26,460	15,145	5,299	327,468

All assets are valued at cost but for Freehold land and buildings at 1 August 2014, the costs used were based on the a 2014 valuation taken as deemed cost. Subsequent additions are at cost. Leasehold Buildings relate to buildings on land not owned by the University and are valued at original cost.

Freehold Buildings includes the capital cost of buildings that are the subject of two Service Concession Agreements [see Note 22]. This is because the buildings are on land that is owned by the University and the buildings will become the property of the university when the agreement ends. The cost of the asset is £93,818,000 [2015: £93,817,000] and the net book value is £57,049,000 [2015: £59,328,000].

During 2015/16 equipment assets were reviewed and were assets could no longer be identified they were eliminated. Nearly all of these had been fully depreciated.

On 30 June 1997 the University entered into a lease, with CVCP Properties plc, for part of the City Site, Woodhouse Building. Under the terms of the lease, which runs for 20 years, CVCP Properties plc is permitted to use the leased premises for educational purposes. The lease has been classed as an operating lease and the rental income is disclosed in note 4, Other Income.

On 30 June 1997 the University entered into an underlease, with CVCP Properties plc, for part of the City Site, Woodhouse Building. Under the terms of the lease, which runs for 20 years (less 3 days), the University is permitted to use the leased premises for educational purposes. The lease has been classed as an operating lease and the rental payments are disclosed in note 31, Financial Commitments.

Heritage Asset comprise one painting "The Golden Trees" by Joash Woodrow. This is valued at £25,000 being the purchase cost and, as a heritage asset, is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS

Note 14. Investments

	Consolidated		University	
	31 July 2016 £000	31 July 2015 £000	31 July 2016 £000	31 July 2015 £000
Fixed asset investments				
Wholly-owned subsidiary companies:				
Leeds Beckett University Enterprises Limited			-	-
Partly-owned subsidiary companies:				
MoreLife Limited [see Note 15]			164	-
MyPeakPotential Limited [see Note 15]			-	-
Other:				
CVCP Properties plc	37	37	37	37
	<u>37</u>	<u>37</u>	<u>201</u>	<u>37</u>

Investments in subsidiaries are explained in Note 15 below.

CVCP Properties plc is an unquoted company, originally set up by the members of Universities UK to finance property acquisition, and the shares are stated at cost. In the Governor's opinion, the market value of the investment is not materially different from the cost at the balance sheet date.

Note 15. Subsidiary undertakings

Leeds Beckett University Enterprises Limited is a wholly owned company limited by guarantee which undertakes consultancy, applied research and conference letting activities. It prepares Financial Statements to 31 July.

MyPeakPotential Limited [MPP] is a company registered in England & Wales which provides accommodation facilities for outdoor activities at its base in Germany. It prepares Financial Statements to 31 December. The University has owned a 30% stake in the company for many years and on 17 May 2016 acquired an additional 4,285 shares giving it a 51% holding. The consideration for this was given by a reduction in a loan originally made to MPP in 2008 by the University, which is being gradually repaid, as the company is now making a consistent profit. However, as this balance had been previously written down by the University, following significant losses being incurred by MPP, the effective consideration was zero. The total net assets acquired were £518,000 excluding the amount owed to the University but amounted to a net liability of £84,000 including the University loan. Goodwill on consolidation of £43,000 has been written down to zero. MPP has been consolidated as at 31 July 2016 based on management accounts made up to that date.

MoreLife Limited [MoreLife] is a company registered in England & Wales which provides services to tackle childhood obesity. It prepares Financial Statements to 31 March. The University owns 45 shares in MoreLife giving it a 50% holding which has been accounted for as an associated company. However, on 9 November 2015 various changes were made to MoreLife's structure which meant that the University subsequently exercised effective control of the company. As a result the University acquired a subsidiary with a 50% share of total net assets of £328,000 at book value, so no goodwill arose. Subsequently the University and MoreLife have collaborated in developing consultancy services together. The results of MoreLife have been consolidated at 31 July 2016 based on management accounts at that date.

The University is a member of the Northern Universities Consortium for Credit Accumulations and Transfer (NUCCAT). NUCCAT is involved in promoting and sharing best practice, staff development, undertaking projects with regards to modularity, credit frameworks and related academic matters. The potential liability of the University is limited to £1 in the event of bankruptcy of NUCCAT.

Note 16. Associated company

The University owned 30% of the 10,000 £1 Ordinary shares issued by MyPeakPotential Limited (MPP), a company registered in England & Wales. MPP provides accommodation facilities for outdoor activities at its base in Germany. MPP prepares Financial Statements up to 31 December. The University has also made loans to MPP at commercial interest rates partly secured against the assets of the business. In 2009/10, very difficult conditions and uncertainty in the property market, led the University to take a very prudent approach and provide for the full amount advanced. MPP trading has stabilised and they continue to repay interest and capital on the loans made. However profits have not yet offset previous losses made so no further income has been recognised in these Financial Statements. On 17 May 2016 the University acquired an additional 4,285 shares giving it a 51% holding. Further details are shown in Note 15.

The University owned 45 shares out of 90 £1 Ordinary Shares issued, a 50% holding, in MoreLife (UK) Limited (MoreLife), a company registered in England & Wales. MoreLife provides services to tackle childhood obesity. The University provided only accommodation and related services. No services were supplied to the University by MoreLife. MoreLife prepares Financial Statements to 31 March and the University's share of MoreLife profits are based on unaudited management accounts. On the 9 November 2015 various changes were made to MoreLife's structure which meant that the University now exercised effective control of the company. Subsequently MoreLife and the University included involvement in a number of contracts to their mutual benefit. Further details are shown in Note 15.

The University acquired 40 shares out of 99 £1 Ordinary Shares issued, a 40% holding, in Rhodes Beckett Limited (Rhodes Beckett), a company registered in England & Wales. Rhodes Beckett provides services to advise organisations and their employees on health and wellbeing matters. The University has sold certain intellectual property to Rhodes Beckett and is a customer of the new business. Rhodes Beckett was formed on 20 November 2013 and prepares Financial Statements to 30 April. The Financial Statements at 30 April 2015 show that the company has made losses while it invests in upgrading its assets and the University holding has been written down accordingly.

	Consolidated and University	
	31 July 2016 £000	31 July 2015 £000
Associated company investment		
Share of net assets at 1 August	147	120
Share of profit/(loss) for the year	18	32
less: Dividends received		(5)
less: transfer to Investments in subsidiaries [Note 16]	(165)	
Share of net assets at 31 July	<u>-</u>	<u>147</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 17. Current Investments

	Consolidated and University	
	31 July 2016	31 July 2015
	£000	£000
Fixed interest deposits	42,000	37,000
	42,000	37,000

The Governors believe that the carrying value of the investments is supported by the underlying net assets.

Note 18. Debtors

	Consolidated		University	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
	£000	£000	£000	£000
Amounts falling due within one year:				
Trade debtors	10,055	10,527	8,675	10,383
Due from group companies				143
Due from associated companies		6	-	6
Prepayments and accrued income	3,325	3,755	4,681	3,864
Due in more than one year	114	108	114	-
	13,494	14,396	13,470	14,396

Note 19. Creditors: amounts falling due within one year

	Consolidated		University	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
	£000	£000	£000	£000
Trade creditors	13,359	13,777	11,945	13,777
Due to group companies			-	-
Due to associated companies companies	-	-	-	-
Loans due in less than one year (Note 21)	2,763	2,781	2,738	2,781
Other taxation and social security	6,125	3,997	5,778	3,997
Accrued liabilities	9,546	12,944	11,812	12,944
Deferred Income	6,400	6,089	5,337	6,089
Interest accrued	977	991	977	991
	39,170	40,579	38,587	40,579

Note 20. Creditors: amounts falling due after more than one year

	Consolidated		University	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
	£000	£000	£000	£000
Loans due in more than one year (Note 21)	96,481	98,498	96,286	98,498
Other creditors due after more than one year	27,652	28,574	27,652	28,574
Taxation due in more than one year	65	122	65	122
	124,198	127,194	124,003	127,194

Note 21. Borrowings

	Consolidated		University	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
	£000	£000	£000	£000
(a) Bank loan				
The bank loan is repayable as follows:				
In one year or less	1,742	1,647	1,734	1,647
Between one and two years	1,829	1,732	1,821	1,732
Between two and five years	4,488	5,105	4,464	5,105
In five years or more	23,332	24,368	23,187	24,368
	31,391	32,852	31,206	32,852

The above bank loan includes £2.347m repayable by instalments falling due between the year end and 2019, secured on a portion of the freehold land and buildings of the University £0.185m repayable by instalments falling due between the year end and 2039, secured on a portion of the freehold land and buildings of a subsidiary

The remaining £28.859m represents amounts drawn down under various terms, on both a fixed and floating interest basis, repayable between the year end and 2035. In August 2016 the University agreed to fix the interest payable rate on all elements of these loans

(b) Finance Lease

	£000	£000	£000	£000
The net obligations to which the University is committed				
In one year or less	188	302	188	302
Between one and two years	185	164	185	164
Between two and five years	42	78	42	78
In five years or more	1	1	1	1
	416	545	416	545

These leases principally relate to office equipment and vehicles.

NOTES TO THE FINANCIAL STATEMENTS

Note 21. Borrowings continued

(c) Service Concession Arrangements	£000	£000	£000	£000
The net obligations to which the University is committed				
In one year or less	512	402	512	402
Between one and two years	631	512	631	512
Between two and five years	2,708	2,289	2,708	2,289
In five years or more	62,011	62,963	62,011	62,963
	<u>65,862</u>	<u>66,166</u>	<u>65,862</u>	<u>66,166</u>

These loans are repayable between the year-end and 2035 and are secured on the University's student accommodation [see Note 22].

(d) Other interest-bearing loans	£000	£000	£000	£000
The net obligations to which the University is committed				
In one year or less	17	-	-	-
Between one and two years	18	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	-	-
	<u>35</u>	<u>-</u>	<u>-</u>	<u>-</u>

These loans are from shareholders of a subsidiary to that subsidiary and are repayable over the next two years.

(e) Other interest-free loans	£000	£000	£000	£000
The net obligations to which the University is committed				
In one year or less	304	430	304	430
Between one and two years	402	430	402	430
Between two and five years	634	656	634	656
In five years or more	200	200	200	200
	<u>1,540</u>	<u>1,716</u>	<u>1,540</u>	<u>1,716</u>

These are interest-free, unsecured loans to support improving the University's sustainable use of resources.

Note 22. Service Concession Arrangements

The University has two contracts in respect of student accommodation which are reported as Service Concession Arrangements. These have always been shown as a fixed asset included under freehold land & buildings [see Note 13], as the buildings are on land owned by the University, with a corresponding liability shown as borrowings [see Note 21(c)]. The contract also provides for a facilities management charge which is subject to annual adjustment in respect of inflation. The total payments are scheduled to increase each year reflecting expected increases in the University's income.

During 2005/6 the University entered into a finance lease agreements with UPP Leeds Metropolitan Limited covering three student halls of residence comprising 1,559 bedrooms, which provided additional finance for the University's development. The company is responsible for managing and operating the halls of residence in close co-operation with the University. Under the terms of the leases the University retains the freehold interest and the three properties revert back to the University at the end of the thirty year term.

In 2009/10 the University entered into a 35 year lease agreement with UPP Leeds Metropolitan 2 Limited to finance the building of the Carnegie Village student accommodation comprising 475 beds on the Headingley campus. This also included a similar arrangement to manage and operate the residences in close co-operation with the University.

The total amounts committed under the agreement and the maintenance commitment are shown below. These exclude inflation on the maintenance costs, which depends on the RPI index and reviewed annually.

	Consolidated and University			
	Gross Payments		Maintenance costs	
	31 July 2016	31 July 2015	31 July 2016	31 July 2015
	£000	£000	£000	£000
In one year or less	8,189	8,133	3,346	3,346
Between two and five years	33,941	33,447	13,385	13,385
In five years or more	187,607	193,412	69,515	72,861
Total payable	<u>229,737</u>	<u>234,992</u>	<u>86,246</u>	<u>89,592</u>
less future Facility Maintenance costs	(86,246)	(89,592)		
less future Financing costs	<u>(77,629)</u>	<u>(79,234)</u>		
Net borrowing [Note 21c]	<u>65,862</u>	<u>66,166</u>		

NOTES TO THE FINANCIAL STATEMENTS

Note 23. Pension costs

This note deals primarily with the cost of pensions. Note 25 below explains the pension provisions held in the Balance Sheet. The three principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS) which are externally funded and contracted out of the State Earnings-Related Pension Scheme.

The LGPS is regulated by statute, with separate regulations for (a) England & Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. The LGPS is a funded scheme, with some 100 separate funds administered locally by administering authorities. Each fund has many employing authorities. The City of Bradford Metropolitan District Council is the administering authority for the West Yorkshire Pension Fund (WYPF), i.e. the LGPS local fund. The metropolitan councils in West Yorkshire, and other bodies, for example the University, are employing bodies within the WYPF. The WYPF is a funded defined benefit scheme.

The University reports pension costs in accordance with Financial Reporting Standard 17 (FRS17): Retirement Benefits requiring detailed disclosures for defined benefit schemes. The TPS and USS are multi-employer schemes for which it is not possible to identify assets and liabilities to institutional members and are therefore accounted for as if they were defined contribution schemes.

The total pension cost for the University, and its subsidiary companies, was:

	Year Ended 31 July 2016	Year Ended 31 July 2015
	£000	£000
Costs of TPS	(6,844)	(5,596)
Costs of USS	(652)	(812)
Costs of WYPF (See below)	(7,838)	(6,526)
Other pension costs and accruals	(96)	(2)
Total pension cost (Note 6)	<u>(15,430)</u>	<u>(12,936)</u>

The number of staff who are members of the various schemes are as follows:

	Number	Number
TPS	1,302	1,301
USS	63	50
WYPF	1,432	1,366
	<u>2,797</u>	<u>2,717</u>

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These apply to teachers in schools and other educational establishments in England & Wales maintained by local authorities, to teachers in many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic 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.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. The teachers' contributions and employers' contributions are credited to the Exchequer under arrangements governed by the above Act.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

With effect from 1 April 2015 the scheme is changing to a career average basis with some protection for employees who were active before 1 April 2012. Employee contributions are on a tiered structure. The rates currently vary as follows (with the previous rates shown in brackets): from 7.4% (6.4%) on salaries up to £25,999pa (£14,999pa) to 11.7% (12.4%) on salaries over £75,000pa (£100,000pa). The employers contribution is 16.48% from 1 September 2015, (previously 14.1%), which includes 5.6% to meet the shortfall in the fund over the next fifteen years.

There was a balance of £933,000 owing by the University as at 31 July 2016 (2015: £811,000 owed by the University).

Universities Superannuation Scheme (USS)

The Universities Superannuation Scheme (USS) is a defined benefit scheme which is contracted out of the States Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee acting on actuarial advice.

Because of the mutual nature of the scheme, the institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting year. However, the obligation to make additional contributions to the reduction of the scheme deficit has been provided for and is included on the Balance Sheet as part

Since the 31 March 2016 the University's contribution rate was 18.0% [previously 16.0%] including 1.3% as a contribution towards the scheme deficit. The employees' contribution rate is 8.0% [previously 7.5%]. The final salary provision ceased as at 31 March 2016 with members transferring to the career average provision, with the provision limited from 1 October 2016 to a salary threshold of £55,000. Above this level, members will be able to contribute to a defined contribution scheme.

There was a balance of £64,000 owing to the USS by the University as at 31 July 2016 (2015: £nil).

NOTES TO THE FINANCIAL STATEMENTS

Note 23. Pension costs continued

West Yorkshire Pension Fund (WYPF)

The actuaries to the WYPF completed a valuation of the Fund as at 31 March 2013 in accordance with the Regulations governing the LGPS. The results of the valuation were set out in the Rates and Adjustments Certificate dated 13 January 2014. Based on that valuation, the required employer contribution rate for the University was set at 11.8% (previously 11.5%) of pensionable remuneration per annum, from 1 April 2014 to 31 March 2017. In addition an additional sum of £415,000 in 2014/15, increasing annually to £655,000 in 2016/17, is to be paid and additional contributions will be required in respect of the costs arising from non-ill health early retirements prior to age 60 occurring in the period of the Rates and Adjustments Certificate. The 2013 valuation was carried out using the projected unit actuarial method.

During the year, the University's contribution rate was 11.8% (11.5% to 31 March 2014). The employees' contribution rate ranged from 5.5% to 12.5%. The expected current service cost for 2015/16 is £7.424m. There was a balance of £601,000 owing by the University as at 31 July 2016 (2015: £562,000).

Reconciliation of funded status to balance sheet		
	Value as at 31 July 2016 £m	Value as at 31 July 2015 £m
Fair value of assets	196.355	174.681
Present value of liabilities	(313.974)	(246.764)
Net pension asset / (liability) (Note 24)	<u>(117.619)</u>	<u>(72.083)</u>

Analysis of income and expenditure charges		
	Year ending 31 July 2016 £m	Year ending 31 July 2015 £m
Current service cost	(7.892)	(6.540)
Past service cost charged in staff costs	(0.103)	(0.059)
Total included under Staff costs	(7.995)	(6.599)
less contributions already charged	4.595	4.281
Payroll accrual to maintain current service costs per FRS17	<u>(3.400)</u>	<u>(2.318)</u>
Interest cost	(8.824)	(8.902)
Expected return on assets	6.321	6.510
Interest Expense recognised	<u>(2.503)</u>	<u>(2.392)</u>
Total credit/(charge)	<u>(5.903)</u>	<u>(0.762)</u>

Analysis of gains and losses recognised in Consolidated Statement of Comprehensive Income and Expenditure		
	Year ending 31 July 2016 £m	Year ending 31 July 2015 £m
Asset gains/(losses)	13.645	8.288
Liability gains/(losses)	(53.840)	(15.493)
Total gain/(loss) in SOCI	<u>(40.195)</u>	<u>(7.205)</u>

Changes to the present value of liabilities during the accounting year		
	Year ending 31 July 2016 £m	Year ending 31 July 2015 £m
Current service cost	7.892	6.542
Interest cost	8.824	8.902
Contributions by participants	2.602	2.402
Actuarial (gains) / losses on liabilities	53.840	15.493
Net benefits paid out	(6.051)	(4.996)
Past service cost	0.103	0.059
Net increase/(decrease) in liabilities	<u>67.210</u>	<u>28.402</u>
Opening present value of liabilities	246.764	218.362
Closing present value of liabilities	<u>313.974</u>	<u>246.764</u>

Changes to the fair value of assets during the accounting year		
	Year ending 31 July 2016 £m	Year ending 31 July 2015 £m
Expected return on assets	6.321	6.510
Actuarial gains / (losses) on assets	13.645	8.288
Actual return on assets	<u>19.966</u>	<u>14.798</u>
Contributions by the employer	5.157	4.725
Contributions by participants	2.602	2.402
Net benefits paid out	(6.051)	(4.996)
Net increase/(decrease) in assets	<u>21.674</u>	<u>16.929</u>
Opening fair value of assets	174.681	157.752
Closing fair value of assets	<u>196.355</u>	<u>174.681</u>

NOTES TO THE FINANCIAL STATEMENTS

Note 23. Pension costs continued

Assumptions

The latest actuarial valuation of the University's liabilities took place as at 31 March 2013. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS17 purposes were:

Principal financial assumptions		
	31 July 2016	31 July 2015
Percentage rates per annum:		
Discount rate	2.40%	3.60%
CPI inflation	1.80%	2.10%
Rate of increase to pensions in payment	1.80%	2.10%
Rate of increase to deferred pensions	1.8%	2.10%
Rate of general increase in salaries (Based on an average over expected working lives)	3.20%	3.44%
The assumed life expectations of members are as follows:		
Members aged 65 at Accounting Date:		
Males	22.7	22.6
Females	25.6	25.5
Members aged 45 at Accounting Date:		
Males	24.9	24.8
Females	28.0	27.8

Asset allocation		
	Asset split at 31 July 2016 (%)	Asset split at 31 July 2015 (%)
Equities	75.1	75.9
Property	4.8	4.5
Government bonds	11.2	10.4
Corporate bonds	4.2	4.6
Cash	1.4	1.5
Other	3.3	3.1
Total	100.0	100.0

Note 24. Provisions for pensions

	Consolidated and University			Total
	Defined Benefit Pensions	Unfunded Pensions	USS Deficit payments	
	£000	£000	£000	£000
At 1 August 2014	60,610	14,280	393	75,283
Charged under Staff Costs	6,543	-	475	7,018
Charged under Reorganisation Costs	58	71	-	129
Expenditure in year	(4,725)	(899)	(63)	(5,687)
Charged under Finance Costs (Note 9)	2,392	554	12	2,958
Charged under Actuarial (gains)/losses	7,205	298	-	7,503
At 31 July 2015	72,083	14,304	817	87,204
Charged under Staff Costs	7,892	165	204	8,261
Charged under Reorganisation Costs	103	-	-	103
Expenditure in year	(5,157)	(915)	(38)	(6,110)
Charged under Finance Costs (Note 9)	2,503	485	14	3,002
Charged under Actuarial (gains)/losses	40,195	984	-	41,179
At 31 July 2016	117,619	15,023	997	133,639

The Defined Benefit Pension provision relates to benefits provided by our Local Government Pension Scheme [LGPS], which is administered by the West Yorkshire pension Fund [WYPF]. Details of this provision and the other Defined Benefit Schemes that the University offers to staff are set out in Note 23.

Unfunded pensions are provided for where the University agrees to pay a pension in addition to the normal scheme entitlements at the time, for example in certain instances of redundancy. The provision estimate is calculated by our actuaries, Aon Hewitt, based on the expected life of the obligation and discounted at a rate appropriate to this year. The assumptions used are similar to those used in calculating the LGPS provision and are set out in Note 23.

The USS Deficit payment provision relates to the obligation that the University has undertaken to make an additional contribution of 1.3% of relevant payroll costs, that are expected to eliminate the current deficit on the USS pension scheme, details of which are set out in Note 23. These additional payments are planned to continue until 2031, assume pay increases of between 2.6% and 3.3% [2015: 2.5%-3.6%] and a discount rate of 1.76% [2015: 3.02%].

NOTES TO THE FINANCIAL STATEMENTS

Note 25. Other Provisions

	Consolidated and University	
	31 July 2016	31 July 2015
	£000	£000
Liability for costs of restoration of leasehold properties on termination:		
At 1 August	992	898
Expenditure in the year	(24)	-
Charged in income and expenditure account	413	94
At 31 July	1,381	992

Note 26. Endowments

	Consolidated and University		
	Permanent Restricted	Expendable Restricted	Total
	£000	£000	£000
At 1 August 2014	27	59	86
New Endowments	-	-	-
Interest for year	-	1	1
Direct expenditure for year	-	(4)	(4)
At 31 July 2015	27	56	83
New Endowments	-	-	-
Interest for year	-	1	1
Direct expenditure for year	-	(6)	(6)
At 31 July 2016	27	51	78

Endowment funds are held with the University's Current Investments. Their purpose is primarily to provide bursaries and prizes for University students.

Note 27. Restricted Reserves

	Consolidated and University			
	Capital Grants	Revenue Grants	Donations	Total
	£000	£000	£000	£000
At 1 August 2014	5,291	656	21	5,968
New grants and donations	-	1,527	47	1,574
Interest for year	-	-	-	-
Direct expenditure for year	-	(1,737)	(32)	(1,769)
Released to Unrestricted Reserves	(142)	-	-	(142)
At 31 July 2015	5,149	446	36	5,631
New grants and donations	-	1,873	24	1,897
Interest for year	-	-	-	-
Direct expenditure for year	-	(1,264)	(32)	(1,296)
Released to Unrestricted Reserves	(142)	(3)	-	(145)
At 31 July 2016	5,007	1,052	28	6,087

NOTES TO THE FINANCIAL STATEMENTS

Note 28. Related Party Disclosures

The University has taken advantage of the disclosure exemption under FRS102, which applies to transactions and balances between wholly-owned subsidiaries.

Members of the Board of Governors are required to declare any outside interests. When an item arises in which a member has a pecuniary, business, family, or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it.

Due to the nature of the University's operations and the composition of the Board of Governors (many of whom are involved with other local public and private sector organisations), there are transactions with organisations in which a member of the Board of Governors or senior staff, or those closely connected to them, may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations. All transactions totalling more than £1,000 are summarised below by organisation and the relevant governor or staff member:

Organisation	Name and position held	University Income		University Expenditure		Balance owed to/ (owing by) University £'000
		£'000	in respect of	£'000	in respect of	
Ashville College	Ms K Bashforth - Governor	1	Tuition fees	1	Franchising	
Bettys & Taylors Group Ltd	Mr A Brown - Managing Director	3	Tuition fees			
Council for the Advancement and Support of Education	Professor P Slee - Provides services to			1	Books, journals	
European Association for International Education	Mr A Disbury - Board Member			3	Advertising	
Fullneck School	Dr B El-Haddadeh - Governor	1	Course fees			
Julie Maughan Limited	Ms J Maughan - Director			45	Agency staff	
Kier Group Plc	Ms K Bashforth - Non-Executive Director	1	Fundraising income			
Leeds Beckett Students' Union	Mr J Malpass - Clark - President	17	Facilities hire	1,194	Grants	3
	Mr J Murray - President					
	Mr J Starnes - Vice President					
	Ms M Robinson - Vice President					
Leeds Beckett Students' Union Trading Limited	Mr J Murray - Director			4	Catering services	
	Mr J Starnes - Director					
Leeds Carnegie Rugby Club	Professor P Smith - Board Member	66	Research studentships	10	Teaching services, Hospitality	9
Leeds Community Healthcare NHS Trust	Professor I Ellis - Non-Executive Director	12	Facilities hire	1	Agency staff	
Leeds Rugby Foundation	Ms D Green -	1	Facilities hire	1	Teaching services	
The Northern Consortium UK	Mr A Disbury - Trustee	8	Tuition fees	40	Student recruitment	
Premier Farnell Plc	Mr S Webb - Company Secretary & General Counsel	46	Research grants, Knowledge services income	110	Communications equipment, Building repairs and maintenance	(10)
PSL Enterprises Ltd	Ms J Dent - Trustee			53	Subscription fees	(3)
	Ms D Green - Trustee					
Royal Television Society	Mr D Lowen - Director			3	Subscription fees	
Society of College, National & University Libraries	Ms J Norry - Executive Board Member			4	Subscription fees	

NOTES TO THE FINANCIAL STATEMENTS

Note 28. Related Party disclosures continued

Organisation	Name and position held	University Income		University Expenditure		Balance owed to/ (owing by) University
		£'000	in respect of	£'000	in respect of	
UK Council of Deans of Health	Professor I Ellis - Chair	7	Staff development, Subscription fees			(6)
Unipol	Ms P Preston - Trustee			197	Rents and rates, Subscription fees	
	Ms J Share - Trustee					
Unison Leeds Beckett Branch	Ms M Begum - Chair	(1)	Admin charges			
Unite Plc	Mr R Walker - Shareholder			488	Rents and rates	
University of Bolton	Professor P Marsh - Emeritus Professor	2	Tuition fees			2
Wakefield College	Professor R Pickford - Governor	12	Educational services			
YHMAN Limited	Dr B El-Haddadeh - Director	267	Dividend on winding up of company			
Yorkshire County Cricket Club	Professor P Smith - Director	216	Facilities hire	325	Building developments and sponsorship	119
Yorkshire Universities	Professor A Slade - Chair of Management Committee			26	Subscription fees	

NOTES TO THE FINANCIAL STATEMENTS

Note 29. NCTL Training bursaries

Training bursaries have been provided in the year in order that eligible post-graduate trainee teachers can receive their entitlement to a tax-free bursary whilst they train.

	31 July 2016	31 July 2015
	£	£
Amount held in creditors due within one year at 1 August	(10,850)	1,850
Funding body grants		
Training bursaries	<u>679,615</u>	<u>302,000</u>
	679,615	302,000
Expenditure		
Training bursaries	<u>(644,500)</u>	<u>(314,700)</u>
	(644,500)	(314,700)
Amount held in (Debtors)/Creditors due within one year at 31 July	<u>24,265</u>	<u>(10,850)</u>

Note 30. Capital commitments

	Consolidated and University	
	31 July 2016	31 July 2015
	£000	£000
Commitments contracted at 31 July but not provided for	<u>9,169</u>	<u>6,835</u>

Note 31. Financial commitments

	Consolidated and University	
	31 July 2016	31 July 2015
	£000	£000
At 31 July the University had future minimum lease payments due under operating leases as follows:		
Land and buildings		
Not later than one year	11,214	7,149
Later than one and not later than five years	22,867	23,322
Later than 5 years	<u>28,915</u>	<u>32,713</u>
	62,996	63,184
Other		
Not later than one year	35	62
Later than one and not later than five years	<u>5</u>	<u>46</u>
	40	108

Note 32. Accounting estimates and judgements

The material accounting estimates and judgements applied in these accounts relate principally to the pension provisions made and also to amounts provided for bad debts, reinstatement of alterations to leasehold properties on termination and the lives estimated for fixed assets.

Assumptions relating to the pension provisions made and, in particular, in respect of the funded LGPS scheme with WYPF, are set out in Note 23. In making these judgements the University has taken note of advice from Aon Hewitt Limited, who prepared calculations of the provisions. The calculations of the WYPF provision is sensitive to the choice of discount rate and the estimate of changes to salaries, pensions and mortality. A change of 0.1% in discount rate would change the provision made by around £6.5m; a change in the rate of salary increase of 0.1% would change the provision made by around £1.8m; a change in the rate of pension increase of 0.1% would change the provision made by around £4.8m; and a change one year in mortality would change the provision made by around £9.3m. Changes in these assumptions would also affect the projected annual service cost by up to £4.0m in the case of the mortality assumption.

Debtors are reviewed annually and amounts which are deemed to be irrecoverable are written off, subject to approval of the Board of Governors. Remaining balances at the year-end are then reviewed on the basis that amounts that appear to be more than twelve months overdue are provided for. This is adjusted for specific circumstances, including adding in accounts that are less than twelve months overdue but are demonstrably not recoverable, and reduced by a percentage estimated to be recoverable for some groups of overdue debt.

Where leases of property require that property to be handed over in a certain condition at the end of the lease, the value of alterations made is estimated and a proportion of this used as the amount likely to be required for reinstatement. This provision is then built up evenly over the life of the lease but is reviewed annually and re-estimated as properties approach the end of each lease, with advice provided by the University's estates management team and their professional advisors.

Depreciation is based on the estimated life of the asset and, additionally buildings are depreciated based on their individual components, both for new buildings and where a valuation was used as deemed cost for the conversion to FRS102. The information used to identify different components and their costs is based on advice from the University's professional advisors. For alterations to existing buildings and other assets the colleagues who are responsible for proposing and managing the project provide the relevant advice and estimates.

NOTES TO THE FINANCIAL STATEMENTS

Note 33. Transition to FRS102 and the 2015 SORP

These are the University's first financial statements prepared in accordance with Financial Reporting Standard 102 and the Higher Education 2015 Statement of Recommended Practice. The Accounting Policies set out on page 26 have been applied in preparing the Financial Statements for the year ended 31 July 2015. The University has made adjustments to those amounts previously reported in the Financial Statements in accordance with the previous basis of accounting, the 2007 SORP. The impact of these changes on the University's financial position, financial performance and cash flows is set out in the following notes.

As well as the impact of the specific changes in FRS102, the review of accounting policies and their application has identified two areas where it has been considered appropriate to revise the previous accounting treatment.

Firstly in applying a component based calculation of depreciation it was realised that the expected useful lives of the University's buildings had been taken to be the maximum life of those buildings rather than one which provided an average life weighted according to the life of each building's various components. Consequently the depreciation charged had been significantly lower. A revised calculation resulted in a write-down of £20.840m.

Secondly the finance cost of two finance leases relating to University accommodation had not been calculated using a constant rate over the life of the lease. As a result the finance charges had been lower than if a constant rate had been applied and the capital repayments higher by £5.553m at 1 August 2014 because the agreement involved continually increasing payments over the life of the lease.

Financial Position	1 August 2014		31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total Reserves under 2007 SORP	162,323	162,323	176,643	176,641
Corrections to prior year identified during implementation of FRS102:				
Additional depreciation due to re-assessment of building lives	(20,840)	(20,840)	(20,840)	(20,840)
Recalculation of finance lease interest	(5,553)	(5,553)	(6,474)	(6,474)
	<u>135,930</u>	<u>135,930</u>	<u>149,329</u>	<u>149,327</u>
Changes as a result of implementing FRS102:				
Reclassification of Deferred Capital Grants	23,927	23,927	24,860	24,860
Recognition of liability for deficit contributions to USS	(393)	(393)	(817)	(817)
Change in calculation of WYPF liabilities				
Recognition of liability for Holiday Pay provision	(3,548)	(3,548)	(2,687)	(2,687)
Adjustment to Fixed Assets previously dealt with as a revaluation	(257)	(257)	(257)	(257)
Additional Depreciation from introducing a componentised calculation			(3,428)	(3,428)
Adjustment to Fixed Assets re finance leases recognised	666	666	467	468
Adjustment to Liabilities re finance leases recognised	(736)	(736)	(546)	(545)
Transfer Endowments	369	369	474	474
Total Reserves under 2015 SORP	<u>155,958</u>	<u>155,958</u>	<u>167,395</u>	<u>167,395</u>

Financial Performance	Year ended 31 July 2015	
	Consolidated £'000	University £'000
Surplus for the year under 2007 SORP	25,792	25,792
Recalculation of finance lease interest	(920)	(920)
Changes as a result of implementing FRS102:		
Reclassification of Deferred Capital Grants	1,276	1,276
Recognition of liability for deficit contributions to USS	(424)	(424)
Change in calculation of WYPF liabilities	(3,950)	(3,950)
Recognition of liability for Holiday Pay provision	860	860
Changes to Depreciation calculation	(3,685)	(3,685)
Recognition of financing leases - additional depreciation	(412)	(412)
Recognition of financing leases - additional financing costs	(104)	(104)
Recognition of financing leases - lower Other Operational Expenditure	508	508
Impact of FRS102	<u>(5,931)</u>	<u>(5,931)</u>
Surplus for the year under 2015 SORP	<u>18,941</u>	<u>18,941</u>

Cash Flows

The only impact of the transition to FRS102 on the cash flows of the University or the Group is the reclassification of some current investments to cash and cash equivalents