



UNIVERSITY OF LEEDS

Annual Report
and Accounts
2010/11



By 2015 our distinctive ability to integrate world-class research, scholarship and education will have secured us a place among **the top 50 universities in the world.**

Review of the year

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‘Our financial reserves are healthy and we can feel confident that our hard work has brought us to a position that allows us to invest appropriately in our student experience and support, academic activity, strategic development, buildings and infrastructure.’

Professor Michael Arthur
Vice-Chancellor



‘The new Partnership between students and staff is timely and hugely relevant. It crystallises expectations for all concerned, clearly setting out roles and responsibilities, and will be of great benefit to the institution as it becomes embedded in our culture.’

World league table position
(rolling three-year average)

2011	92nd
2010	96th
2009	94th

Introduction

This has been a year in which colleagues have had to face and overcome many challenges. In doing so, the foundations of several key projects have been laid which will have a profound and positive effect on the future of the University of Leeds.

Staff throughout the University addressed the implications of the new funding regime, not just for themselves, but for colleagues, students, parents and the general public. A comprehensive package of financial support and outreach activities to encourage students from disadvantaged backgrounds to study at the University was at the heart of our proposal to set home and EU undergraduate tuition fees at £9,000 a year from 2012. Setting these fees was not an easy decision to make, but it was the right one.

The full implications of the new funding arrangements are yet to be felt, but strong financial management and improved efficiency has put us in the best possible position to face the future. Our financial reserves are healthy and we can feel confident that our hard work has brought us to a position that allows us to invest appropriately in our student experience and support, academic activity, strategic development, buildings and infrastructure.

The new Partnership between students and staff is timely and hugely relevant. It crystallises expectations for all concerned, clearly setting out roles and responsibilities, and will be of great benefit to the institution as it becomes embedded in our culture.

The commitment of our staff to improving the student experience has begun to pay off, with pleasing results in the National Student Survey (NSS) – where we are now ranked joint 10th in the Russell Group (RG) – up eight places from last year – and joint 46th in the UK, up 29 places. We also remain in the top 100 of the QS World University Rankings and hold our RG position in this table.

There was more good news from the Destinations of Leavers from Higher Education survey, which showed that 93% of our 2010 graduates were in employment or further study six months after graduation. The number in graduate-level jobs increased to 73% – up 7% on the previous year. We are also amongst the top ten ‘most-targeted’ universities by the UK’s leading graduate employers, according to the 2011 High Fliers’ survey. These results mean that our graduates can face the future with confidence.

Investing in student education

The new Partnership is just one of the important further steps we have made this year, developing projects and initiatives that will have a significant impact on improving the experiences of our students and staff.

We have introduced an Employability Strategy that will help students to make well-informed decisions about their career choices; to plan their careers earlier and more effectively, informed by their acquisition of relevant skills and attributes; and to compete successfully in the recruitment market.

Translating excellent research and scholarship into learning opportunities for students is an objective which lies at the heart of the University’s strategy. The Curriculum Enhancement Project, launched this year, supports this objective and is consulting widely on how to develop a curriculum for 2013 which builds on our strengths, recognising the value of a research-intensive education and the variety of choice promoted through the breadth of curricular and co-curricular opportunities.

A review of student services has been initiated to ensure that consistent and efficient support processes and structures for students and academic staff are provided across the whole University.

‘Our Reach for Excellence and Access to Leeds programmes are both flourishing and are key components of the University’s new Access Agreement and the Educational Engagement Strategy.’

Encouraging results from the 2011 NSS showed that 86% of our students say they were satisfied with their experience at Leeds – an increase of 4% on last year. We improved in all six question categories, with a 4% increase in our scores for both overall satisfaction and assessment and feedback. As a result, our ranking position in both the overall table and within the RG improved; in the latter, we are now placed in the top 10.

Leeds for Life continues to be embedded across the University, with over 50% of students now using the website to support their personal tutorials. This year saw the Leeds for Life Foundation, supported by our alumni, award a total of £28,000 to individuals and groups from more than 20 schools to support over 60 student-led volunteering projects. The Leeds Students in Free Enterprise (SIFE) team received a national award for their volunteering activities, and the University won the SIFE Community Engagement Award for its commitment to community work and volunteering.

This year we worked with over 49,000 young people and over 1,100 adults from 350 schools, colleges and community settings to raise their aspirations and achievement. Our Estimating Impact Model, which we use to monitor our progress, has been identified by the Higher Education Funding Council for England (HEFCE) as best practice. The Model has shown that we have had a very positive effect on the aspirations of students from disadvantaged backgrounds to take part in higher education. Some 68% of participants reported they are now more likely to aim for university and 53% of participants decided to apply to University of Leeds courses. The year has also seen generous support in widening participation outreach and scholarship programmes by our alumni.

Our Reach for Excellence and Access to Leeds programmes are both flourishing and are key components of the University’s new Access Agreement and the Educational Engagement Strategy. Both strategies set out how we will support the recruitment of the best students regardless of background, and are underpinned by direct engagement with schools, colleges, young people and adult learners.

883

new research awards totalling £126m

Research impact

Across campus there are many examples of great research feeding into excellent education. Four new Transformation Fund projects were approved, bringing the total to nine. The new projects – the Centre for Integrated Energy Research; Building Sustainable Societies; the Culture, Society and Innovation Hub; and Impact and Innovation in the Arts and Humanities – will make important contributions to the breadth and reputation of the University’s research portfolio.

We received 16 awards each with a value of £1m or more in 2010/11. They included £8m from the UK government to COMDIS Health Systems Delivery, a research programme consortium led by the University’s Nuffield Centre for International Health and Development, to improve the health and lives of millions of people in some of the world’s poorest countries. A £3m funding boost was also received by the Innovation and Knowledge Centre in Regenerative Therapies and Devices, to help realise its mission to bring together world-class experts to accelerate the commercial development of new medical technology products and services.

Our research continues to have significant, lasting impact. Examples include Timescapes, the first major qualitative longitudinal study exploring how personal and family relationships develop and change over time, and our contribution to global sustainability, an achievement celebrated in a publication highlighting our projects, *10 Ways to a More Sustainable World*.

There has been a 4.5% increase in postgraduate research (PGR) student numbers, with the efforts of the research and learning and teaching communities helping to maintain the quality of students and improve the PGR experience.

Research grant income per academic FTE

2010/11	£89,000
2009/10	£82,000
2008/09	£78,000

‘The innovative work of our academics and students continues to be recognised both nationally and internationally.’

Our commitment to our researchers was recognised with an HR Excellence in Research badge from the European Commission. The University’s inaugural PGR Showcase conference attracted an audience of over 200 academics, with research students from all faculties presenting on a diverse range of subjects.

The creation of the new integrated office for Research and Innovation Services will help ensure we develop and exploit our strengths and research excellence and reinforce the University’s ambition to achieve a world-leading research profile. Considerable progress has been made towards delivering an integrated approach, including a new Strategy for Research, Innovation and Impact.

The University has been awarded the maximum allocation from the Higher Education Innovation Fund of nearly £3m per annum for the next four years. The majority of the funding is to be utilised to support the Sector Hub strategy, where seven core sectors have been identified that have unique capabilities in research and innovation that align with external market demand. The Sector Hubs will further facilitate the development of these areas and maximise impact.

Attention on improving the quality of outcomes and impact of the University’s research has continued, with focus on volume and quality in preparation for the upcoming Research Excellence Framework (REF) evaluation. Preparation for inclusion of new elements of the REF exercise is under way, building on our experience of participation in HEFCE’s impact pilot studies.

Enterprise and innovation

The University has 33 active spin-out companies and this year their total value has risen to an estimated £160m. It is especially pleasing that many of these companies are Yorkshire-based, bringing employment and economic growth to the region.

A healthy percentage of our academics continue to be involved in applied research or consultancy, with an estimated annual contract value of £59m – an increase of 9% on last year.

The new Leeds Enterprise Centre (LEC) was formally opened, providing students with an exceptional research-led enterprise experience. The LEC is the focal point for enterprise education on campus and provides teaching and activities from staff, enterprise ambassadors, student interns and visitors. The Centre’s resources are open to all our staff and students.

The innovative work of our academics and students continues to be recognised both nationally and internationally. The first national Climate Week Awards named Xeros – a washing machine designed by a University spin-out company – as the ‘Best Technological Breakthrough’ for the unique way that it cleans clothes using hardly any water. The Awards are the centrepiece of Climate Week, which recognises the best of what Britain has to offer in combating climate change. A team based in our Faculty of Engineering won the THE’s Outstanding Contribution to Innovation and Technology Award for its μ Mist™ technology. Research based on a beetle, which sprays its predators with toxic steam, resulted in technology with the potential to become the platform for the next generation of more effective and eco-friendly mist carrier systems.

Our relationships and partnerships with other higher education institutions and organisations continue to grow stronger. This year the University took part in a successful pilot for *10,000 Small Businesses*, a project devised by Goldman Sachs in partnership with Leeds University Business School and Saïd Business School, University of Oxford. Its overall goal is to give promising businesses the tools and the networks they need for growth, to help unlock their economic growth and job-creation potential. The University has been active in implementing its strategy to create and develop corporate partnerships – other examples of recent successes in this area include Arup, Marks & Spencer, Opera North and Sinochem.

‘The University remains one of the largest recruiters of international students in the UK. In the last year we have seen a 9% increase in the number of international students, with around 2,550 undergraduates and 3,750 postgraduates from 148 countries attending the University.’



Global reach

The University's internationalisation strategy embeds our global perspective into all aspects of our research, innovation and student education, creating an academic community which is both internationally and culturally diverse.

This year the continued development of international partnerships and strategic relationships has been shaped by the piloting of a series of International Regional Working Groups (IRWG) focusing on engagement in a limited number of priority regions. These IRWGs are designed to support a more strategic approach to international engagement, informed by a systematic understanding of the breadth of activity and opportunity in specific regions.

As an example, the China Group has developed a comprehensive picture of the University's many connections with Chinese institutions and is shaping opportunities for the development of stronger, more strategic relationships in the future. A University delegation visited China in May, cementing key relationships and establishing new links and opportunities with a variety of cultural and educational institutions. The visit coincided with the annual general meeting of the Worldwide Universities Network (WUN), itself a key strategic partnership for the University and an important element of our internationalisation strategy. Leeds has pump-primed 18 ambitious new research projects with WUN partners, led by experienced and early career Leeds researchers and representing involvement from across all faculties.

Elsewhere, other highlights include the continued development of strong links with Japanese institutes; two Memoranda of Understanding are in place between Leeds Dental Institute and Osaka Graduate School of Dentistry, and another with Osaka's Centre for Advanced Medical Engineering and Informatics.

The University remains one of the largest recruiters of international students in the UK. In the last year we have seen a 9% increase in the number of international students, with around 2,550 undergraduates and 3,750 postgraduates from 148 countries attending the University.

The support of our international students continues to be a core priority and in the 2010 International Student Barometer (ISB), the largest study of international students in the world, Leeds ranked first out of 15 participating RG universities for our arrival and orientation. The ISB results also included significant recognition of our virtual learning environment, ranking second out of 203 universities worldwide.

Natural disasters and political unrest overseas meant that many of our international students and students studying abroad required extra support. University staff and our international partners worked tirelessly to ensure that students and their families were kept informed and received the help and advice they needed.

Internationalisation of our home student experience is also a key element of our strategy. Our successful study abroad programme continues to grow and this year we had over 900 students taking the opportunity to spend time learning in more than 30 countries. We also launched a new International Summer School, and an Intercultural Ambassadors Programme.

Vice-Chancellor's
Executive Group,
July 2011

(l to r):

Edward Spiers
Dennis Hopper
Matthew Knight
John Fisher
Roger Gair
Michael Arthur
Stephen Scott
Jane Madeley
Martin Holmes
Richard Williams
Vivien Jones



'The Edge celebrated its first birthday, having attracted 17,000 members and sealing its reputation as one of the best sports and fitness facilities in the sector.'

Building our future

£36m was invested in our campus buildings and facilities during 2010/11, continuing our strategic objective to provide students with a truly world-class environment in which to learn.

Several major building schemes were completed, including the Liberty Building – the £11m new home for the School of Law, which brought together the School's undergraduate teaching and research activities – and the upgrade of Levels 8 and 9 of the Irene Manton Building which provided 1,800 square metres of integrated, flexible space for the Faculty of Biological Sciences. Work also took place on two important new projects due to be completed in autumn 2011; the Faculty of Engineering's £13m Energy Research Institute and the Michael Marks Building, a shared facility between the University and Marks and Spencer which will house the M&S Company Archive and provide important additional on-campus book storage capacity to the University library.

The Edge celebrated its first birthday, having attracted 17,000 members and sealing its reputation as one of the best sports and fitness facilities in the sector. Also marking its first anniversary was Storm Jameson Court – the £25m on-campus 459-bedroom development offers student accommodation during term-time, whilst during the summer recess it enables the University to build its reputation as one of the UK's premier HE conference destinations.

The University continued to show its commitment to creating a sustainable environment by signing up to Green Impact, an environmental accreditation scheme that is empowering staff to take an active role in reducing their environmental impact, and our ambitious Carbon Management Plan has been agreed and will launch in 2011/12.

Our alumni community

Over the past twelve months, our global alumni network has grown to almost 180,000 as we have reconnected with graduates from generations past and welcomed new graduates into the alumni community.

The Alumni team hosted, organised or attended over 70 events during the year, ranging from informal monthly gatherings in Hong Kong to our largest event of the year, hosted by our Chancellor, Lord Bragg, at the House of Lords. The warmth of our alumni, their pride in their Leeds degree, and their many personal achievements, continue to make them our finest ambassadors.

Graduates also make a huge contribution to daily life at Leeds, from offering careers advice to undergraduates to serving on advisory and governance bodies of the University. Alumni continue to help us in establishing student and graduate internships, and we were particularly pleased that Emerald Group Publishing, founded by alumnus Dr Keith Howard, won a national award for their internship programme with the University.

Over 4,400 graduates – an increase of 30% on the previous year – contributed to the Annual Fund, together committing more than £635,000 to projects that will make a major difference to the lives of our students and their experience at Leeds.

We have made important progress with the first year of the 'quiet phase' of our fundraising campaign – raising over £5m for a range of academic priorities. Projects to expand our outreach activities and to provide critical financial support for those who succeed in achieving a place at Leeds have received a particular boost this year – including support from The Liz and Terry Bramall Charitable Trust to fund our Changing Futures programme for five years, working with talented young people from disadvantaged backgrounds to raise their aspirations and support their academic development. Donations of all sizes are also helping us to advance projects in medicine and healthcare, climate change, the arts, business and global society.

'The warmth of our alumni, their pride in their Leeds degree, and their many personal achievements, continue to make them our finest ambassadors.'

‘Our Wellbeing, Safety and Health programme continues to have a positive impact, with a further reduction in reportable accidents to 2.5 per thousand employees – an excellent result, which puts us ahead of our target.’

Our people

We achieved encouraging results from our 2010 Staff Survey which showed that, on the whole, there are high levels of satisfaction amongst staff – 80% would recommend the University as a good place to work. Some 2,250 people responded and rated their individual relationships with colleagues and immediate line managers as generally good. We also scored well against our target for quality of leadership and change management. However, the survey reminded us how important it is to explain proposed changes clearly and to give staff the opportunity to discuss and shape proposals.

Enhancing our leadership and management capability remains a priority. More people are being developed through our Leadership and Management Standard and Leadership Development programmes, and there are plans to further improve the underpinning support processes. A programme of health checks based on the Investors in People methodology is being implemented to assess progress.

This year saw the completion of the Framework for Employment Standards initiative, during which 1,800 leaders and managers followed the University’s people management policies and practices. We have now moved into a further phase of work which focuses on developing the leadership and management culture to promote and support excellent performance. Schools and services have developed their staffing plans to underpin their local strategies. A new toolkit has been produced to support the management of performance across the University, and training workshops have taken place in every faculty with active support from the Deans.

The University’s Staff Review and Development Scheme continues to be a key process in supporting the development of staff, setting objectives and providing feedback. In 2010/11, 9 out of 10 staff completed a review.

During the year, we implemented a new e-recruitment tool, designed to improve flexibility and ease of use for applications, and to supply high-level data and analysis of trends and performance.

Our Wellbeing, Safety and Health programme continues to have a positive impact, with a further reduction in reportable accidents to 2.5 per thousand employees – an excellent result, which puts us ahead of our target. Colleagues’ innovation, diligence and good practice in health and safety were recognised by the annual Vice-Chancellor’s Awards for Health and Safety.

The Staff Festival and Healthy Week again proved a great success, with a huge variety of different events and activities. These are important initiatives to celebrate the diversity and sense of community in University life and are very well supported.

In conclusion

Against a background of exceptional events – preparing for the new fees regime in 2012, the economic downturn and attendant cuts in available government teaching, research and capital funding – the University has worked hard to stay on track with its strategic focus on academic excellence. The focus and professionalism of our staff has resulted in real, positive progress in many areas and we are well-placed for future success. I would like to take this opportunity to thank all our staff for an exceptional and outstanding contribution over the past year.

Professor Michael Arthur
Vice-Chancellor

HSE reportable accidents per 1,000 employees

2010/11	2.5
2009/10	3.1
2008/09	3.6

‘Whilst the sector still faces a period of unprecedented change, our results for 2010/11, and particularly the successful delivery of savings from the economies exercise, give us confidence to plan to invest in further improving the quality of the student experience...’

Jane Madeley

Finance Director



£37.8m

surplus transferred to reserves

The University acted decisively more than a year ago through the economies exercise to identify cost savings in anticipation of government cuts to HE funding, which were confirmed in the Comprehensive Spending Review (CSR) last autumn, and which are scheduled to take effect over the course of the current government budget period.

Whilst the pace of the implementation of the government funding cuts has proved to be slower than we had anticipated, we have been effective in delivering the cost savings identified (for which we incurred significant restructuring costs in 2009/10), maintaining tight control on expenditure and enjoying continued income growth.

The University's financial results¹ for the year show that total income increased by 5%, with income growth from areas of core academic activity, research and tuition fees (primarily resulting from growth in international student numbers). A £37.8m surplus transferred to reserves, which translates to a 7% surplus to income ratio, is largely the result of the continued trend of income growth, ahead of the pressure from government funding cuts, and the early benefit of the economies exercise cost savings programme alongside tight management of cost pressures.

Whilst the sector still faces a period of unprecedented change, our results for 2010/11, and particularly the successful delivery of savings from the economies exercise, give us confidence to plan to invest in further improving the quality of the student experience ahead of the introduction of the new fees regime from 2012.

+5%

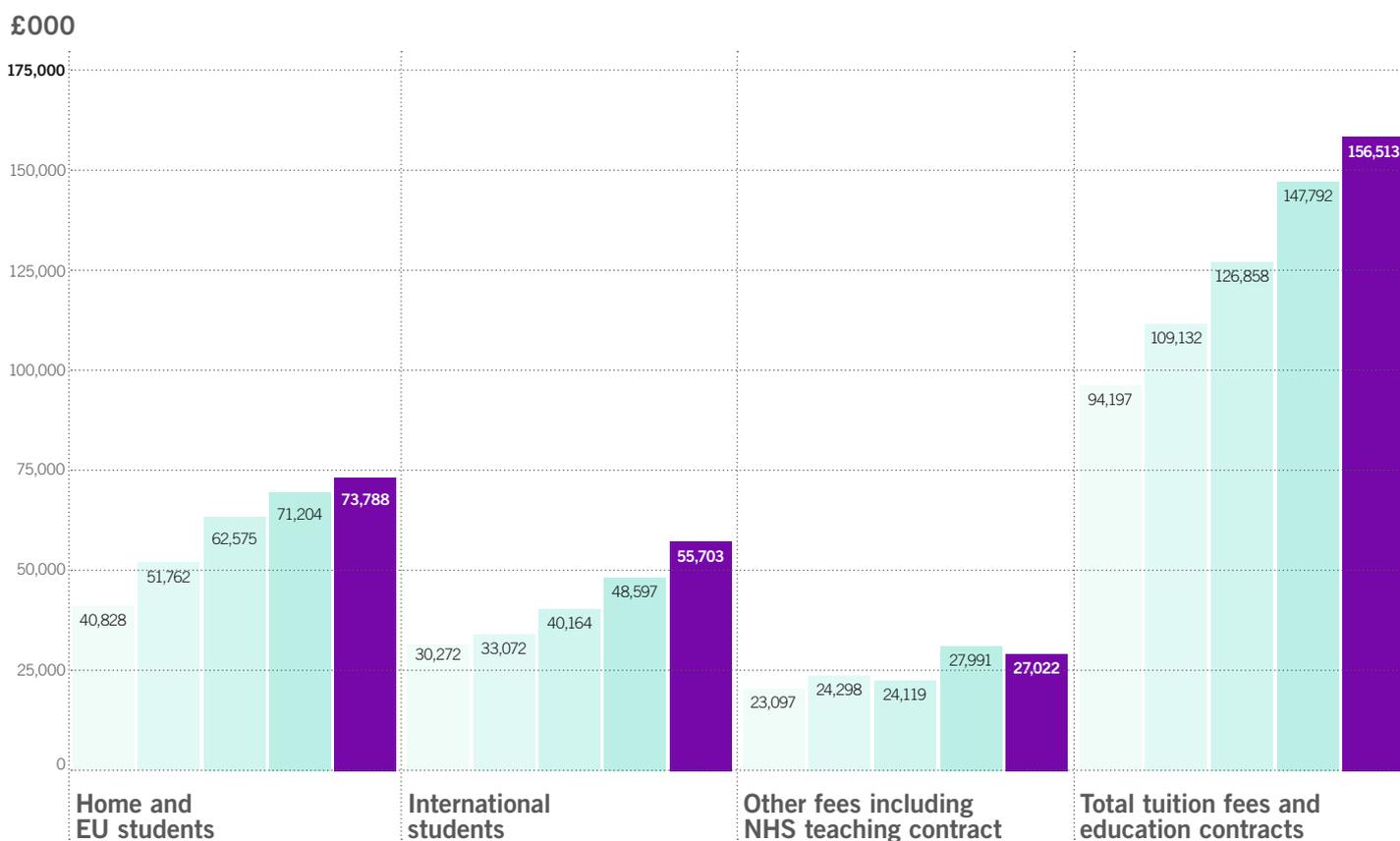
growth in total income to £543m

Financial summary	2010/11 £000	2009/10 £000	Change %
Summary			
Total Income ²	543,002	517,741	5%
Total Expenditure excluding exceptional costs	(498,390)	(498,282)	-
Operating surplus before exceptional costs	44,612	19,459	129%
Exceptional staff costs	(6,719)	(6,715)	-
Operating surplus after exceptional costs	37,893	12,744	197%
Restructuring costs	-	(14,556)	
Other items	(96)	(81)	
Surplus/(deficit) transferred to reserves	37,797	(1,893)	
Tuition fee and education contracts			
Home and EU students	73,788	71,204	4%
International students	55,703	48,597	15%
Other fees including NHS teaching contract	27,022	27,991	(3%)
Total	156,513	147,792	6%
Research grants and contracts			
Research Councils, UK Charities and Government	96,344	96,753	-
Industry, overseas and other	27,631	22,566	22%
Total	123,975	119,319	4%
Capital expenditure			
Externally funded	22,872	22,813	-
University funded	26,351	37,831	(30%)
Total	49,223	60,644	(19%)
Cash and borrowings			
Cash and short-term investments	126,719	111,693	13%
Borrowings	(54,867)	(59,132)	(7%)
Net funds	71,852	52,561	37%

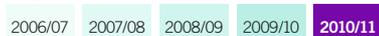
¹ The accounts comprise the consolidated results of the University and its subsidiary undertakings

² Other operating income has been revised by £4,308k in 2009/10 to exclude research training support grants. These amounts are now included in tuition fees and education contracts

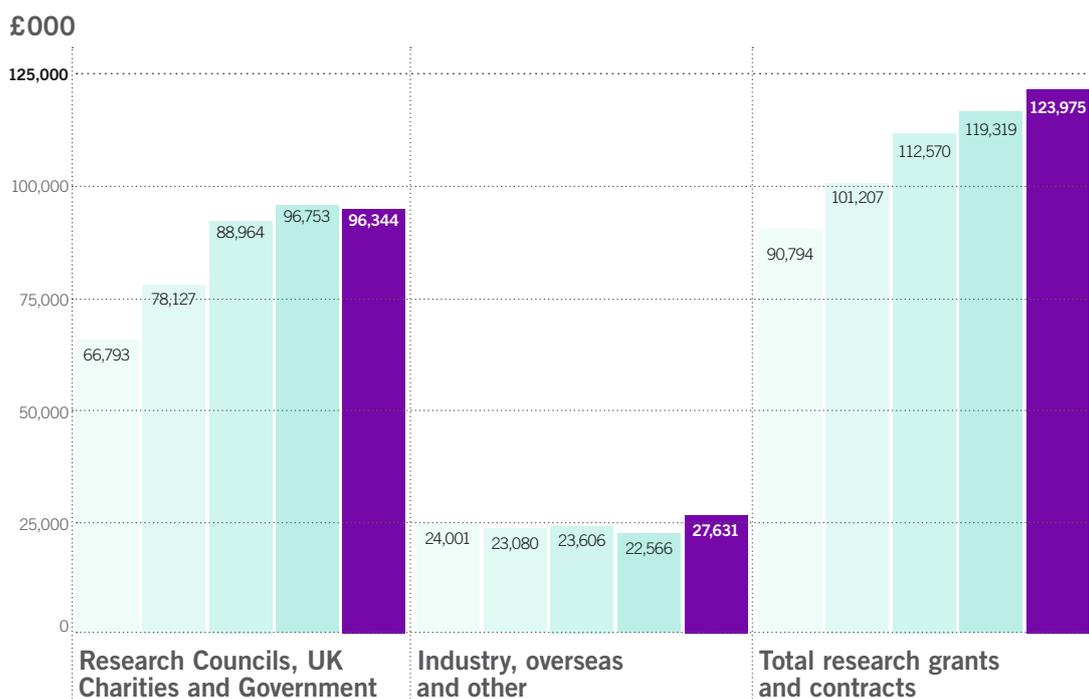
Tuition fees and education contracts income over five years



Key



Research grants and contracts income over five years



32,838

full-time equivalent students

Funding Council grants

At £161m, Funding Council grants remain our largest income stream, but their proportion of total income remains flat at 30% in 2010/11. Whilst the recurrent grant element saw a 3% reduction against last year, as the funding cuts started to take effect, one-off gains within specific grants have mitigated against the core funding reduction this year. The cuts to HE funding announced in the government's CSR will directly and materially impact this income stream over the next four years.

Tuition fees and education contracts

At £157m and 6% growth year on year, tuition fee income now accounts for 29% of total income.

The majority of the increase in income came from the international student fees, delivering income growth of 15%. International student numbers grew by 6% with price inflation and an increased mix of recruitment onto higher value courses contributing 9%.

Home and EU tuition fees income grew by 4% to £74m. Home and EU student numbers remained flat, largely as a consequence of the government-imposed cap on home undergraduate student numbers and therefore the income growth was primarily due to inflation.

The mix of our student population has seen increases in both the number and proportion of postgraduate and international students, in line with our strategy. The overall increase in full-time postgraduate applications for 2011/12 study was 8%.

Whilst the £14m income from the NHS teaching contract remained static this year, the risk remains that government cuts to the NHS will adversely impact upon this income stream.

£124m

research grants and contracts

Research grants and contracts

Income from research grants and contracts has continued to grow this year, increasing by 4% to £124m. Whilst Research Council income fell by 8%, income from all other sectors increased. Income from UK industry grew by 26%, the top three new contracts by value are a multi-centre drug trial for bowel cancer, modelling deep marine clastic sediments for potential oil reservoirs and treating residual water from biodiesel. EU research income increased by 15% in 2010/11, due to a significant growth in new EU awards of 120% in the previous financial year resulting from our successful strategy to focus on a limited number of programme areas.

Overhead recoveries are in line with prior years but maintaining at this level will be challenging due to the implementation of the Research Councils UK (RCUK) indexation and efficiency targets from July 2011 onwards.

Research grant income growth

2010/11	+4%
2009/10	+6%
2008/09	+11%

Our strategic investment in cross-faculty transformation fund projects continued in 2010/11 with the approval of a further four projects as outlined in the Vice-Chancellor's report; a number of the nine supported investments are already demonstrating a step-change in research activity. Work is under way with N8 partners, comprising the North of England research intensive universities, to improve the sustainability of our research infrastructure through the development of a common taxonomy for our equipment to ensure efficient use of our combined asset base.

Our preparations for the 2014 Research Excellence Framework (REF) have continued in 2010/11 and a particular emphasis has been placed on the development of over 200 case studies, a new requirement under the REF to demonstrate the economic and social impact of our research, and informing 20% of the HEFCE block grant funding for research to our institution from 2015/16. Review groups are now in place to support our Steering Group in ensuring the highest quality submissions from our academic units. Seventeen members of academic staff have been invited to serve as HEFCE REF Panel Members.

Other operating income

Other operating income has increased by £8m due to increases in residences and conferences income (£3m) and the full year impact of The Edge sports centre (£2m), the remaining £3m largely relating to increases in donations, external grants and subsidiary income.

Other operating income from subsidiary undertakings – notably Weetwood Hall Ltd, University of Leeds Consulting Ltd, Leeds Innovations Centre Ltd, University of Leeds IP Ltd and Bright Beginnings Childcare Centre Leeds – was £11m in the year, around £1m more than the prior year and largely resulting from encouraging growth in IP Ltd, Bright Beginnings and RDR Ltd.

The University has this year renewed its contract with IP Group Plc for continuation of its commercialisation services for a further seven years. The revised agreement responds to changes in the external financial and commercial environment and the research landscape and provides greater flexibility for both partners. The University is pleased that the relationship will be further developed to meet its needs to grow the impact of its research and innovation strategy through commercial applications.

The Alumni Annual Fund's overall income grew again in 2010/11 with a total of more than £635,000 raised. This corresponded with a significant increase in the number of alumni donating to the Fund – 4,416 alumni made a gift to the Annual Fund in 2010/11, compared to 3,393 the prior year (a 30% increase). Over 2010/11, the Annual Fund acquired 1,519 new (first-time) donors, 2,282 existing donors renewed or increased the level of their gift and 345 previous (lapsed) donors gave a new gift.

2010/11 was the final year of the three-year Matched Giving Scheme for HE. We have secured sufficient qualifying donations in the final year to claim the full £2.8m available to us through the scheme.

Effective management of resources

In 2009/10 we launched the economies exercise cost savings programme and incurred significant restructuring costs in order to implement actions resulting from it. We clearly see the savings benefits resulting from the exercise within this year's results, both within staff costs and other operating expenses.

As a direct result of the economies exercise our staff costs in 2010/11 decreased by 4% (£11m) from the prior year.

Within other operating expenses, savings from the economies exercise of £9m helped mitigate against increased costs associated with the growth in academic activity, for example increased international recruitment, bursaries and research activities, and other cost pressures, including rising energy costs.

Depreciation increased this year as a result of the completion of major new capital schemes during the year.

Income per square metre

2010/11	£1,201
2009/10	£1,176
2008/09	£1,098

Effective space utilisation remains a key strategic objective for the University and this was evident in the Capital Investment Framework (CIF2) submission to HEFCE which we were required to make during the year. Income per square metre is used by HEFCE in CIF2 as a measure of affordability, and this has improved in 2010/11. However, in order to continue to improve our performance against this measure, and to achieve greater space efficiency which is also a CIF2 measure, we recognise that we need all faculties and services to understand and appreciate the investment value associated with the space they occupy. Therefore we are asking each faculty and service to articulate its space strategy during the 2011/12 planning cycle in order to support the Estate Services team in assessing where we may have surplus space which could be utilised to accommodate expansion where required or to be divested of. Where additional space requirements are identified, in the first instance, we will seek to satisfy these through the reallocation of excess space, if it is appropriate.

In line with emerging legislation relating to energy consumption and carbon management, the University continues to be proactive in this area, investing £1.6m in carbon management activities over the last three years. The HEFCE have now set sector-wide targets for carbon reduction and in support of this, the University's updated Carbon Management Plan aims to reduce total emissions by 35% by 2020. This plan identifies a schedule of specific carbon reduction measures over a ten year period including a University-wide behavioural change campaign.

Creating surpluses for reinvestment

Our target is for all our faculties to have surplus reserves. At 31 July 2011 eight of the faculties have surplus reserves and one has a deficit reserve position. Our bottom-up School plans reflect underlying academic performance trends and take account of government spending cuts to the HEFCE grant announced in the government CSR though partially offset by the new fee income. Two faculties are forecast to be in deficit at the end of 2015/16, compared to four at the end of the last year's planning period. In each of the Schools which forecast a deficit position, we are working with the School management teams and staff to develop new academic strategies and plans which are both academically and financially sustainable.

During the year, as we have revised our financial forecasts to reflect the new funding environment, seven schools and services which were previously under review through the organisational change process have been able to exit the process without the need for localised restructuring and no additional schools have entered the process through this year's planning cycle.

Our planning cycle this year has focused on ensuring that we are making the appropriate level and types of investment to improve the quality of the student experience, to provide a comprehensive financial support package alongside the new fee level from 2012 and to sustain and improve the quality of the estate and infrastructure; and we are confident that our current plans provide for this.

£127m

cash and short-term investments

Balance Sheet

We are convinced that our decision to slow down the capital programme over a year ago, in order to protect the strength of our cash position and balance sheet whilst the funding climate was so uncertain, was the right course of action, and the CSR confirmed a material cut to capital funding to the sector over the government budget period. During this year we have been able to reassess our capital funding position and re-prioritise our capital programme based on the new economics and we will be seeking to recommence the programme of investment through 2011/12.

The net book value of tangible fixed assets increased by £28m (a 7% increase) to £449m over the year as a result of the completion of capital projects which were already under way as part of the ambitious capital expenditure programme which commenced in 2007.

We spread the risk of holding cash by dealing with only high quality financial institutions, whose credit ratings we check on a weekly basis. Apart from AAA-rated instant access sterling liquidity funds which are individually capped at £25m, the University does not currently invest more than £15m in any one financial institution. This careful management of risk, together with the bank base rate being held at 0.5% throughout the year, continues to have a significant effect on returns on investment.

The University retained £127m of cash investments at 31 July 2011 of which £42m was held on deposit for remaining terms of up to six months, £71m was held in three separate sterling liquidity funds and the remaining £14m was held on-call.

After consideration of standard loan repayments of £4m and a surplus of £38m this year, the gearing ratio (excluding heritage asset and pension reserves) decreased to 26% (from 35%) at 31 July 2011.

The endowment portfolio increased in value over the year from £49m to £52m, primarily because of the rise in global equity markets. The £3m income generated in-year was in line with plan.

A 5% (£8m) decrease in short-term creditors, combined with a 5% (£3m) rise in debtors and the movement in cash and short-term investments (£15m) have led to an overall improvement in working capital of £26m.

The release of restricted grants (£9m) and reduction in capital grants (£8m) have been set against an increase in pre-financing of EU grants to result in the reduction in short-term creditors.

Provisions for 2010/11 increased significantly from the prior year primarily due to the increase in the provision related to repairs and maintenance works in relation to issues identified during the current year.

26%

gearing ratio

Pensions

The University of Leeds Pension and Assurance Scheme (PAS) had a Balance Sheet deficit of £7m at 31 July 2011. This represents a £24m improvement from the prior year explained by:

- The change to the inflation measure from RPI to CPI reduced the value placed on the liabilities by around £26m. This has been offset to a large extent by the change in the other actuarial assumptions which have increased the value placed on the liabilities by around £19m.
- The actual investment return achieved on the Scheme assets was higher than expected by *circa* £10m.
- The FRS17 calculations as at 31 July 2011 have been based on the initial results of the triennial actuarial valuation as at 31 March 2011 which were based on full member data at that date. The headcount reduction resulting from last year's Voluntary Leavers Scheme is therefore reflected within this data and the new member data has reduced the value placed on the liabilities by around £7m.

The deficit is predicated upon actuarial assumptions, including the discount rate, inflation rate, mortality assumptions and equity values. The level of Balance Sheet surplus/deficit going forward is subject to fluctuations and may vary widely each year.

The PAS and the Universities Superannuation Scheme (USS) were subject to full actuarial valuations as at 31 March 2011. The results have not yet been finalised.

Negotiated and agreed changes to the USS took effect from 1 October 2011. These changes affect both existing members (an increase in contribution rate to 7.5%, a higher normal pension age of 65 for future service and a cap to pension increases for service after the implementation date) and new entrants (a contribution rate of 6.5% with benefits calculated on service and salary at the end of each year, rather than final salary on retirement/leaving). The University is currently undertaking a review of PAS and has had informal discussions with the Unions and Trustees highlighting the long-term financial risk of the current scheme.

£49m

capital expenditure

Capital programme

Although the longer-term capital programme was pared back this year there was £49m of capital additions in the year, £12m less than the £61m spent last year.

The University completed five major capital developments in the year:

- the £11m new building for Law, the Liberty Building, on the Western Campus site
- the refurbishment of facilities for Biological Sciences at a cost of £8m
- the £6m refurbishment of facilities within the Chemistry Building
- the refurbishment of the former Colour Science building to relocate the Institute of Communications Studies at a cost of £4m
- the £4m refurbishment of the mechanical and electrical services in the Parkinson Building.

Capital developments due for completion in the 2011/12 financial year include:

- a new £13m building for the Faculty of Engineering focusing on Energy Research
- the Michael Marks Building, a £7m shared facility between the University (£5m) and Marks and Spencer (£2m) and incorporating the M&S Company Archive and providing additional University book storage capacity.

'The confirmed cuts to HEFCE capital funding will force a significant change in the mix of funding towards University own funds. All capital spending continues to be rigorously scrutinised and in the short-term our focus will be towards new programmes which align with our other investments to improve the consistency and quality of the student experience across campus.'

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Demonstrating our commitment to value for money, we conducted 84 tenders worth £20m in-year. This is lower than the prior year (92 tenders valued at £53m), reflecting a reduction in construction activity.

We purchased £14m of capital equipment using a combination of competitive tendering and whole-life costing techniques.

Risks

The main financial risks facing us over the following 12 to 18 months, factors which directly threaten the success of our strategic objectives, are subject to continuous management attention. The risks highlighted below are 'net risks' – that is, they are still judged to be significant after mitigating actions which are already being taken.

- Risk of failure to secure the targeted intake of high-quality home undergraduate students as a result of the impact of the new fees regime and the HE White Paper. To mitigate against this risk we have taken the following actions – planned for strategic reductions in intake, improved the quality of the applicant experience for example through Open Days, been upfront in explaining the graduate contribution scheme to potential students and analysing the quality of student intake at module level in order to identify where we should be seeking to improve quality further.
- Risk of failure to improve the quality of the student experience. In our forecasts from 2011/12 we have budgeted for significant investment to improve the consistency and quality of the student experience across all our schools covering both academic and infrastructure investments. Ahead of the introduction of the new fees regime we have developed and rolled out a new Partnership between students and staff, which sets out the standard and mutual behaviours which we expect our students and staff to deliver against and to demonstrate; and we have developed a new Employability Strategy alongside our sector-leading Leeds for Life personal tutoring system.
- Risk of failure to maintain buoyant recruitment of high-quality international students, resulting from new immigration controls, increasing political turmoil in key markets and a significant increase in the scale of competition. In addition to actions being implemented through the International Strategy, launched last year, we are specifically tackling these new risk factors by building partnership strategies with sponsors, agents and through the development of collaborative provision and maximising the roles of the overseas offices in the recruitment process.
- Risk of failure to meet research income targets. We are addressing this by aligning our research strengths and strategies with expectations of the funding bodies, in particular with the new RCUK delivery plan; the introduction of biannual reviews of Transformation Fund projects' performance; implementation of the Research Excellence Framework planning, focusing on identification of strong impact case studies and maximising the use of intelligence from our REF panel members; and the appointment of a new Dean of Postgraduate Studies to advance our PGR growth strategy.

- Risk of unsustainable rises in pay and pension costs. Future inflationary wage pressures coupled with increased life expectancy and the fragility of equity values are expected to put pressure on our staff costs and raise a significant cause for concern over the affordability of our pension schemes (USS and PAS). We have implemented the agreed changes to the USS pension scheme from October 2011 and we are reviewing the long-term risks inherent in our local pension scheme (PAS). In recent years national pay awards have been at a relatively low level, but we continue to monitor the position.

‘While the focus of 2010/11 has been on delivering the economies exercise cost savings we now feel well-positioned for success in the new funding environment and we must focus on delivering a consistent and improved high-quality student experience and on delivering improved academic performance from the investments we are about to make.’

To conclude

Whilst our financial result for this year is strong we are not complacent about the challenges and risks which lie ahead. We have benefited this year from our decision to act early in recognising the future funding pressures and implementing the economies exercise cost savings programme. This decisive action has buoyed up our level of reserves ahead of a turbulent and uncertain funding period and has provided us with the confidence and headroom to invest in further improving the quality of the student experience ahead of the introduction of the new fees regime from 2012.

Our future plans do not show the same level of surplus as we have delivered this year as the government funding cuts phase in and we have chosen to invest ahead of 2012. We are confident that our academic and financial plans will enable us to deliver improved academic performance and an improved quality of student experience in line with the increased expectations of students under the new fees regime.

While the focus of 2010/11 has been on delivering the economies exercise cost savings we now feel well-positioned for success in the new funding environment and we must focus on delivering a consistent and improved high-quality student experience and on delivering improved academic performance from the investments we are about to make.

Jane Madeley
Finance Director

The University's values are an integral part of our strategy and guide our decisions and how we work together.



The University's values (see box below) are integral to the way in which we function. They inform all of our interactions – how we work together and with others and how we see our role in the wider community – and they inform our approach to fulfilling our responsibilities. This section sets out some of the ways in which the University tries to give effect to those values and, in particular, how we manage our affairs responsibly.

Our values



Academic excellence: knowledge, academic freedom, critical independence, creativity, innovation, world-class performance.

Academic excellence

Academic excellence lies at the heart of our values.

As part of our commitment to maintaining and supporting the highest standards in research, we have an established University Research Ethics Committee, supported by a network of faculty-level research ethics committees that engage both staff and postgraduate students. The Committee has oversight of matters of general policy and principle on research; approval of proposals for research with significant ethical dimensions (including research carried out on human subjects or using their data); and consideration of the impact of research upon the natural environment. This year there has been an expansion and diversification of the research ethics training programme; the development of productive links within the White Rose network; and pilot programmes have been launched to trial improvements to the efficiency of internal systems – most notably to explore the introduction of expedited review procedures for lower risk research. The rise in the number of applications for ethical approval received during 2010/11, and their quality, suggests that awareness of the system continues to improve and that the training programme is effective. The Committee is also building upon progress by engaging staff and students in a broad debate about the ethical conduct of research – a process that will inform the distillation of existing guidance into a single policy statement.

Leeds was one of the first universities to introduce (in 1996) a protocol for investigating and resolving allegations of misconduct in academic research. We remain committed to ensuring that any such allegations are subject to full, fair and prompt investigation. An allegation raised towards the close of 2010/11 has been referred for handling under the protocol and the outcome is awaited. Our Code of Practice on Whistleblowing, in which we set out how we will handle complaints of suspected malpractice or impropriety, was not invoked formally in 2010/11. A 'protected disclosure' was raised, however, as part of a wider complaint made by a student: this was investigated – and action was taken to resolve the matter – under our health and safety procedures.

Similarly, the University operates a complaints procedure which provides for both informal and formal resolution of concerns about any aspect of a student's academic or pastoral experience. During 2010/11, the University received 40 formal student complaints, which included complaints about the standard of academic provision, the quality of tuition or supervision, and the standards of other key services affecting a student's studies or general welfare.

The majority of complaints received in 2010/11 have been resolved satisfactorily (though the deadline for seeking a review externally with the Office of the Independent Adjudicator (OIA), the student ombudsman, has not yet been reached in all cases). We have had notice of four complainants (two from 2010/11 and two from 2009/10) who have petitioned the OIA. We are awaiting a request from the OIA to provide our representations on those cases. Last year, we reported that the outcome of one complainant who had petitioned the OIA was awaited. The OIA has since found the complaint to be not justified. The University continues to learn lessons from all of the complaints cases it handles.

Data on appeals in 2010/11 by taught students against academic judgements will not be available until after publication of this report, but in 2009/10 there were 81 such appeals, of which 41 (or 50%) were upheld or otherwise conceded by the University. No appeals were submitted by research students during 2010/11.

Use of animals in research

Research using animals is driving fundamental advances in understanding, treating and curing a range of health problems including cancer, heart disease, diabetes and mental illness, and it continues to enable fundamental advances in our understanding of diseases.

It is in this context that the University carries out animal research to improve the health and welfare of human beings and animals – and to provide a better understanding of the animals themselves. We use animals, however, only when the use of alternatives – such as computer modelling, tissue culture, and cell and molecular biology – is not feasible. Although these alternatives can neither properly reproduce the complex biological characteristics of man and animals (as yet) nor replicate the study of wild animals in their natural environment, we are absolutely committed to the principle of replacement whenever possible – and to the refinement of research methods and to reducing the use of animals in research.

Where the use of animals is unavoidable, all research is carried out to high standards of humane care and treatment within a strict framework of legal controls. Projects must be approved by an ethical review committee; and researchers are trained in the ethical dimensions of their work and in standards of animal care, welfare and accommodation.

An example of work carried out within this framework was the laboratory-based and *in vivo* research carried out at Leeds during 2000 to 2006 from which it was concluded that patients with defective cardiovascular tissues (heart valves and the pericardium, the sac around the heart) could benefit from tissue engineering techniques that involved preparing biological scaffolds for tissue repair and regeneration. These scaffolds are now being used in patient treatment.

Genetically modified crops

We understand public interest in the issue of transgenic (GM) crops and welcome debate on such science, particularly in the context of discussions on future food security. Our academics have an important role in ensuring that any debate is based on scientific facts rather than speculation – and crop trials support such work.

This year we continued work on a trial of genetically modified potatoes initiated in 2008/09, looking at ways of limiting the damage caused by microscopic nematodes, which cause major disruptions in the food supply to tens of millions of people in the developing world. The trial established a new, non-lethal basis for controlling nematodes. The data from the trial has been analysed and submitted for publication in peer-reviewed scientific literature.

Inclusiveness: diversity, equal opportunities and access.

Inclusiveness

During 2010/11, our significant programme of work to promote equality and inclusion continued through the implementation of actions identified as part of the University's Single Equality Scheme, including, for example, the development of robust equality monitoring reporting as part of the implementation of the new E-recruitment project; and the adoption of an equality theme for the annual staff survey. We have also made progress in implementing the action plan associated with conferment in 2009 of an Athena SWAN Bronze Award. The Equality Service has continued to build on good relations with key student and staff services, and to support annual programmes to raise awareness for Black History Month, Lesbian, Gay, Bisexual and Transsexual History Month, the centenary of International Women's Day and Carers Week.

The University continues to attract a large number of disabled students who access a wide range of support provided to assist them in developing strategies to address academic difficulties and overcome barriers. The results of a recent survey among students demonstrated that 91% of respondents rated the services provided by disability co-ordinators as good or very good, 89% rated the services provided by the disability team overall as good or very good, and 72% felt that the service had contributed to them remaining at the University. The Assessment Centre has completed a recent restructuring process, improving practice, efficiency and the team's ability to respond to student demand; and the student mental health adviser service became fully operative during 2010/11, when the service was accessed by 242 students and handled 37 crises and other incidents.

The number of individuals who benefit from our outreach programme continues to increase. This year, we have worked with around 49,000 young people from 350 schools/colleges and over 1,180 adults to raise their aspirations and achievement; and provided £8.3m in financial support through bursaries and scholarships to one in four of our students. Our Reach for Excellence and Access to Leeds programmes, which support young people who demonstrate the potential to study at a prestigious university, go from strength to strength: this year, Access to Leeds received 1,777 applications and 888 offers were made. These programmes are key components of the University's new Access Agreement (recently approved by the Office for Fair Access) and the Educational Engagement Strategy, which set out how we support the recruitment of the brightest and best students regardless of background.

Integrity: openness, transparency and honesty.

Integrity

The University's commitment to integrity embraces openness, transparency and honesty in the conduct of all of its business.

In line with its classification as a 'public authority' for the purposes of the Freedom of Information Act 2000, the University maintains a publication scheme (to assist members of the public to locate information published by the University), which reflects the model advocated by the Information Commissioner and the growth of the internet as the principal medium for the publication of information. Under the Act the University is also required to respond to written requests for any of the information it holds from any member of the public.

During 2010/11 we received 177 requests explicitly under the Freedom of Information Act – an increase of 20% over the previous year. Growth continues to be associated with the emergence of political websites encouraging individuals to scrutinise the way in which public authorities conduct their affairs and, increasingly, requests from journalists, individual activists and interest groups. The scope of requests has again been wide-ranging, with a tendency for clusters of similar requests to emerge in response to media events. A combination of high demand and request complexity meant that the University did not respond fully to requests within the 20-day period required by the Act on 15 occasions, a 55% improvement in the number of late responses since 2009/10. Further work is being undertaken to improve response times. One complaint was lodged with the Information Commissioner's Office (ICO), which derived from an IT problem preventing receipt of the original request: IT systems are being reviewed as a result.

The University's arrangements for meeting its responsibilities under data protection legislation are set out in a detailed Code of Practice and associated guidance, which is also available online. During 2010/11, the University received 16 data subject access requests – a 14% increase on last year – the majority of which related to internal disputes, complaints or appeals. The single complaint lodged with the ICO this year did not incur regulatory action but, having considered comments made by the ICO, the University elected to release further information to the complainant.

Professionalism:
provision of effective and efficient customer-focused services in all aspects of our work (internally and externally).

Professionalism

The University strives to provide effective and efficient customer-focused services in all aspects of its work (internal and external), and has continued to enhance the levels of service during 2010/11. Reviews of Student Services, support for research and innovation and IT reported in previous years are bearing fruit: following extensive consultation, it was agreed that Student Services should implement a flexible faculty support structure based on a set of shared parameters; and that the (currently) separate support services and associated governance arrangements for research and innovation should be integrated. Consultation is continuing in respect of a broad transformational programme, One IT and the development of a high-level strategy for IT.

Community

Public service and citizenship

Under the Leeds for Life scheme over 2,000 students are now actively involved in volunteering. The majority support the local community and schools, for example, supporting Looked after Children, and acting as mentors, tutors and language assistants, running residential activity weekends and providing bicycles to asylum seekers in Leeds; and international activity included providing recycled books to schools in Tanzania and running folk music workshops in Palestine. This year we received a National Award from Volunteering England in recognition of our strategic commitment to community engagement and volunteering.

Our cultural activity has continued to grow. We contributed 12 campus activities to this year's city-wide Light Night, and new initiatives from our Dare collaboration with Opera North included a composers' forum, a public lecture series, two academic fellowships, international scholarships and student placements. Work continues on the new Michael Marks Building on the Western Campus at the University, which will house the Marks & Spencer Company Archive that will be freely available to all. Students and alumni are expected to compete in the Olympic Games, students will attend as volunteers and sports injury expert Dr Phil O'Connor will lead a team of 200 who will diagnose and treat injured athletes.

**Community:
public service and
citizenship, collegiality,
teamwork and
mutual respect.**

In terms of our commitment to sustainability, recycling on campus continues to improve: we are now recycling 92% of waste. The successful Reuse project has also been re-launched as an online system and has already saved £146,000. Carbon reduction has continued to be a major focus for us. Our Carbon Management Plan has been revised and our first Climate Week, in March, was used to raise awareness of climate change and our CO₂ building emissions reductions target (35% reduction by 2020). Investment in energy efficiency works has continued with over £400,000 invested in energy reduction measures this year, including new metering, improved insulation, new controls and LED lighting. In student residences, the Living it Green awareness campaign was launched and an energy monitoring project improved our understanding of energy use in student accommodation. A campus-wide communication campaign aimed at encouraging energy efficient behaviour will be launched shortly.

We continue to strive for high standards in our new buildings and refurbishments, with the soon-to-be-completed Energy Building expected to receive a BREEAM Excellent award. Our sustainable development programme has been strengthened by the introduction of the University's first Biodiversity Action Plan: our first bird survey took place in April.

For the first time this year the University took part in the NUS Green Impact environmental accreditation scheme. The *UTravelActive* project run in conjunction with Leeds Metropolitan University has continued to be a great success, with 250 bikes hired out to University of Leeds students and extension of the opening hours of the Velocampus bike hub to accommodate an increase in use by students and staff. We have invested in improving cycling access to the University, and Leeds City Council has recently completed a safe cycle route to the main campus.

University investment decisions have been informed by a Socially Responsible Investment policy since 2001. We have had Fairtrade status since 2005; and we work with the Students' Union to promote the sale of Fairtrade products, which are featured in campus shops and available through our catering service.

Charitable purposes and the public benefit

As noted elsewhere, the University is a charity; its work is directed to the public benefit, through educating students, in order both that they can fulfil their potential and make a better contribution to society; and through our research, much of which has a positive impact.

This year, research expenditure was valued at £124m and 4% higher than 2009/10; new awards of £126m were down 18% on 2009/10 and research grant applications were submitted totalling £439 million. Once concluded, and unless contractual restrictions apply, research completed by our staff is placed in the public domain, via refereed journals and other publications, in books and online. Where our research has commercial applications, we ensure that the benefits that accrue from the intellectual property are divided fairly between staff and the University.

Some 33,000 students benefited from the delivery of over 1,500 programmes: 9,500 students graduated this year. Our confidence in the quality of our delivery of student education is underpinned by external validation: the most recent QAA Institutional Audit of Leeds (in 2008) confirmed confidence (the highest category of outcome) in the University's management of academic standards and the quality of learning opportunities for students.

The University also provides general benefit for the public through access to facilities, for example, the Stanley and Audrey Burton Art Gallery and the University of Leeds International Textiles Archive.

‘Our commitment to collegiality, teamwork and mutual respect shapes our structure of governance, our approach to staff development, health and safety and our relationship with trade unions and LUU.’



Like all other universities, Leeds charges tuition fees to students. Government support is, of course, available to those with restricted means, and especially students from families on low incomes. We supplement this support with a comprehensive range of bursaries and scholarships. Full-time undergraduate entrants' eligibility for a Leeds Bursary is assessed automatically on the basis of household income: around 1 in 4 students qualifies. Financial support is available to students once they arrive at Leeds, from the Access to Learning Fund (ALF) and a range of scholarships.

Following changes in the funding of undergraduate education, tuition fees for most full-time undergraduates will be £9,000 annually from 2012 onwards. This change will be accompanied by an innovative package of financial support focusing on student choice between a partial fee waiver, a bursary, or a discount on University accommodation which is intended to target support at what, for the individual applicant, is the real barrier to entry. The offer of an accommodation discount recognises the importance of living away from home as part of the university experience. Over one in four of Leeds students will receive financial support under these proposals, so whilst the headline fee is a single figure of £9,000 across the board, in practice there will be a range of fees from £3,000 to £9,000, depending on students' personal circumstances: by 2015/16, we will double our overall investment in financial support and outreach activity to £16m annually.

Other examples of the way in which the University's work is of benefit to the public are to be found elsewhere in this Annual Report, in particular the Vice-Chancellor's report.

Collegiality, teamwork and mutual respect

Our commitment to collegiality, teamwork and mutual respect shapes our structure of governance, our approach to staff development, health and safety and our relationship with trade unions and LUU.

Collegiality was further underpinned in March 2011, when the Vice-Chancellor and members of the University's senior management held a series of open meetings to discuss preparations for the new 2012 fees regime. These were well attended, and the suggestions made during – often lively – discussions have informed our approach to student recruitment in 2012 and beyond.

Reference has been made elsewhere to the high levels of satisfaction among staff evidenced by the results from our 2010 Staff Survey and to work on enhancing our leadership and management capability. New mechanisms and criteria – agreed with the unions – for the promotion of all grades of staff, from porter to professor are now fully operative. Additional to formal support mechanisms for staff, we offer informal activities, for example, the joint University and LUU initiative – Healthy Week – held each February to encourage staff and students to discover new ways of improving and maintaining a healthy lifestyle and state of mind; and our family-oriented Staff Festival, which takes place in September.

We have established new consultation mechanisms to enable us to seek staff and trade union input into a range of issues affecting staff. In particular, we now operate a sector-leading organisational change procedure consisting of a five-stage process emphasising consultation, collegiality and transparency. Agreement on the introduction of a model constitution for academic schools also enhanced collegiality. Our commitment to partnership working has continued successfully in the health and safety area: the number of serious accidents that we report has maintained a downward trend.

Relations with LUU are underpinned by a mutual respect which is evidenced by, for example, full participation by the two student members of the Council.

Corporate governance

The University is an independent corporation established by Royal Charter 'as a teaching and examining body, and to cultivate and promote arts, science and learning'. These objects, and its powers and framework of governance, are set out in the Charter and its supporting Statutes, amendments to which must be approved by the Privy Council. It receives substantial public funding and, by virtue of the educational nature of its objectives, is an exempt charity under Schedule 2 of the Charities Act 1993.

The University's status as a charity and as a body in receipt of public funds places particular obligations upon it but the Council of the University is in any case committed to upholding the highest standards of corporate governance.

The Council is satisfied that the University has complied with the Governance Code of Practice published by the Committee of University Chairs (CUC) and more generally with the other practices commended in the CUC's Guide for Members of Governing Bodies (March 2009). The University also continues to comply with relevant provisions in the First (1995) and Second (1996) Reports of the Committee on Standards in Public Life.

Structure of governance

The Council

The Council is the governing body of the University. As such, it has a collective responsibility to promote the University's well-being and to ensure its sustainability. The specific responsibilities of the Council are outlined in its Statement of Primary Responsibilities as set out on page 33 but, in essence, it is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and management; and for monitoring institutional and executive performance. These responsibilities are 'reserved' to the Council and, as a general rule, cannot be delegated. Other responsibilities have been delegated to committees and officers in accordance with a scheme of delegation.

The Council, which meets six times a year, has 23 members, the majority of whom are lay members. (Lay members are those who are neither employees nor students of the University.) Also included in its membership are representatives of the staff and students. For the purposes of charity law, members of the Council are the trustees of the University and, in this connection, they have had regard to the Charity Commission's guidance on public benefit. They do not receive fees or other remuneration for serving as members or trustees.

The (lay) Chair of the Council (the Pro-Chancellor, Mrs Linda Pollard) plays a key role in the governance of the institution while remaining outside the day-to-day executive management. She is supported by the Deputy Pro-Chancellor (Dr Michael Ziff).

Members of the Council are listed in the table on page 32, together with a record of members' attendance at meetings. The University maintains a Register of Interests of Members of the Council (and senior officers) which may be consulted by arrangement with the Secretary to the University, Mr Roger Gair, who acts as Secretary to the Council.

The Senate

The Senate is responsible to the Council for academic governance, and especially for regulating the admission of students; the curriculum and assessment; maintenance and enhancement of academic standards; and the award of degrees and other qualifications. The Senate consists of some 160 members of the academic staff and 19 student members; and slightly over half of the staff members are elected.

In addition to its responsibility for academic governance, the Senate has an advisory role extending across most aspects of the University's work. It also serves as a two-way channel of communication, thus underpinning collegiality; and is responsible in particular for advising the Council on academic and related strategies.



The Senate may discuss and declare an opinion on any matter whatsoever relating to the University; and is given the opportunity to comment on policy questions and other matters (including the allocation of general revenue) affecting the academic work of the University.

A review of the constitution and effectiveness of the Senate concluded in 2009/10. The review group's proposals regarding the workings, effectiveness and membership of the Senate were implemented during 2010/11.

University Committees

The principal committees of the Council include:

- the Audit and Risk Committee, which *inter alia* has a significant role in reviewing the effectiveness of the systems of internal control, including financial procedures and risk management (see below)
- the Health and Safety Committee, which maintains an overview of the University's arrangements for securing the health and safety of staff, students and visitors
- the Remuneration Committee, which determines the salaries of the Vice-Chancellor and other principal officers of the University.

Committees of the Senate during 2010/11 included the Teaching and Student Education Board, the Graduate Board, the Enterprise and Knowledge Transfer Board and the Research Board. Following approval for proposals integrating the University's support functions for research and innovation, the last two boards listed were replaced by a single, unifying body from 1 August 2011.

The Court

The University Court, which has about 90 members (the majority lay) and which meets no more than twice a year, stands beyond the University's main decision-making machinery. Its role is to act as an agent of the University's stakeholders in seeing that the University is well managed, properly governed and responsive to public and local interests and concerns.

In particular, the Court serves as a mechanism for – and indeed a symbol of – the University's accountability to the wider community and to different constituencies of stakeholder. It is empowered to ask questions about, and express an opinion on, any matter whatsoever concerning the University; and to convey such opinions to the Council.

The Court is responsible for approving recommendations for the appointment of the University's principal lay officers. In the same vein, it is responsible for appointing most lay members of the Council. In exercising this responsibility, the Court is advised by the Nominating Committee, which is required to have regard to the need to draw members from a wide variety of backgrounds, and also to strike an appropriate balance between continuity and rotation in the membership of the Council. The Court also has a part to play in the University's procedures for 'whistle-blowing' in accordance with the University's code of practice thereon.

Senior officers and executive management

As the chief executive and senior academic officer of the University, the Vice-Chancellor, Professor Michael Arthur, exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. He is formally responsible to the Council – within a prescribed framework – for the operational management of all aspects of the University's work; and, under the terms of a Financial Memorandum, is the 'accountable officer' who reports to the HEFCE on behalf of the University. The Vice-Chancellor has delegated responsibility for specific aspects of the University's management to the Deputy Vice-Chancellor, pro-vice-chancellors and the other senior officers who make up the Vice-Chancellor's Executive Group (VCEG), and to the deans of faculty, but he retains ultimate responsibility for their work.

Members of the Council, July 2011 (l to r):

Sue Proctor
Peter McWilliam
Saeeda Ahmed
David Cottrell
Tom Morton
Caroline Johnstone
Ed Anderson
Michael Ziff
John Stoddart-Scott

Quentin Woodley
Linda Pollard
Michael Arthur
Ben Jackson
Charlotte Armstrong
Mark Swards
Nigel Foster
Neil Clephan

Not pictured
Jane Francis
Robin Johnson
Gavin Reid
Martin Scicluna
Alison Staniforth



Members of the VCEG are responsible to the Council (through the Vice-Chancellor) for the leadership and overall management of the corporate services; and for formulating policy and other proposals for consideration by the Senate and the Council. Members of the VCEG are listed on page 32.

Similarly, the deans are responsible to the Council (through the Deputy Vice-Chancellor) for the leadership and overall management of their respective faculties. The Faculty Management Group (FMG), which comprises the deans and members of the VCEG, plays a co-ordinating role in the management of faculties, and monitors their financial position and academic development. The deans are listed on page 32.

Internal control

The Council is responsible for ensuring a sound and effective system of internal control that supports the fulfilment of the University's policies, aims and objectives whilst safeguarding public and other funds and assets. The system of internal control is designed to manage rather than eliminate these risks of failure: it can provide reasonable but not absolute assurance.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit and Risk Committee, from which it receives periodic reports. The Committee itself receives regular reports from the internal auditors; those reports include an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management, governance, internal control, and securing value for money, with recommendations for improvement where appropriate. Review of the system of internal control is informed too by the work of executive managers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Financial control

The Council is required to secure the economical, efficient and effective management of the University's resources and expenditure and to safeguard its assets (including preventing and detecting fraud). In so doing, it has to ensure that funds from the Higher Education Funding Council for England (HEFCE) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum agreed with the HEFCE; and that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

The University discharges these responsibilities through a system of internal financial control. Key elements of this system include a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, together with monthly reviews of financial results involving variance reporting and updates of forecast out-turns.

Requirements for approval and control of expenditure are clearly defined and formalised, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council and recorded in the University's Scheme of Delegation. The Scheme of Delegation also includes clear definitions of the responsibilities of, and the authority delegated to, academic and administrative heads. This system is underpinned by comprehensive Financial Regulations which detail financial controls and procedures; and by a professional internal audit team whose annual programme is approved by the Audit and Risk Committee.

The Council is also responsible for ensuring that proper accounting records are kept 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 University's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant law and UK Accounting Standards.



In addition, within the terms and conditions of the Financial Memorandum, the Council, through its designated officer, is required to ensure annually that financial statements are prepared, audited and presented which give a true and fair view of the state of affairs of the University at the end of the financial year, and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that suitable accounting policies are selected and applied consistently; applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements); and that judgements and estimates are made that are reasonable and prudent.

Risk management

The management of risk is integral to the work of the Council and constitutes a significant part of the University's system of internal control. As part of this process, the Council regularly considers the strategic direction of the University and institutional plans, and receives regular reports on progress against key performance indicators (KPIs), on key projects and on significant risk factors. The Council also requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility. These reporting mechanisms are underpinned by established institutional KPIs and a robust methodology for identifying and prioritising risks. An organisation-wide risk register is maintained; annual risk returns are received from faculty deans; and risk awareness training is provided from time to time.

This process, which accords with the HEFCE guidance, has been in place for the year ended 31 July 2011.

Going concern

The University's academic activities, together with the factors likely to affect its future development, performance and position are set out in the review of the year. The financial position of the University, its cash flows, liquidity position and borrowing facilities are described in the Finance Director's report and in more detail within the Statement of Principal Accounting Policies and Notes to the Accounts.

The University has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas. As a consequence, the Council believes that the University is well placed to manage its risks successfully despite the current uncertain economic outlook. The University's current forecasts and projections, taking account of reasonable sensitivities in relation to the key risks set out elsewhere in the Annual Report and Accounts, show that the University should be able to operate within its current facilities and available headroom.

The Council considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Accounts.

Deans of Faculty
July 2011

(l to r):

Steve Homans
Peter Moizer
Jane Francis
Peter McWilliam
David Cooper
Michael Wilson
Peter Jimack
Frank Finlay
Jeremy Higham



Members of the Council 2010/11¹

Member of Council	Brief pen-portrait	Attendance (6 Ordinary meetings 2 Away Days)
Linda Pollard, OBE	Pro-Chancellor and Chair of Council since August 2007; Chair of NHS Leeds Primary Care Trust; Deputy Chair of the Regional Development Agency Yorkshire Forward; Regional Chair of Coutts Bank plc; National Women's Ambassador of Coutts Bank; Board Member of UCEA; Chair of an Inspirational Journey and 2% Club Yorkshire	6 + 2
Michael Arthur	Vice-Chancellor since 2004. Former Professor of Medicine, Head of School of Medicine and Dean of Medicine, Health and Life Sciences at the University of Southampton; Chairman of the Russell Group of Universities; member of the Council of the Medical Research Council; Chair of the Advisory Group for National Specialised Services (NHS) and board member of Opera North	6 + 2
Saeeda Ahmed	Founding Director of Trescom (Training and Community Regeneration Company); Director of Adventure Capital Fund; a Cabinet Office Social Enterprise Ambassador 2007-11; a Board Member for Aspire 1 (Bradford-based careers service)	4 + 2
Ed Anderson	Chairman of Yorkshire Building Society; Chairman of the Airport Operators Association; former Managing Director of Leeds Bradford International Airport; Chair of the Mid Yorkshire Hospitals NHS Trust; Chair of Governors, Leeds Trinity University College and Deputy Chair of St Gemma's Hospice	6 + 1
Charlotte Armstrong	Language Centre Administrator	5 + 2
Neil Clephan	Head Teacher, Roundhay School Technology & Language College; National Leader of Education; member of Court	6 + 2
David Cottrell	Dean of Medicine and Professor of Child and Adolescent Psychiatry; Non-Executive Director Bradford Teaching Hospitals Trust	3 + 2
Nigel Foster	Director, Ove Arup and Partners; Director of Marketing Leeds; Non-Executive Director of Leeds Community Healthcare NHS Trust; Director of Leeds Ahead and Board Member of Leeds, York & North Yorkshire Chamber of Commerce	3 + 1
Jane Francis	Dean of the Faculty of Environment and Professor of Palaeoclimatology	4 + 2
Elliot Jebreel	Education Officer, LUU	6 + 2
Robin Johnson	Solicitor and Partner at Eversheds LLP, member of American Bar Association; member of Canadian-UK Chamber of Commerce	5 + 2
Caroline Johnstone	Chartered Accountant (formerly with PricewaterhouseCoopers); non-executive member of the audit committee of the Crown Prosecution Service for England and Wales; Chair, Treasurer and Trustee of a Leeds-based community charity; member of the Qualifications Board of the Institute of Chartered Accountants of Scotland	4 + 1
Peter McWilliam	Dean of the Faculty of Medicine and Health and Professor of Cardiovascular Physiology; Non-Executive Director, Leeds NHS Teaching Hospitals Trust	6 + 2
Tom Morton	Chartered Accountant; owner of The Alternative Board (Harrogate); former partner at PKF (UK) LLP; Director of Leeds, York and North Yorkshire Chamber of Commerce and of Weetwood Hall Ltd (a University subsidiary); Chair of the University's Audit and Risk Committee	3 + 1
Sue Proctor	Diocesan Secretary for the Church of England Diocese of Ripon and Leeds; former Executive Director of Patient Care and Partnerships/Chief Nurse for the NHS Yorkshire and the Humber Strategic Health Authority; member of Court	4 + 1
Gavin Reid	Senior Lecturer, School of Chemistry; Vice-President, Leeds Branch and Chair, Education Committee, of the University and College Union	0 + 0
Martin Scicluna	Chairman, Great Portland Estates plc and non-executive director of Lloyds Banking Group; Governor of Berkhamsted School; formerly Chairman of Deloitte	1 + 1
Alison Staniforth	Legal Consultant of the Department of Health; Director of LCVS (a not for profit organisation providing rented accommodation to new and small businesses in Leeds)	4 + 1
John Stoddart-Scott	Farm and Estate Manager. Chairman of Weetwood Hall Ltd and of University of Leeds Farms Ltd (both subsidiary companies)	6 + 2
Rachel Wenstone	Communications & Internal Affairs Officer, LUU	5 + 2
Quentin Woodley	Director (Senior Partner) McKinsey & Company; Fellow of the Institute of Chartered Accountants in England and Wales	4 + 1
Michael Ziff	Deputy Pro-Chancellor; Executive Chairman, Barratts Priceless Limited; Director, Town Centre Securities PLC; retired Chair, Bradford Centre Regeneration; President of UK Israel Business; Chair of Maccabi and Chair of the British-Israel Chamber of Commerce	4 + 1

¹ From 1 July 2011, Elliot Jebreel and Rachel Wenstone were replaced as the LUU members on the Council by Ben Jackson (Education Officer) and Mark Swards (Communications and Internal Affairs Officer). Martin Scicluna stepped down from membership on 31 July 2011; Geoffrey Potter (an independent communications consultant) was appointed in his stead from 1 August 2011, and Jo Westerman (Manager of the University's LOGIK Centre) was elected to the Council by support staff.

Members of the Vice-Chancellor's Executive Group 2010/11

Professor Michael Arthur
Vice-Chancellor (Chair)

Professor John Fisher, CBE
Deputy Vice-Chancellor

Roger Gair
University Secretary

Martin Holmes
Marketing Director

Dennis Hopper
Director of Facilities Management

Professor Vivien Jones
Pro-Vice-Chancellor for student education

Matthew Knight
Director of Human Resources

Jane Madeley
Finance Director

Professor Stephen Scott
Pro-Vice-Chancellor for staff

Professor Edward Spiers
Acting Pro-Vice-Chancellor for research and innovation (March – July 2011)

Professor Andrew Thompson
Pro-Vice-Chancellor for research and innovation (to February 2011)

Professor Richard Williams, OBE
Pro-Vice-Chancellor for international partnerships

Deans of Faculty 2010/11

Professor David Cooper
Performance, Visual Arts and Communications

Professor Frank Finlay
Arts

Professor Jane Francis
Environment

Professor Jeremy Higham
Education, Social Sciences and Law

Professor Steve Homans
Biological Sciences

Professor Peter Jimack
Engineering

Professor Peter McWilliam
Medicine and Health

Professor Peter Moizer
Business

Professor Mike Wilson
Mathematics and Physical Sciences

Statement of Primary Responsibilities of the Council

Within the framework laid down by the Charter and Statutes, the primary responsibilities of the Council are as follows:

Corporate strategy

Having regard to the interests of stakeholders:

- to approve or modify the University's mission and objectives, the strategic and operational plans designed to secure those objectives (including academic, financial, physical, staffing and capital strategies), and the underlying values and principles that shape the work of the University
- to approve the University's annual general revenue budget and the main features of the mechanisms for allocating resources within that budget; and to ensure that the University remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its total income
- to take steps to ensure that all individuals within the University are treated fairly, with dignity and respect; that the opportunities the University provides are open to all; and that the University provides a safe, supportive and welcoming environment for staff, students and visitors
- to make such provision as it thinks fit for the general welfare of students, in consultation with the Senate
- to initiate remedial action in the event of a systematic failure within the institution to respond adequately to a deterioration in the University's performance, management or reputation.

Corporate policies

To exercise overall responsibility for the University's assets, property and estate, and specifically:

- as the employing authority for all staff within the institution, to approve or modify the main features of the University's employment policies and procedures
- to approve or modify the University's policy on health and safety, and other significant University policies and to satisfy itself that arrangements are in place for the implementation of those policies

- to approve major projects and business proposals, including in particular any projects or proposals with a value of over £3m and any proposals for educational provision overseas
- to approve the annual statement of accounts
- to act as trustees for, or to make appropriate alternative arrangements for the trusteeship of, any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

Operational management and systems

To approve or modify the main features of the University's overall governance and management structures, its systems of risk management, internal financial management and control and accountability, and its financial regulations and procedures; and in that regard:

- to approve or modify the overall constitutional and organisational structure and shape of the University, including, subject to the approval of the Privy Council, amendments to the Charter and Statutes
- to ensure that systems are in place for meeting all of the University's legal obligations, including those arising from contracts and other commitments made in the University's name
- to direct the form, use and custody of the common seal
- to appoint the Vice-Chancellor and other executive officers, and to put in place appropriate arrangements for monitoring their performance
- to make nominations to the offices of Chancellor and Pro-Chancellor
- to appoint a secretary to the Council, to safeguard the secretary's ability to carry out the responsibilities of that office, and, having regard to any other managerial responsibilities undertaken by the secretary, to ensure an appropriate separation in the lines of accountability

- to ensure that University business is conducted in accordance with best practice in corporate governance within higher education, and with the principles of public life laid down by the Committee on Standards in Public Life
- to ensure that reasonable arrangements are in place to safeguard the good name and values of the University and to ensure compliance with the University's constitution
- to appoint the University's external and internal auditors and the University's bankers, and to approve the University's banking mandates
- to establish, and as necessary review, procedures for handling internal grievances and for managing conflicts of interest
- to approve or to amend, as necessary, the terms of the Trust Deeds of any University trusts
- to determine the basis on which any of the Council's functions shall be delegated to committees and individuals, and thereafter to satisfy itself as to the proper and effective discharge of any delegated functions.

Monitoring of institutional performance

To monitor and evaluate the performance and effectiveness of the University against approved plans, key performance indicators and benchmarking data for comparable institutions, and also:

- to monitor the progress of major business projects
- to confirm that the performance of the Vice-Chancellor and other executive officers is systematically monitored against institutional objectives and plans
- to establish processes to monitor and evaluate the performance and effectiveness of the Council itself.

We have audited the financial statements of the University of Leeds for the year ended 31 July 2011 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 35. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Council in accordance with the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

As explained more fully in the Council's Responsibilities Statement, the Council is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2011 and of its surplus for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the funding council and the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2011 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2011 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council and the funding agreement with the Training and Development Agency for Schools.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Leeds, England
24 November 2011

Annual Accounts

Consolidated Income and Expenditure Account for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Income			
Funding Council grants	1	160,821	157,733
Tuition fees and education contracts*	2	156,513	147,792
Research grants and contracts	3	123,975	119,319
Other operating income*	4	98,564	90,456
Endowment income and interest receivable	5	3,129	2,441
Total Income (excludes share of joint ventures £4.3m [2009/10: £3.7m])		543,002	517,741
Expenditure			
Staff costs (excluding exceptional costs)	6	285,819	296,976
Exceptional staff costs	6	6,719	6,715
Total staff costs		292,538	303,691
Other operating expenses	7	189,131	181,751
Depreciation	7	21,149	18,268
Interest payable and similar charges	8	2,291	1,287
Total expenditure	7	505,109	504,997
Surplus after depreciation and before tax		37,893	12,744
Share of joint ventures' operating profit		40	57
Share of associates' operating profit/(loss)		150	(88)
Taxation	9	(80)	(78)
Surplus after depreciation and tax		38,003	12,635
Minority interest		(283)	245
Surplus before restructuring costs		37,720	12,880
Restructuring costs	6	–	(14,556)
Surplus/(deficit) on continuing operations after depreciation and tax		37,720	(1,676)
Transfer from/(to) accumulated income within restricted endowments		77	(217)
Surplus/(deficit) for the year transferred to reserves		37,797	(1,893)

There is no material difference between the surplus/(deficit) for the year as disclosed above and the surplus/(deficit) on an unmodified historical cost basis.

*Other operating income has been revised by £4,308k in 2009/10 to exclude research training support grants. These amounts are now included in tuition fees and education contracts.

Balance Sheets as at 31 July 2011

	Note	Consolidated		University	
		2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Fixed assets					
Tangible assets	10	449,082	421,108	437,690	409,333
Investments	11	2,141	2,069	6,799	6,727
Investments in associates	12	100	–	–	–
Investments in joint ventures	13	350	310	–	–
		451,673	423,487	444,489	416,060
Endowment asset investments	14	52,167	49,284	52,167	49,284
Current assets					
Stock		447	438	232	223
Debtors	15	56,260	53,611	60,083	55,818
Investments	16	114,626	99,841	114,626	99,841
Cash at bank and in hand		12,093	11,852	9,588	9,437
		183,426	165,742	184,529	165,319
Creditors: amounts falling due within one year	17	(139,976)	(148,087)	(137,607)	(144,492)
Net current assets		43,450	17,655	46,922	20,827
Total assets less current liabilities		547,290	490,426	543,578	486,171
Creditors: amounts falling due after more than one year	18	(52,874)	(57,296)	(50,689)	(54,703)
Provisions for liabilities	20	(26,543)	(17,382)	(26,503)	(17,307)
Total net assets excluding pension deficit		467,873	415,748	466,386	414,161
Pension deficit	29	(6,662)	(31,006)	(6,662)	(31,006)
Total net assets including pension deficit		461,211	384,742	459,724	383,155

	Note	Consolidated		University	
		2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Deferred capital grants	21	200,789	189,253	200,789	189,253
Endowments					
Permanent	22	51,327	48,475	51,327	48,475
Expendable	22	840	809	840	809
		52,167	49,284	52,167	49,284
Reserves					
Income and Expenditure Account excluding pension reserve		190,298	152,429	188,811	151,005
Pension reserve		(6,662)	(31,006)	(6,662)	(31,006)
Heritage assets reserve		24,619	24,619	24,619	24,619
	23	208,255	146,042	206,768	144,618
Total funds before minority interests		461,211	384,579	459,724	383,155
Minority interests		-	163	-	-
Total funds		461,211	384,742	459,724	383,155

The Annual Report and Accounts were approved by Council on 24 November 2011 and signed on its behalf by:

Jane Madeley
Finance Director

Michael Arthur
Vice-Chancellor

Consolidated Cash Flow Statement for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Net cash inflow from operating activities	24	46,186	29,811
Returns on investments and servicing of finance	25	336	1,395
Tax paid		(25)	(124)
Capital expenditure and financial investment	26	(26,367)	(38,419)
Net cash inflow/(outflow) before use of liquid resources and short-term investments		20,130	(7,337)
Management of liquid resources		(14,785)	(28,385)
Financing	27	(4,265)	33,021
Increase/(decrease) in cash	28	1,080	(2,701)

Reconciliation of net cash flow to movement in net funds

Increase/(decrease) in cash in the period		1,080	(2,701)
Increase in short-term investments		14,785	28,385
Net decrease/(increase) in debt	27	4,265	(33,021)
Disposed of in year		(839)	–
Movement in net funds in the year		19,291	(7,337)
Net funds at 1 August		52,561	59,898
Net funds at 31 July	28	71,852	52,561

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Surplus/(deficit) for the financial year		37,797	(1,893)
Appreciation of endowment asset investments	22	2,652	6,346
Endowment income retained for the year	22	215	110
Actuarial gain/(loss) on pension assets	29	24,416	(548)
New endowments	22	16	499
Total recognised gains relating to the year		65,096	4,514
Reconciliation			
Opening reserves and endowments		195,326	190,812
Total recognised gains for the year		65,096	4,514
Closing reserves and endowments		260,422	195,326

Statement of Principal Accounting Policies

1 Accounting Convention

The Accounts have been prepared under the historic cost convention as modified by the revaluation of endowment asset investments and heritage assets and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and applicable United Kingdom Accounting Standards. All accounting policies have been applied consistently with the prior period.

2 Going Concern

The consolidated Accounts are prepared on a going concern basis as per the Corporate Governance report.

3 Basis of Consolidation

The consolidated Accounts combine the Accounts of the University, its subsidiary undertakings with a 31 July year end, and one subsidiary undertaking, University of Leeds Farms Limited, with a 30 April year end. Further details of the subsidiary undertakings are disclosed in the Notes to the Accounts.

Associated companies and joint ventures are accounted for on the net equity and gross equity methods respectively.

The consolidated Accounts do not include the income and expenditure of Leeds University Union as the University does not exert control or dominant influence over policy decisions. The expenditure included in the Income and Expenditure Account of the University relates to the University's contribution to Union activities.

4 Recognition of Income

The recurrent grant from the Higher Education Funding Council for England (HEFCE) represents the funding allocation attributable to the current year and is credited directly to the Income and Expenditure Account.

Tuition fees represent fees attributable to the current financial year and are recognised as services are provided.

Research grants, and other income which is designated by a donor for specific purposes, are included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits and endowments is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the terms of the endowment is transferred from the Income and Expenditure Account to restricted endowments.

5 Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leeds Pension and Assurance Scheme (PAS). The schemes are defined-benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The funds are valued every three years by actuaries using the Projected Unit Method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The USS is a multi employer scheme for which it is not possible to identify the assets and liabilities to institutional members due to the mutual nature of the Scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

For the other defined-benefit scheme, PAS, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Income and Expenditure Account and presented in the Statement of Total Recognised Gains and Losses.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pension deficit recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and the pension asset represents the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refund and reductions in future contributions to the scheme.

6 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

7 Operating Leases

Costs in respect of operating leases are charged evenly over the lease term.

8 Land and Buildings

Land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed. Buildings are depreciated in equal instalments over their expected useful lives as follows:

Academic buildings	50 years
Residences	30 years
Laboratories and lecture theatres	30 years
Other building refurbishment	10 years

9 Equipment

In the accounts of the University, but not the subsidiary undertakings, individual items or groups of related items costing less than £25,000 are written off in the year of acquisition. All other equipment is capitalised.

In the accounts of the University, capitalised equipment and furniture is stated at cost and depreciated in equal instalments over its expected useful life, as follows:

Computing equipment	4 years
Equipment acquired for specific research projects	project life
Other equipment	10 years
Motor vehicles	4 years

10 Deferred Capital Grants

Where tangible fixed assets are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful lives. The related grants are treated as deferred capital grants and released to income in line with depreciation of the assets (the period of the grant in respect of specific research projects).

11 Heritage Assets

Works of art and other valuable artefacts valued at over £25,000 have been capitalised and recognised at their cost or value where reasonably obtainable.

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

12 Investments

Endowment asset investments are included in the Balance Sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

Investments in subsidiaries are shown at the lower of cost and net realisable value.

13 Stock

Except for farming stock which is professionally valued, stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs.

14 Cash Flows and Liquid Resources

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

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, sterling liquidity funds and other on-call deposit accounts. They exclude any such assets held as endowment asset investments.

15 Maintenance of Premises

The University has a rolling maintenance plan which is reviewed periodically. The cost of routine maintenance is charged to the Income and Expenditure Account as incurred.

16 Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University 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) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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 University receives no similar exemption in respect of Value Added Tax.

1 Funding council grants

	2010/11 £000	2009/10 £000
Recurrent grant	134,766	139,090
Specific grants		
Training and Development Agency for Schools	2,612	2,367
Equipment and furniture	229	686
Teaching & Learning Capital	2,756	1,227
Rewarding and Developing Staff 1 and 2	4,840	125
Widening Participation	1,049	1,104
Science Research Investment Fund	244	625
Higher Education Innovation Fund	2,691	1,742
Matched funding scheme for voluntary giving	1,114	827
HEFCE Capital	158	776
Other (less than £0.5m each)	1,968	1,638
Released from deferred capital grants		
Buildings	5,799	5,135
Equipment	2,595	2,391
	160,821	157,733

The funding council is the Higher Education Funding Council for England (HEFCE).

2 Tuition fees and education contracts*

Full-time home and EU students	70,672	68,163
Full-time international students	54,950	47,883
Part-time home and EU students	3,116	3,041
Part-time international students	753	714
Research training support grants	5,739	6,245
Short course fees	7,538	7,961
NHS teaching contract	13,745	13,785
	156,513	147,792

*Other operating income has been revised by £4,308k in 2009/10 to exclude research training support grants. These amounts are now included in tuition fees and education contracts.

3 Research grants and contracts

	2010/11 £000	2009/10 £000
Research Councils	35,966	39,025
UK based charities	20,016	19,044
UK Government	40,362	38,684
UK industry	7,728	6,111
European Commission	9,869	8,578
Other grants and contracts	8,352	6,259
Released from deferred capital grants		
Buildings	88	88
Equipment	1,594	1,530
	123,975	119,319

4 Other operating income*

Residences, catering and conferences	44,454	41,180
Health authorities	10,799	11,245
Donations	3,220	2,600
Subscriptions	3,454	1,108
Grants	8,351	1,338
Other income	27,230	31,817
Heritage asset donations	–	140
Released from deferred capital grants		
Buildings	935	895
Equipment	121	133
	98,564	90,456

5 Endowment income and interest receivable

Income from expendable endowments	22	23
Income from permanent endowments	1,575	2,141
Income from short-term investments	806	253
Other investment income	13	59
Other net finance income/(cost) from pension scheme assets and liabilities	706	(42)
Released from deferred capital grants		
Buildings	7	7
	3,129	2,441

*Other operating income has been revised by £4,308k in 2009/10 to exclude research training support grants. These amounts are now included in tuition fees and education contracts. In addition, other operating income has been re-analysed to ensure consistent classification. The reclassification has been undertaken to provide more meaningful description and analysis.

6 Staff

	2010/11 Number	2009/10 Number
Average staff numbers (full-time equivalents) by major category		
Academic/Teaching	1,702	1,778
Research	942	944
Management/Professional	1,216	1,244
Support	2,315	2,544
	6,175	6,510
	£000	£000
Staff costs		
Wages and salaries	219,461	229,116
Social security costs	18,929	18,728
Pension costs (including FRS 17)	46,729	46,703
Severance payments	700	2,429
Exceptional staff costs	6,719	6,715
	292,538	303,691
Costs included within provisions to the extent they have not been settled at 31 July:		
Restructuring	100	6,551
Exceptional staff costs	12,816	7,454
Early retirement schemes	73	895

Exceptional restructuring costs

The fundamental change to the funding structure of the HE sector, as a result of government funding cuts, has been a major focus for the last two years with a significant impact on both universities and students. As part of its efforts to prepare for the future, the University offered a voluntary leavers scheme to all staff during 2009/10, resulting in 496 leavers at a cost of £14,556k.

Senior post-holder's emoluments

Emoluments of the Vice-Chancellor

Salary	253	253
Benefits in kind as assessed for HMRC purposes	7	7
	260	260
Employer contributions to defined benefit scheme	60	59

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff.

The University's pension contributions to the Universities Superannuation Scheme are paid at the same rate as for other academic staff.

	2010/11 Number	2009/10 Number
Remuneration of other higher paid staff, excluding employer's pension contributions		
£100,000 - £109,999	19	24
£110,000 - £119,999	14	13
£120,000 - £129,999	10	12
£130,000 - £139,999	8	7
£140,000 - £149,999	10	5
£150,000 - £159,999	8	11
£160,000 - £169,999	6	4
£170,000 - £179,999	6	6
£180,000 - £189,999	3	6
£190,000 - £199,999	3	4
£200,000 - £209,999	4	3
£210,000 - £219,999	3	–
	94	95

Higher paid staff included 63 (2009/10: 66) clinical staff and 31 (2009/10: 29) non-clinical staff.

The majority of clinical academic staff also work within the local NHS Trusts and their salaries are recharged proportionally to the time spent on clinical duties. The above figures reflect their gross remuneration before any recharge.

7 Analysis of expenditure

	Staff costs £000	Other operating expenses £000	Depreciation and amortisation £000	Interest payable £000	2010/11 Total £000	2009/10 Total £000
Academic departments	156,374	36,940	3,137	–	196,451	208,719
Research grants and contracts	62,035	55,425	1,604	2	119,066	111,533
Total teaching and research	218,409	92,365	4,741	2	315,517	320,252
Administration and Corporate Services	42,417	28,447	651	383	71,898	76,907
Premises	10,916	30,039	11,374	–	52,329	54,069
Residences, catering and conferences	11,290	26,092	4,368	1,906	43,656	40,783
Other expenses	2,009	12,188	15	–	14,212	5,836
Exceptional staff costs	6,719	–	–	–	6,719	6,715
FRS 17 adjustment	778	–	–	–	778	435
Total	292,538	189,131	21,149	2,291	505,109	504,997

Other operating expenses

Equipment purchases and maintenance	14,153	18,111
Estate repairs and maintenance	23,905	15,802
Consumables and laboratory expenditure	21,273	18,322
Printed materials, books and periodicals	7,518	7,576
Printing, stationery and office expenses	5,421	8,409
Travel and subsistence	10,801	10,672
Fellowships, scholarships and prizes	32,205	31,357
Heat, light, water and power	14,223	12,374
Rent, rates and insurance	10,996	12,014
Grants to student union	1,997	1,997
Fees and expenses	39,637	38,897
Recruitment, training and welfare	2,968	3,620
Auditor's remuneration in respect of audit services	111	100
Auditor's remuneration in respect of other services	68	85
Other expenses	3,855	2,415
	189,131	181,751
Equipment purchases and maintenance includes payment under operating leases in respect of equipment	759	216
Rent, rates and insurance includes payment under operating leases in respect of buildings	8,354	8,983
Fees and expenses include contracted internal audit fees	143	128

Trustees

During the year, no trustee received or waived any remuneration for serving as a trustee.

The total expenses paid to seven trustees was £2k (2009/10: £2k to six trustees). This represents travel and subsistence expenses incurred in attending Council meetings, conferences and events in their official capacities as Council members.

8 Interest payable and similar charges

	2010/11 £000	2009/10 £000
On loans repayable wholly or partly in more than 5 years	2,291	1,287

9 Taxation

Current Tax

UK Corporation tax on profit for the year
Adjustment in respect of previous years

92 26
23 19

Deferred Tax

Originating and reversal of timing differences

115 45
(35) 33

80 78

Tax paid in the year

25 124

10 Tangible assets

	Consolidated				Total £000
	Freehold Land £000	Freehold Buildings £000	Equipment £000	Heritage Assets £000	
Cost or valuation					
At 1 August 2010	7,613	491,789	75,361	25,195	599,958
Additions	–	35,593	13,630	176	49,399
Disposals	–	(907)	(2,008)	–	(2,915)
At 31 July 2011	7,613	526,475	86,983	25,371	646,442
Depreciation					
At 1 August 2010	–	122,777	56,073	–	178,850
Charge for the year	–	15,375	5,774	–	21,149
Eliminated on disposals	–	(773)	(1,866)	–	(2,639)
At 31 July 2011	–	137,379	59,981	–	197,360
Net book value at 31 July 2011	7,613	389,096	27,002	25,371	449,082
Net book value at 1 August 2010	7,613	369,012	19,288	25,195	421,108
	University				
Cost or valuation					
At 1 August 2010	6,287	480,155	71,985	25,195	583,622
Additions	–	35,592	13,344	176	49,112
Disposals	–	(907)	(1,610)	–	(2,517)
At 31 July 2011	6,287	514,840	83,719	25,371	630,217
Depreciation					
At 1 August 2010	–	120,302	53,987	–	174,289
Charge for the year	–	15,118	5,409	–	20,527
Eliminated on disposals	–	(773)	(1,516)	–	(2,289)
At 31 July 2011	–	134,647	57,880	–	192,527
Net book value at 31 July 2011	6,287	380,193	25,839	25,371	437,690
Net book value at 1 August 2010	6,287	359,853	17,998	25,195	409,333

At 31 July 2011, freehold buildings at cost included £30.3m (2010: £75.5m) and equipment at cost included £1.7m (2010:£nil) in respect of assets under construction.

HERITAGE ASSETS

The University has been fortunate to receive donations of a variety of cultural items and collections for over 100 years. Many items have also been purchased to augment existing collections and/or add to the variety of items within a special area of interest. Most of these purchases have been funded by benefaction.

Heritage Assets are held at market value established by specialist University personnel. Heritage Assets include many unique items (and collections), such as hand-written manuscripts and original art works, the current value of which can only be estimated, as they cannot be matched to identical items available on the market. Many other items are extremely rare, though not unique, and identical items may not appear on the market for decades.

Heritage Assets are classified into three main categories: Special collections, Art collections and University of Leeds International Textile Archive (ULITA).

Special collections

The Special collections contain individual items and constituent collections consisting primarily of books and manuscripts. Constituent collections are characterised as such when their contents are acquired together from a single source or when they are generally used in association with each other, for example, the 'archive' of an organisation or person.

Art collections

The Art collections consist of individual paintings and drawings, collections of drawings, and sculptures.

ULITA

This category consists of tapestries, pattern books, stencils and fibre collections.

Preservation and management

The custodianship of these items has been given to specific areas and persons for their care and maintenance.

All the collections are valued for insurance purposes at £30m. In addition, collections are held for other organisations for custodial purposes, notably, Ripon Cathedral's heraldry collection and these are insured separately.

HERITAGE ASSETS

	Special collections £000	Art collections £000	ULITA £000	2010/11 Total £000	2009/10 Total £000
At 1 August	19,148	5,522	525	25,195	24,854
Additions	176	–	–	176	341
At 31 July	19,324	5,522	525	25,371	25,195

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Purchases					
Special collections	176	122	377	70	43
Art collections	–	79	–	–	–
Donations					
Special collections	–	100	–	–	–
Art collections	–	40	2,010	–	–
Total Additions	176	341	2,387	70	43

11 Fixed asset investments

	Consolidated	University
	£000	£000
Investments in subsidiary undertakings		
Cost at 1 August 2010	–	4,659
Additions	–	–
Cost at 31 July 2011	–	4,659
Other fixed asset investments		
Cost at 1 August 2010	2,069	2,068
Additions	3	3
Appreciation	69	69
Cost at 31 July 2011	2,141	2,140
Total investments		
At 31 July 2011	2,141	6,799
At 1 August 2010	2,069	6,727

Listed investments carried at cost of £467,669 (2010: £464,208) have a market value of £7,841k (2010: £7,012k).

Details of the trading companies, all registered in England, in which the University held directly or indirectly more than 50% of the nominal value of any class of share capital are as follows:

Name of company	Percentage holding	Nature of business
Subsidiary Undertakings		
Leeds Innovation Centre Ltd	100%	Business accommodation and facilities management
University of Leeds Consulting Ltd	100%	Management of consultancy services
University of Leeds Farms Ltd	100%	Farming
University of Leeds Healthcare Education Ltd	100%	Education and training services
University of Leeds IP Ltd	100%	Intellectual property management
Weetwood Hall Ltd	100%	Hotel and conference centre
Leeds Ventures Ltd	100%	Advisory services for the University's customers in China
Bright Beginnings Childcare Centre Leeds	100%	Childcare facilities and services

12 Investments in associates

Details of the other trading companies, all registered in England, in which the University holds, directly or indirectly 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Percentage holding	Nature of business
Associated Undertakings		
White Rose Technology Ltd	40%	Seedcorn funding for commercialisation of research
RD Info	36%	Information service for health and social care researchers
Rock Deformation Research Ltd	29%	Geographical analysis and consultancy
Dyecat Ltd	23%	Polymer addictive chemicals
Glass Manufacturing Services Ltd	23%	Specialist glass supplier for commercial and industrial use
Dispersia Ltd	22%	Solutions for dermatological diseases
Instrumentel Ltd	21%	Technology for remote telemetry in hostile environments
Resuspod	21%	Solutions to medical emergency management in dental practice
Escubed Ltd	20%	Particle characterisation services to pharmaceutical industries

On 22 July 2011, a share restructure of Rock Deformation Research Ltd led to the University's share of the company reducing to an extent that the company became an associate undertaking of the University, rather than a subsidiary undertaking.

13 Investments in joint ventures

The University holds shares of joint venture companies as follows:

Name of company	Percentage holding	Nature of business
Joint Ventures		
Myscience.co Ltd	25%	Continuous professional development for science teachers and technicians
The Worldwide Universities Network	17%	Collaboration of Universities to achieve international objectives in research and graduate education
YHMAN Ltd	13%	Management and maintenance of a communications network between HE establishments
N8 Ltd	13%	Enabling northern businesses to access world-class knowledge to gain a significant competitive advantage

	2010/11 £000	2009/10 £000
Income and Expenditure Account		
Income	4,280	3,660
Surplus before tax	32	3
Balance Sheet		
Fixed assets	673	756
Current assets	1,869	1,906
	2,542	2,662
Creditors: amounts falling due within one year	(1,595)	(1,780)
Creditors: amounts falling due after more than one year	(597)	(572)
	(2,192)	(2,352)
Share of net assets	350	310

14 Endowment asset investments

	Consolidated and University	
	2010/11 £000	2009/10 £000
At 1 August	49,284	42,329
Additions	3,390	45,660
Disposals	(3,077)	(45,404)
Appreciation on revaluation	2,652	6,346
(Decrease)/increase in cash balances	(82)	353
At 31 July	52,167	49,284
Represented by:		
Fixed interest stocks	16,566	16,012
Equities	32,460	30,049
Cash balances	3,141	3,223
	52,167	49,284

Subsequent to the Balance Sheet date, stock market performance has declined. The market value of the endowments portfolio reduced to £51,146k at 31 October 2011.

15 Debtors

	Consolidated		University	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Amounts falling due within one year				
Sponsored research in progress	24,129	26,713	24,129	26,713
Trade debtors	21,276	19,065	17,296	14,205
Amounts owing from subsidiary undertakings	–	–	5,860	5,477
Prepayments and accrued income	10,855	7,833	9,448	6,043
Amounts falling due after more than one year				
Amounts owing from subsidiary undertakings	–	–	3,350	3,380
	56,260	53,611	60,083	55,818

16 Investments

	Consolidated and University	
	2010/11 £000	2009/10 £000
Short-term deposits	114,626	99,841

At 31 July 2011 the weighted average interest rate of these fixed rate deposits was 0.8% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 24 days. The fair value of these deposits was not materially different to the book value.

17 Creditors: amounts falling due within one year

	Consolidated		University	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Bank loans	4,306	4,265	3,898	3,858
Research grants received on account	43,189	36,622	43,189	36,622
Trade creditors	26,570	25,805	26,340	25,194
Social security and other taxation payable	7,077	7,451	6,742	6,855
Accruals and deferred income	58,834	73,944	57,172	71,422
Amounts owing to subsidiary companies	–	–	266	541
	139,976	148,087	137,607	144,492

18 Creditors: amounts falling due after more than one year

Bank loans	50,561	54,867	48,376	52,274
Deferred income	2,313	2,429	2,313	2,429
	52,874	57,296	50,689	54,703

19 Borrowings

Bank loans and overdrafts are repayable as follows

In one year or less	4,306	4,265	3,898	3,858
Between one and two years	4,350	4,306	3,942	3,898
Between two and five years	13,373	13,206	12,149	11,982
In five years or more	32,838	37,355	32,285	36,394
	54,867	59,132	52,274	56,132

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2011 and 10 February 2030 and are secured either on a portion of the freehold land and buildings of the Group or by a negative pledge over the University's assets.

At 31 July 2011, the University held a foreign exchange swap for the purpose of managing the exposure to changes in foreign exchange rates. The fair value of the asset, which has not been accounted for in the main financial statements at 31 July 2011 was £23,120 (2009/10: £58,876). The University does not hold any derivatives for trading purposes.

20 Provisions for liabilities

	Consolidated		University	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
At 1 August	17,382	7,235	17,307	7,194
Transferred from income and expenditure	18,639	25,190	18,674	25,156
Utilised in the year	(9,478)	(15,043)	(9,478)	(15,043)
At 31 July	26,543	17,382	26,503	17,307
Comprising:				
Restructuring				
At 1 August	6,551	–	6,551	–
Transferred from income and expenditure	–	14,556	–	14,556
Utilised in the year	(6,451)	(8,005)	(6,451)	(8,005)
At 31 July	100	6,551	100	6,551
Exceptional staff costs				
At 1 August	7,454	5,540	7,454	5,540
Transferred from income and expenditure	6,719	6,715	6,719	6,715
Utilised in the year	(1,357)	(4,801)	(1,357)	(4,801)
At 31 July	12,816	7,454	12,816	7,454
Early retirement of employees (Premature Retirement Terms)				
At 1 August	640	1,604	640	1,604
Transferred from income and expenditure	343	376	343	376
Utilised in the year	(957)	(1,340)	(957)	(1,340)
At 31 July	26	640	26	640
Early retirement of employees (Mobility Incentive Scheme)				
At 1 August	255	–	255	–
Transferred from income and expenditure	470	1,102	470	1,102
Utilised in the year	(678)	(847)	(678)	(847)
At 31 July	47	255	47	255
Other (including part-time pensions, deferred taxation, repair costs and impairment costs)				
At 1 August	2,482	91	2,407	50
Transferred to/(from) income and expenditure	11,107	2,441	11,142	2,407
Utilised in the year	(35)	(50)	(35)	(50)
At 31 July	13,554	2,482	13,514	2,407

The above provisions, subject to an annual review, are expected to be utilised within the next three years.

Provisions for 2010/11 increased significantly from the prior year primarily due to the increase in the provision related to repairs and maintenance works in relation to issues identified during the current year.

21 Deferred capital grants

	Consolidated and University		
	Funding Council £000	Other grants £000	2010/11 Total £000
At 1 August 2010			
Buildings	139,490	36,052	175,542
Equipment	11,597	2,114	13,711
	151,087	38,166	189,253
Grants received			
Buildings	13,990	298	14,288
Equipment	3,264	5,123	8,387
	17,254	5,421	22,675
Released to Income and Expenditure Account			
Buildings	(5,799)	(1,030)	(6,829)
Equipment	(2,594)	(1,716)	(4,310)
	(8,393)	(2,746)	(11,139)
At 31 July 2011			
Buildings	147,681	35,320	183,001
Equipment	12,267	5,521	17,788
	159,948	40,841	200,789

22 Endowments

	Consolidated and University				2010/11 Total £000	2009/10 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000		
At 1 August						
Capital	16,052	29,780	45,832	773	46,605	39,867
Accumulated income	–	2,643	2,643	36	2,679	2,462
	16,052	32,423	48,475	809	49,284	42,329
New endowments	–	16	16	–	16	499
Investment income	649	1,217	1,866	23	1,889	2,065
Expenditure	(634)	(1,018)	(1,652)	(22)	(1,674)	(1,955)
	15	199	214	1	215	110
Appreciation of endowment asset investments	914	1,708	2,622	30	2,652	6,346
At 31 July	16,981	34,346	51,327	840	52,167	49,284
Represented by:						
Capital	16,981	31,781	48,762	803	49,565	46,605
Accumulated income	–	2,565	2,565	37	2,602	2,679
	16,981	34,346	51,327	840	52,167	49,284

23 Reserves

	Consolidated		University	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
At 1 August	146,042	148,483	144,618	146,596
Surplus/(deficit) for the year	37,797	(1,893)	37,734	(1,430)
Actuarial gain/(loss) on pension scheme assets	24,416	(548)	24,416	(548)
At 31 July	208,255	146,042	206,768	144,618

24 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2010/11 £000	2009/10 £000
Surplus after depreciation and before tax	37,893	12,744
Restructuring costs	–	(14,556)
Depreciation	21,149	18,268
Fixed asset investment (appreciation)/depreciation	(69)	80
Loss on disposal of fixed assets	54	221
Deferred capital grants released to income	(11,139)	(10,179)
Endowment income and interest receivable	(3,129)	(2,441)
Interest payable and similar charges	2,291	1,287
Donated heritage assets	–	(140)
FRS 17 adjustment	778	(677)
(Increase)/decrease in stock	(33)	35
(Increase)/decrease in debtors	(3,518)	512
(Decrease)/increase in creditors	(7,286)	14,543
Increase in provisions	9,195	10,114
Net cash inflow from operating activities	46,186	29,811

25 Returns on investments and servicing of finance

	2010/11 £000	2009/10 £000
Income from endowments	1,889	2,057
Income from short-term investments	765	318
Interest and similar charges paid	(2,318)	(980)
Net cash inflow from returns on investments and servicing of finance	336	1,395

26 Capital expenditure and financial investment

Payments to acquire tangible fixed assets and investments	(49,402)	(61,165)
Payments to acquire endowment securities	(3,390)	(45,660)
Decrease/(increase) in endowment cash balances	82	(353)
Receipts from sales of tangible fixed assets and investments	378	43
Receipts from sales of endowment securities	3,077	45,404
Deferred capital grants received	22,872	22,813
New endowments received	16	499
Net cash outflow from capital expenditure and financial investment	(26,367)	(38,419)

27 Analysis of changes in consolidated financing during the year

Mortgages and Loans

At 1 August	59,132	26,111
New loan	–	35,000
Capital repayments	(4,265)	(1,979)
At 31 July	54,867	59,132

28 Analysis of changes in net funds

	At 1 August 2010 £000	Cash Flows £000	Other Changes £000	At 31 July 2011 £000
Cash at bank and in hand	11,852	1,080	(839)	12,093
Debt due within one year	(4,265)	4,265	(4,306)	(4,306)
Debt due after one year	(54,867)	–	4,306	(50,561)
Current asset investments	99,841	14,785	–	114,626
	52,561	20,130	(839)	71,852

29 Pension schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leeds Pension and Assurance Scheme (PAS). The assets of the schemes are held in separate trustee-administered funds. The schemes are defined-benefit schemes which are externally funded and are valued every three years by actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The University also contributes to the Teachers' Pension Scheme (TPS) which has 17 members, and the National Health Service (NHS) Pension Scheme which has 165 members, both multi-employer schemes.

Total pension cost for the University and its subsidiary undertakings

	2010/11 £000	2009/10 £000
Contributions to USS	34,165	34,108
PAS pension cost	10,946	10,852
Contributions to other pension schemes	1,618	1,743
Total pension cost	46,729	46,703

Universities Superannuation Scheme (USS)

USS provides benefits based on final pensionable salary for academic and related employees of all pre-1992 UK Universities and some other employers. It is a multi-employer scheme for which it is not possible to identify assets and liabilities to institutional members due to the mutual nature of the Scheme, and therefore has been accounted for as a defined contribution scheme.

A triennial valuation has taken place as at 31 March 2011, final results of this are not yet available.

To address the funding deficit identified by the 2008 valuation, the trustee board of USS carried out a review of the scheme benefits. Following lengthy discussions within the USS Joint Negotiating Committee as to the future structure of the scheme, a consultation with members took place at the end of 2010. As a result of this the scheme rules have been amended with effect from October 2011. There are a number of changes for existing scheme members which will impact on service built up after October 2011. For new entrants after this date a new Career Revalued Benefits section will be created, with member contributions of 6.5%. Contributions for existing members will increase to 7.5%. The employer contribution remains at 16% for both sections of the scheme.

University of Leeds Pension and Assurance Scheme (PAS)

PAS provides final salary benefits for support and technical staff within the University.

As a result of the 2008 valuation the employer contribution increased to 18.15% from 1 August 2009. As part of the deficit recovery plan the University will make an additional annual contribution of £1.1m until 31 July 2019. The University will also meet the cost of any ill health retirement benefits granted to members.

A triennial valuation has taken place as at 31 March 2011. As yet the full results of this valuation are not available. Until the valuation is completed employer deficit contributions will continue to be paid and the employer and employee contributions will be paid at the rate of 18.15% and 6.25% respectively.

The University is in consultation with the recognised trade unions and scheme trustees will be carrying out a review of the scheme benefits to ensure that the future structure of the scheme allows for it to be maintained in the long term. There will be a full consultation with scheme members regarding any proposed changes.

The pension expense charged to the Income and Expenditure Account makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses (STRGL) in the year that they occur.

With effect from the pension increase payable in April 2011, the scheme moved to using the Consumer Price Index (CPI) as a measure for increasing both pensions in payment and the deferred pension benefits held within the scheme. The change to the inflation measure from RPI to CPI reduced the value of the liabilities by £25.8m. This has been offset to a large extent by the change in the other actuarial assumptions which have increased the value placed on the liabilities by £19.2m.

	2010/11 £000	2009/10 £000
Change in benefit obligation		
Benefit obligation at 1 August	266,541	229,510
Current service cost	11,652	10,810
Interest cost	14,226	13,872
Plan participants' contributions	267	251
Actuarial (gains)/losses	(13,810)	21,881
Benefits paid	(8,137)	(9,783)
Benefit obligation at 31 July	270,739	266,541
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	270,739	266,541
Change in plan assets		
Fair value of plan assets at 1 August	235,535	198,417
Expected return on plan assets	14,932	13,830
Actuarial gains	10,606	21,333
Employer contribution	10,874	11,487
Member contributions	267	251
Benefits paid	(8,137)	(9,783)
Fair value of plan assets at 31 July	264,077	235,535
Funded status		
Net amount recognised	(6,662)	(31,006)
Amounts in the balance sheet		
Liabilities	(270,739)	(266,541)
Assets	264,077	235,535
Net liabilities	(6,662)	(31,006)
Components of pension cost		
Current service cost	11,652	10,810
Interest cost	14,226	13,872
Expected return on plan assets	(14,932)	(13,830)
Total pension cost recognised in the Income and Expenditure Account	10,946	10,852
Actuarial (gains)/losses immediately recognised	(24,416)	548
Total pension cost recognised in the Statement of Total Recognised Gains and Losses		
Cumulative actuarial losses immediately recognised	66,609	91,025

29 Pension schemes (continued)

	31 July 2011	31 July 2010
Plan assets		
Weighted-average asset allocation		
Equities	70.0%	70.0%
Property	9.0%	9.0%
Bonds and other	21.0%	21.0%
	100.0%	100.0%

	31 July 2011		31 July 2010		31 July 2009	
	%	£000	%	£000	%	£000
Assets in PAS and expected rate of return						
Equities	6.8%	184,319	6.9%	164,999	7.5%	132,939
Property	6.8%	23,332	6.9%	22,034	–	–
Bonds and cash	4.8%	56,426	4.9%	48,502	5.5%	65,478
Total market value of assets		264,077		235,535		198,417
Actuarial value of liability		(270,739)		(266,541)		(229,510)
Net pension liability		(6,662)		(31,006)		(31,093)

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on corporate bonds, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.3% assumption for the expected long-term return on scheme assets over the year to 31 July 2011 and 6.2% over the year to 31 July 2012.

	2010/11 £000	2009/10 £000
Actual return on plan assets	25,538	35,163

	31 July 2011	31 July 2010	31 July 2009
Weighted average assumptions used to determine benefit obligations			
Discount rate	5.20%	5.30%	6.00%
Rate of compensation increase	5.00%	4.70%	5.00%
Rate of inflation	2.75%	3.20%	3.50%
Rate of pension increase	2.75%	3.20%	3.50%

Weighted average assumptions used to determine net pension cost			
Discount rate	5.30%	6.00%	6.60%
Expected long-term return on plan assets	6.30%	6.90%	7.50%
Rate of compensation increase	4.70%	5.00%	5.20%
Rate of inflation	3.20%	3.50%	3.70%
Rate of pension increase	3.20%	3.50%	3.70%

	Male	Female
Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 July 2011		
Member age 60 (current life expectancy)	26.3	27.9
Member age 40 (life expectancy at age 60)	28.7	29.5

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Five year history					
Benefit obligation at 31 July	(270,739)	(266,541)	(229,510)	(197,296)	(193,818)
Fair value of plan assets at 31 July	264,077	235,535	198,417	201,052	224,731
(Deficit)/surplus	(6,662)	(31,006)	(31,093)	3,756	30,913
Difference between expected and actual return on scheme assets	10,606	21,333	(19,751)	(40,570)	7,661
Percentage of scheme assets	4%	9%	(10%)	(20%)	3%
Experience (losses)/gains on scheme liabilities	7,199	(876)	–	6,062	(1,091)
Percentage of scheme liabilities	3%	0%	0%	3%	(1%)
Total amount recognised in Statement of Total Recognised Gains and Losses	24,416	(548)	(37,756)	(31,304)	25,393
Percentage of scheme liabilities	9%	0%	(16%)	(16%)	13%

Contributions

The University expects to contribute £11.0m to the Scheme in 2011/12. This compares with £10.9m in 2010/11.

The actuarial valuation as at 31 March 2011 is currently in progress. This valuation is expected to be finalised during the 2011/12 accounting period and this could result in revised contributions being required.

30 Capital commitments

	Consolidated and University	
	2010/11 £000	2009/10 £000
Provision has not been made for the following capital commitments		
Commitments contracted at 31 July	17,852	33,618

31 Financial commitments

Annual commitments under operating leases at 31 July

	2010/11 £000	2009/10 £000
Buildings		
Expiring within one year	2,351	1,826
Expiring between one and five years inclusive	2,249	1,085
Expiring in more than five years	2,588	4,988
Equipment		
Expiring within one year	44	30
Expiring between one and five years inclusive	615	160
	7,847	8,089

32 Contingent liabilities

The University has guaranteed a bank loan of £2.6m (2009/10: £3.0m) from Barclays Bank plc, to Weetwood Hall Ltd.

33 Related party transactions

Due to the nature of the University's operations it is inevitable that transactions will take place with organisations, from the public and private sectors, in which a University member of staff may have an interest. Any such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

A number of senior staff and Council members exercised budgetary control during the year over research and teaching projects within the University as well as related expenditure within NHS Trusts, in their capacities as subsidiary undertaking directors, committee members and managers. David Cottrell, the Dean of the School of Medicine and member of Council, is a non-executive director of Bradford Teaching Hospitals NHS Foundation Trust; Jane Madeley, the Finance Director, is a non-executive director and Chair of Audit Committee for Leeds Community Healthcare NHS Trust; Peter McWilliam, the Dean of the Faculty of Medicine and Health and member of Council, is a non-executive director of Leeds Teaching Hospitals NHS Trust; and Ed Anderson, member of Council, is the Chair of the Mid Yorkshire Hospitals NHS Trust. Mrs Linda Pollard, Pro-Chancellor and Chair of Council is Deputy Chair of Yorkshire Forward and Chair of Airedale, Bradford and Leeds Primary Care Trust Cluster.

Professor Michael Arthur, Vice-Chancellor, was a board member of a number of organisations which had significant transactions with the University during the year as follows:

	Paid by the University		Paid to the University	
	2010/11 £000	2009/10 £000	2010/11 £000	2009/10 £000
Yorkshire Forward	4	–	15	56
Yorkshire Universities	21	21	128	220
N8 Ltd	30	15	840	417
Opera North	55	56	6	5
White Rose University Consortium	–	–	23	2
The Worldwide Universities Network	42	43	149	417
Myscience Ltd	–	–	20	65
Medical Research Council	373	28	4,200	4,089
Hot Courses	25	37	–	–
Enthuse Charitable Trust	–	11	–	–
Russell Group of Universities	45	47	–	–

Matthew Knight, Director of Human Resources, is a remunerated member of Leeds City Council's Independent Remuneration Panel. In 2010/11, the University paid £1,263,000 (2009/10: £1,102,000) to the Council for services provided.

Martin Holmes, Marketing Director, is a director of Marketing Leeds who were paid £15,000 in 2010/11 (2009/10: £14,000) for services received.

Quentin Woodley, member of Council, is married to Carol Woodley, the Chair of the University of Leeds Pension and Assurance Scheme (PAS). In 2010/11 the Scheme paid £45,000 for her services (2009/10: £43,000).

The husband of Mrs Kay Swithenbank, Technical Officer in Estate Services, is a Director of Wood Mitchell Ltd. In 2010/11 the University paid £153,000 (2009/10: £1,030,000) to it for goods and services. Mrs Swithenbank's daughter and stepdaughter work for Southern Office Interiors Ltd. In 2010/11, the University paid £1,006,000 (2009/10: £1,209,000) to it for goods and services.

The wife of Gavin Reid, member of Council, works for Reckitt-Benckiser. In 2010/11 the University received £16,000 (2009/10: £89,000) from it for services provided.

John Stoddart-Scott, member of Council, was remunerated £6,500 (2009/10: £6,500) for his services as a director of Weetwood Hall Ltd, a wholly owned subsidiary.

Nigel Foster, member of Council, is a Director of Ove Arup. In 2010/11 the University paid £1,000 (2009/10: £29,400) to and received £141,000 (2009/10: £3,000) from it for services provided. He is also a Director of Leeds, York and North Yorkshire Chamber of Commerce from which the University received £1,000 (2009/10: £Nil) and paid £20,000 (2009/10: £4,000), Marketing Leeds who were paid £15,000 in 2010/11 (2009/10: £14,000), and Leeds Ahead who were paid £12,000 in 2010/11 (2009/10: £Nil). He is also a non-executive director of Leeds Community Healthcare NHS Trust.

Professor I.T. Robertson, professor in Leeds University Business School, is a Director of Robertson Cooper Ltd. During 2010/11 the University paid £53,000 (2009/10: £15,000) to it for services provided.

Professor J. Hayes, professor in Leeds University Business School, is Managing Partner of John Hayes and Associates. During 2010/11 the University paid £32,000 (2009/10: £15,000) to it for services provided.

Professor J. Colyer, professor in the Faculty of Biological Sciences, is a Director of Badrilla Ltd. During 2010/11 the University received £7,000 (2009/10: £2,000) from it for services provided.

Dr P. Ellwood, Innovation Impact Evaluation manager in Leeds University Business School, is a director of Bamboo Consultants. During 2010/11 the University paid £5,000 (2009/10: £6,000) to it for services provided.

Dr K.W.Gadd, Senior Teaching Fellow in Leeds University Business School, is Managing Partner at The Chimera Network LLP. During 2010/11 the University paid £4,000 (2009/10: £17,000) to it for services provided.

Dr M.J. Raxworthy, Operations Director of Regener8, a research centre in the School of Mechanical Engineering, is a Director of Neotherix Ltd. During 2010/11 the University paid £6,000 (2009/10: £Nil) to it for services provided.

Two Members of Council are officers of Leeds University Union (LUU): Elliot Jebreel, Education Officer and Rachel Wenstone, Communications and Internal Affairs Officer served until 30 June 2011; Ben Jackson, Education Officer and Mark Sowards, Communications and Internal Affairs Officer served from 1 July 2011. During 2010/11 the University paid £1,997,000 (2009/10: £1,997,000) grant to LUU and £42,000 (2009/10: £17,000) commission on merchandising to LUU. The University received £655,000 (2009/10: £803,000) for salary recharges and £468,000 (2009/10: £365,000) for premises recharges from LUU.

34 Linked Charities

Bright Beginnings Childcare Centre Leeds is a linked charity of the University. Its charitable objects are the advancement of education through the provision of nursery education and childcare facilities for the staff and students of the University of Leeds.

	2010/11 £000	2009/10 £000
Bright Beginnings Childcare Centre Leeds:		
Members' funds at 1 August	(60)	–
Income	1,163	848
Expenditure	(1,225)	(908)
Members' funds at 31 July	(122)	(60)

35 Amounts disbursed as agent

	2010/11 £000	2009/10 £000
Access to learning (hardship) funds		
At 1 August	–	–
HEFCE grant	396	472
Other funds provided by the University to supplement the Access Fund	35	21
Disbursed to students	(419)	(479)
Administration costs	(12)	(14)
At 31 July	–	–

The above Funding Council grants are available solely for students; the University acts only as paying agent for which it receives an allowance in respect of administration costs. The grant and related disbursements are therefore excluded from the Income and Expenditure Account.

Training and Development Agency (TDA) for schools		
At 1 August	247	102
TDA funding in the year	2,279	2,461
Reclaim of previous year's balance	(145)	–
Disbursed to students	(2,070)	(2,316)
At 31 July	311	247

The above training bursaries from the TDA are available solely for students in Initial Teacher Training; the University acts only as a paying agent. The bursaries and related disbursements are therefore excluded from the Income and Expenditure Account.

University Only Income and Expenditure Account for the year ended 31 July 2011

	2010/11 £000	2009/10 £000
Income		
Funding Council grants	160,821	157,733
Tuition fees and education contracts*	156,377	147,585
Research grants and contracts	121,818	117,853
Other operating income*	90,276	83,862
Endowment income and interest receivable	3,167	2,478
Total income	532,459	509,511
Expenditure		
Staff costs (excluding exceptional costs)	281,074	293,261
Exceptional staff costs	6,719	6,715
Total staff costs	287,793	299,976
Other operating expenses	184,215	177,534
Depreciation	20,528	17,400
Interest payable and similar charges	2,266	1,258
Total expenditure	494,802	496,168
Surplus after depreciation and before restructuring costs	37,657	13,343
Restructuring costs	–	(14,556)
Surplus/(deficit) after depreciation and restructuring costs	37,657	(1,213)
Transfer from/(to) accumulated income within restricted endowments	77	(217)
Surplus/(deficit) for the year transferred to reserves	37,734	(1,430)

*Other operating income has been revised by £4,308k in 2009/10 to exclude research training support grants. These amounts are now included in tuition fees and education contracts.

Consolidated Five Year Results for the year ended 31 July 2011

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000
Income and Expenditure Account					
Income					
Funding Council grants	160,821	157,733	157,644	151,949	144,781
Tuition fees and education contracts	156,513	147,792	126,858	109,132	94,197
Research grants and contracts	123,975	119,319	112,570	101,207	90,794
Other operating income	98,564	90,456	93,124	85,961	82,852
Endowment income and interest receivable	3,129	2,441	7,011	11,929	9,761
	543,002	517,741	497,207	460,178	422,385
Expenditure					
Staff costs	292,538	303,691	298,626	270,161	248,584
Other operating expenses	189,131	181,751	168,769	155,130	149,562
Depreciation	21,149	18,268	16,848	14,542	14,033
Interest payable and similar charges	2,291	1,287	1,487	2,109	2,812
	505,109	504,997	485,730	441,942	414,991
Surplus after depreciation and before tax	37,893	12,744	11,477	18,236	7,394
Balance Sheet					
Assets					
Fixed assets	451,673	423,487	380,537	345,833	312,565
Endowment asset investments	52,167	49,284	42,329	49,421	57,216
Current assets	183,426	165,742	140,865	142,541	132,961
Liabilities					
Current liabilities	(139,976)	(148,087)	(130,612)	(119,889)	(109,922)
Long term liabilities and provisions	(79,417)	(74,678)	(34,162)	(31,322)	(35,741)
Pension (deficit)/surplus	(6,662)	(31,006)	(31,093)	3,756	30,913
Net assets	461,211	384,742	367,864	390,340	387,992
	Number	Number	Number	Number	Number
Average number of staff (fte)	6,175	6,510	6,599	6,511	6,353
Number of students (fte)	32,838	32,526	30,916	30,093	30,179

Key performance indicators (KPIs)

World league table position (rolling three year average)	92	96	94	102	101
Research grant income per academic FTE (£000)	89	82	78	72	68
HSE reportable accidents per 1,000 employees	2.5	3.1	3.6	4.4	6.4
Research grant income growth	4%	6%	11%	11%	19%
Income per square metre (£)	1,201	1,176	1,098	977	887

