



UNIVERSITY OF LEEDS

Annual Report  
and Accounts  
2009/10



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

Vice-Chancellor's report	02
Finance Director's report	10

---

<b>Values and responsibility</b>	<b>20</b>
----------------------------------	-----------

<b>Corporate governance</b>	<b>28</b>
-----------------------------	-----------

<b>Independent Auditors' report</b>	<b>34</b>
-------------------------------------	-----------

---

## Annual Accounts

Consolidated Income and Expenditure Account	37
Balance Sheets	38
Consolidated Cash Flow Statement	40
Consolidated Statement of Total Recognised Gains and Losses	41
Statement of Principal Accounting Policies	42
Notes to the Accounts	44
University Only Income and Expenditure Account	67
Consolidated Five Year Results	68

‘My overriding concern has been to protect our staff and students from the worst effects of cuts in public expenditure by making our organisation as efficient and focused as possible and ensuring that the student experience remains at the heart of our mission.’

**Professor Michael Arthur**  
Vice-Chancellor



‘Our strategy and values have proved to be more important than ever, providing much needed stability in the shape of our shared objectives and a clear sense of purpose.’

**World league table position (rolling three-year average)**

<b>2010</b>	<b>96th</b>
2009	94th
2008	102nd

**17**

National Teaching Fellowships, more than any other English university

Last year was the most difficult so far of my tenure as Vice-Chancellor due to a combination of external and internal factors; the global downturn, and the need to make adequate preparations for as-yet undefined pressures on our funding.

My overriding concern has been to protect our staff and students from the worst effects of cuts in public expenditure by making our organisation as efficient and focused as possible and ensuring that the student experience remains at the heart of our mission. Above all, we had to ensure that we remained in control of our future in the face of extreme economic turbulence.

Our preparations included a complete overhaul of our policies on organisational change and employment, and we achieved a sector-leading agreement on jobs and restructuring. We embarked on an economies exercise to reduce our cost base by £35m and we are well on the way to achieving our target. Making savings of this magnitude – equivalent to 7% of our income – was never going to be easy, but the professionalism, teamwork and dedication of our staff means we are now in the best possible position to deal with unprecedented cuts in public spending.

It should be added that I have never accepted the wisdom of cuts of this magnitude to universities; as chair of the Russell Group, I have been closely involved in intense lobbying activity on the important contribution made by our students, staff and by universities across the land in helping our country out of the recession.

We are now 85th in the QS World University Rankings (previously the Times Higher Education World League Table) – a rise of 14 places. The key performance indicator shown in the table opposite is calculated on a rolling three-year average.

Our strategy and values have proved to be more important than ever, providing much needed stability in the shape of our shared objectives and a clear sense of purpose. They will continue to provide the framework for our future endeavours and plans.

**Passing and surpassing**

Our excellence in teaching was recognised in many ways, including the award of another National Teaching Fellowship from the Higher Education Academy, bringing the total to 17 for Leeds academics – more than any other English university.

The three Centres for Excellence in Teaching and Learning (CETLs) led by the University, have achieved some excellent results in establishing innovative teaching methods and cross-disciplinary study opportunities for students across the institution. Each has developed a sustainable plan to continue their work – in part by securing additional external funding beyond the initial five-year HEFCE funding which draws to a close this year.

Leeds for Life continues to attract interest from institutions that want to share our experience of supporting students to recognise and maximise the benefits of integrating academic and co-curricular opportunities. Its value was recognised in the Department for Business, Innovation and Skills report *Higher Ambitions: The future of universities in the knowledge economy*.

The Leeds for Life Foundation, through generous contributions from alumni, has funded a wide range of student-initiated projects at home and abroad. These aim to enhance the skills and life experience of our students whilst also benefiting the community in which the projects are based. Each year the University and Leeds University Union support some 2,000 students to engage in voluntary work or accredited placements. The Leeds for Life Citizenship Awards recognise these important contributions, and winners this year included a programme to educate young people about sex and relationships, and a scheme to tidy and maintain the city’s Woodhouse Ridge area.

'We continue our efforts to give all those who can benefit from a Leeds education the opportunity to study here.'

We continue our efforts to give all those who can benefit from a Leeds education the opportunity to study here. Changing Futures, our strategy for widening participation, was recognised as a 'model of its kind' by the Higher Education Funding Council for England (HEFCE). The first evaluation of our Reach for Excellence scheme – which seeks to help able young people from disadvantaged backgrounds to gain a place at a leading research university – also reported excellent results. Also during 2009/10 we implemented an admissions process which takes account of an applicant's background, and this helped us identify around 1,500 potential students who could benefit from our nationally-acclaimed Access to Leeds scheme. We were also cited within the Office for Fair Access' *Guide to Scholarships and Bursaries* as a model of good practice. We continue to work hard to encourage and reach out to mature students through our Lifelong Learning Centre.

The 2010 National Student Survey results published in August show that 82% of students are 'very satisfied' or 'satisfied' with their experience at Leeds. This score is in line with the national average, but it is a little lower than we achieved in 2008 and 2009; we are working actively to improve the quality of the student experience and hence levels of student satisfaction. In other surveys, including the *Complete University Guide* and the *Times University Guide* league table, we are rising steadily in the rankings.

# 947

new research awards totalling £151m – an increase of 40% from last year and our highest ever value

### Research impact

The research carried out at Leeds impacts upon society in countless ways, addressing some of the most complex and urgent issues facing the world today, such as climate change, the rising demand for food and water, sustainability, migration and multi-culturalism, medicine and healthcare.

Interdisciplinary research is one of our great passions and strengths, and 2009/10 has seen an increasing number of academics share their knowledge to create truly unique approaches and combinations of expertise. In particular, this was the year in which the five transformation fund projects began to realise their full potential and make an impact in their fields. The projects – water@leeds, the Biomedical and Health Research Centre, the Africa College Partnership, the Centre for Socio-Technical Systems Design and the Institute of Process Research and Development – are finding new and distinctive ways of addressing global challenges by working across boundaries and disciplines.

### Research grant income per academic FTE

2009/10	£82,000
2008/09	£78,000
2007/08	£72,000

This year the wider public benefits of our research were made clearer than ever as outside bodies and the media sought the advice and expertise of our academics. Most notably, two of our scientists were appointed to the government's Scientific Advisory Group dealing with the disruption caused by the eruption of Iceland's Eyjafjallajökull volcano. The Institute for Transport Studies' sustained excellence in transport research and teaching was also recognised when it was awarded a Queen's Anniversary Prize medal and certificate.

2009/10 was an exceptional year for new research awards, with the University receiving 947 new awards totalling £151m – our highest ever value. This is an increase of 58 awards and an increase in value of 40% compared to the previous year. Most gratifyingly, we received 19 awards with a value in excess of £1m each, seven more than in the previous year. Amongst these awards was an £11m grant from the Wellcome Trust to the School of Mechanical Engineering to research how to help the skeleton, muscles and cardiovascular system support our bodies as we get older. The project is driven by the concept of '50 more years after 50' – making our second 50 years as healthy, comfortable and active as our first.

This year also saw an 8% rise in postgraduate research (PGR) student numbers, an encouraging increase achieved through the combined efforts of the research and learning and teaching communities. The University's current PGR project aims to sustain this level of growth and raise the profile of Leeds as a place of excellence for PGR study, enabling us to attract some of the world's best students and seek opportunities for external funding.

Our goal is to continue this steady progress and build on the successful results we gained in the Research Assessment Exercise 2008. Its replacement – the Research Excellence Framework – has been postponed until at least 2014.

---

‘Our academics are in high demand across the world, many working with global corporations including Tesco, Rolls-Royce, BP, GlaxoSmithKline and AstraZeneca.’

---

### **Enterprise and innovation**

The University now has 32 active spin-out companies in areas as diverse as oil exploration, cancer drug development, geological research, embryology and foetal development. The majority of these companies are based in Yorkshire and their total value is estimated at £133m.

Our academics are in high demand across the world, many working with global corporations including Tesco, Rolls-Royce, BP, GlaxoSmithKline and AstraZeneca. In 2009/10 some 36% of our academics were involved in applied research or as consultants to industry – an increase of 3% from last year – with an estimated annual contract value of £54m.

The University also maintains its strong reputation and well-developed capability for supporting a range of enterprise and knowledge transfer activities, from applied research and consultancy through to our innovative student company start-up programme. We currently have 29 active Knowledge Transfer Partnerships (KTPs), the fifth highest number in the UK and third highest in the Russell Group. An impressive 15 different schools have now been involved in KTPs.

We have embedded aspects of enterprise into the curriculum in many subjects and are proud of our sector-leading undergraduate enterprise scholarship scheme and student company start-up programme. Our students are proof of our vibrant entrepreneurial culture, for example as seen in the continued growth of the Enterprise Society to now include over 300 members. Amongst other outstanding successes this year were biology student Charlotte Fayle who beat 21,000 entrants to be named the ‘UK's Most Enterprising Student’ at the Shell STEP National Final Awards 2009, and a team of Leeds students who won Ernst & Young's Profitunity! competition.

We continue to develop and build close partnerships with other higher education institutions – for example, the White Rose Consortium with the universities of York and Sheffield – and organisations like Marks & Spencer, Yorkshire Water and Arup.

‘The University is one of the UK’s largest recruiters of international students – with around 2,330 undergraduates and 3,470 postgraduates from 142 countries, it is truly a diverse and vibrant place.’

Vice-Chancellor's  
Executive Group,  
July 2010

(l to r):

Robert Sladdin  
Dennis Hopper  
Andrew Thompson  
Matthew Knight  
Roger Gair  
John Fisher  
Michael Arthur  
Stephen Scott  
Jane Madeley  
Martin Holmes  
Richard Williams  
Vivien Jones





## Global reach

Our internationalisation strategy launched in 2009/10, giving us a clear definition of what 'internationalisation' means for the University and how it can support and contribute to our overall strategy.

The strategy emphasises a number of core themes, including: a focus upon positioning in our overseas markets; securing recognition that internationalisation is relevant to all staff and students; and building an educational and social environment that is internationally and culturally diverse.

Recognising the success that the University has achieved to date, the strategy provides a framework within which to prioritise future activity, informed by an appropriate understanding of market opportunity and risk. Our international activity will be strategically aligned so that it accelerates the achievement of our academic goals through a combination of increasing capacity, development of new capability and accessing new funding streams.

There continues to be a tremendous breadth and diversity of international partnerships currently in place across the University, from individual academics to research groups and school/faculty partnerships. At a strategic level, the faculties of Arts and of Performance, Visual Arts and Communications (PVAC) have a strong partnership with the University of Copenhagen, whilst at a discipline level, the relationship between the School of Process, Environmental and Materials Engineering and the Zhejiang Clean Energy Institute continues. The relationship between the Leeds Dental Institute and the Osaka University Graduate School of Dentistry in Japan has also been formalised.

We continue to play a leading role in the Worldwide Universities Network (WUN), a partnership of 16 research intensive universities from five continents. The WUN incubates and provides a dynamic support infrastructure for international research projects especially in areas of major global concern through the Global Challenge programme.

Our relationship with Chinese institutions – both educational and industrial – is flourishing and will continue to grow, thanks to the recent agreement to collaborate with China's largest trading company, Sinochem, and the decision to continue funding the University's China Office in Shanghai. The decision was influenced by the strong performance of the Office and the contribution which it is expected to make towards student recruitment, development of research opportunities and collaborations, and the promotion of alumni networks and activities.

The University is one of the UK's largest recruiters of international students – with around 2,330 undergraduates and 3,470 postgraduates from 142 countries, it is truly a diverse and vibrant place. A key success in 2009/10 has been the increase in international student numbers, especially international postgraduate student numbers which have increased by 13%.

Our international outlook impacts on our teaching too, and students receive an education from academics who are influencing global thinking. We also offer one of the widest ranges of opportunities in the UK for students to live and study abroad, and around 700 Leeds students study abroad every year.



---

The Edge – a swimming pool and 200-station health and fitness centre opened its doors in 2010 – one of the largest in any UK university

---

---

‘More Leeds alumni than ever before are playing an active role in the growth and development of the University.’

---

### **Building our future**

Our commitment to create a world-class campus continued during 2009/10, with the completion of building schemes totalling over £55m. The stunning new School of Earth and Environment brought all the school's staff and students under one roof for the first time. This year also brought the opening of a childcare centre with places for 144 pre-school children, and high-quality residential accommodation at Storm Jameson Court with over 450 en-suite rooms.

The Edge – a swimming pool and 200-station health and fitness centre, which is one of the largest in any UK university – opened its doors in 2010. It represents a major step towards providing a healthier campus for students and staff, and the range of excellent facilities is also available to members of the public and community partners.

New pedestrian routes have been established, helping to ‘open up’ the University to the public and improving disabled access. University Square in the heart of the campus has been refurbished to create a vibrant community area adjacent to the Students' Union.

All new developments are environmentally friendly and use green technologies. Other initiatives, too, are beginning to make significant inroads into creating a more sustainable University, including the furniture reuse scheme, Velocampus bike hub and a pilot scheme monitoring energy use in student residences.

### **Our alumni community**

Our alumni community continues to grow, with the University currently in touch with more than 150,000 graduates from 168 different countries. More Leeds alumni than ever before are playing an active role in the growth and development of the University.

Alumni play a major role in student and University life in many ways: supporting a range of Leeds for Life initiatives; mentoring or giving presentations to current students; supplying internships and work placements; briefing international students before they arrive in the UK; providing advice through a variety of advisory boards and steering groups, and representation on the University's governing bodies; helping the University develop strategic links with organisations, institutions and companies worldwide, and playing an essential role in promoting Leeds.

Some 3,300 alumni also made gifts to the Annual Fund, 38% of whom were first-time donors. In total £0.6m was pledged in new gifts to the Fund. These gifts translate into important support for our students and their experience at Leeds: 30 Centenary Alumni Scholarships for incoming students; 10 Undergraduate Research Scholarships in Arts and PVAC; eight Sports Coaching and two Olympic Scholarships; and 22 intercalated scholarships in Medicine. In addition, the Annual Fund has continued to support digitisation of high-demand library texts and the Leeds for Life Foundation, and help combat student hardship through the Access to Learning Fund.

Other generous donations have benefited the University enormously this year. Cheryl Frances-Hoad was appointed the DARE Cultural Fellow in Composition, thanks to funding from the Future Fund of Opera North. A significant donation to the University's Institute of Process Research and Development was made by a member of our own staff, Professor of Organic Chemistry Philip Kocienski. Many alumni, friends and organisations have supported projects across the University, from business fellowships to medical research.

Our quest to revive the philanthropic tradition which helped build the University, and to secure a sustainable source of income for the future, passed an important milestone with the formal approval of plans for a fundraising campaign. The campaign has now begun its ‘quiet phase’, with the aim of securing 50% of our target before launching publicly in two to three years' time.

'I would like to take this opportunity to thank all of our staff for their hard work and contribution over this turbulent year.'

### Our people

Despite the difficult economic climate, it is still our aim to make the University a place where people want to work, and 2009/10 saw the continued progress and development of several initiatives that will help build an enhanced working environment. I would like to take this opportunity to thank all of our staff for their hard work and contribution over this turbulent year.

The Staff Review and Development Scheme enables all staff to understand how their performance, development and contribution relates to the University's strategy within the context of their working environment. Almost 90% of our staff participated in the scheme, which also allows for performance feedback, objective setting and personal development planning for each member of staff.

Our new promotions methodology and criteria, covering all staff, has been jointly agreed with the campus trade unions and is now operating, reflecting 'equal pay for work of equal value' principles.

To continue to improve the quality of leadership and management we are implementing the Towards Investors in People a Framework for Employment Standards (TIFES) initiative. The first phase of the training programme covered 1,800 managers and a leadership and management standard was agreed and is now in use. The intention is that TIFES should lead to Investors in People accreditation in the near future.

HSE reportable accidents per 1,000 employees

2009/10	3.1
2008/09	3.6
2007/08	4.4

During 2009/10 our wellbeing, safety and health programme has achieved encouraging results. Our progress has received positive feedback from the Health and Safety Executive (HSE), and we are featured as a good practice case study on its website. The programme has resulted in a 50% reduction in reportable accident rates since 2006/07. The University has also achieved a national profile on the theme of 'organisational sustainability through staff engagement and resilience' – attracting significant project funding from the English, Scottish and Welsh funding Councils.

The Vice-Chancellor's Awards for Health and Safety were introduced in 2009, recognising the achievements of staff who have taken practical steps to address health and safety issues in their workplace. The awards are supported by campus trade unions and the HSE.

The University's Policy on Dignity and Mutual Respect was implemented at the start of 2010. It sets out how all University members are expected to conduct themselves and behave towards others, and provides clear procedures and actions should behaviour fall short of this.

### In conclusion

The University has risen to the extraordinary challenges of 2009/10. At the time of writing, the Comprehensive Spending Review had just delivered a 40% cut in higher education funding from 2011 (with some protection for research) and the Browne Review of Higher Education Funding and Student Finance offered the prospect of recouping reductions in funding through higher graduate contributions.

We prepared carefully for the shockwaves of the financial crisis; we have the means to shape our organisation through these difficult times and can face the future with confidence. We will continue to focus on our strategy and on achieving our ambition.

**Professor Michael Arthur**  
Vice-Chancellor

‘We have acted decisively to protect our financial sustainability and to allow us to continue to ambitiously pursue our academic strategy despite the significant funding and cost pressures that the sector faces.’

**Jane Madeley**

Finance Director



# £19.5m

operating surplus before exceptional staff costs of £6.7m and restructuring costs of £14.6m

The University's approach to dealing with the public sector funding cuts, both real and anticipated, and other cost pressures, has been to take early action to identify and deliver cost savings across the organisation. We have acted decisively to protect our financial sustainability and to allow us to continue to ambitiously pursue our academic strategy despite the significant funding and cost pressures that the sector faces. In order to deliver cost savings for future years it has been necessary to incur significant and fundamental restructuring costs which have resulted in a small deficit for the year, though before exceptional staff costs and restructuring costs we generated a surplus of £19.5m.

The University's financial results<sup>1</sup> for the year show that total income increased by 4%, despite flat funding council grants year on year, demonstrating the underlying strength of our academic performance. A 10% growth in surplus before exceptional staff costs indicates that we are already seeing benefits from our cost savings programme.

Ensuring that all our schools have strategies which are academically and financially sustainable has been pursued with more determination than ever this year, and whilst the focus on cost savings plans and actions may have been more evident during this year we are equally committed to growing our existing sources of income and diversifying into new profitable income streams.

# +4%

growth in total income to £518m

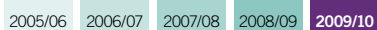
<b>Financial summary</b>	<b>2009/10 £000</b>	<b>2008/09 £000</b>	<b>Change %</b>
<b>Summary</b>			
Total Income	<b>517,741</b>	497,207	4%
Total Expenditure excluding exceptional costs	<b>(498,282)</b>	(479,476)	4%
<b>Operating surplus before exceptional costs</b>	<b>19,459</b>	17,731	10%
Exceptional staff costs	<b>(6,715)</b>	(6,254)	7%
<b>Operating surplus after exceptional costs</b>	<b>12,744</b>	11,477	11%
Restructuring costs	<b>(14,556)</b>	-	
Other items	<b>(81)</b>	(475)	
<b>(Deficit)/surplus transferred to reserves</b>	<b>(1,893)</b>	11,002	(117%)
<b>Tuition fee and education contracts</b>			
Home and EU students	<b>71,204</b>	62,575	14%
International students	<b>48,597</b>	40,164	21%
Other fees including NHS teaching contract	<b>23,687</b>	24,119	(2%)
<b>Total</b>	<b>143,488</b>	126,858	13%
<b>Research grants and contracts</b>			
Research Councils, UK Charities and Government	<b>96,753</b>	88,964	9%
Industry, overseas and other	<b>22,566</b>	23,606	(4%)
<b>Total</b>	<b>119,319</b>	112,570	6%
<b>Capital expenditure</b>			
Externally funded	<b>22,813</b>	21,068	8%
University funded	<b>37,831</b>	28,571	32%
<b>Total</b>	<b>60,644</b>	49,639	22%
<b>Cash and borrowings</b>			
Cash and short-term investments	<b>111,693</b>	86,009	30%
Borrowings	<b>(59,132)</b>	(26,111)	126%
<b>Net Funds</b>	<b>52,561</b>	59,898	(12%)

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

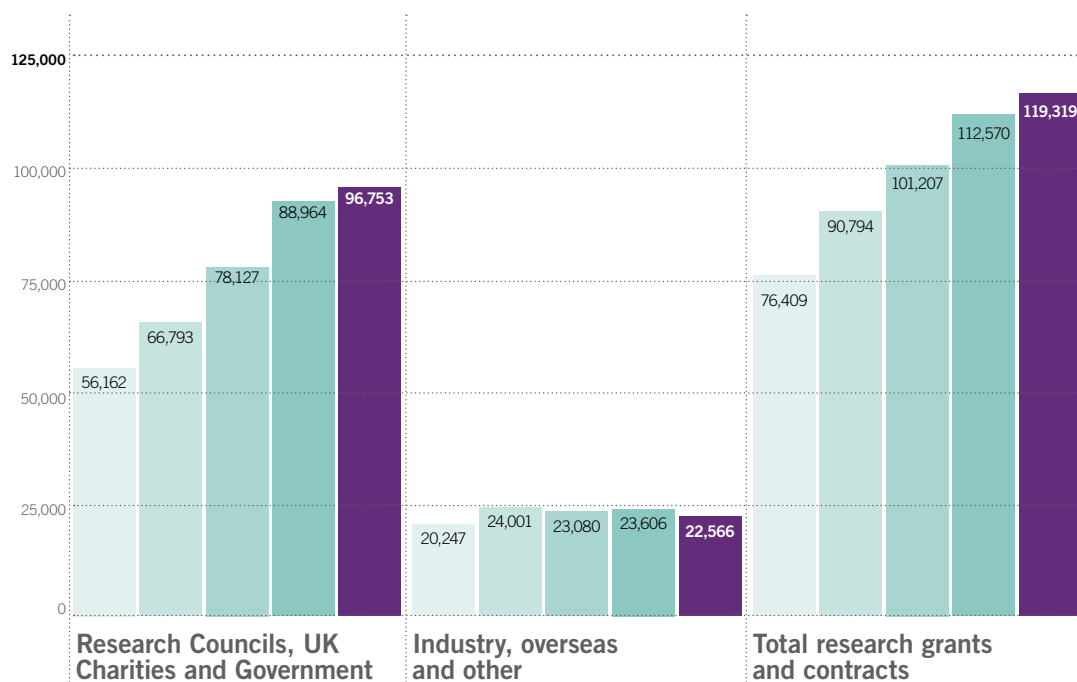
## Tuition fees and education contracts income over five years (£000)



### Key



## Research grants and contracts income over five years (£000)



### Funding Council grants

At £158m Funding Council grants remain our largest income stream, but their proportion of total income has reduced from 32% in 2008/09 to 30% in 2009/10. Early government cuts to Higher Education budgets have offset normal inflation, resulting in the value of Funding Council grants remaining flat year on year. This income stream will be directly hit by the government's deficit action plan and we can expect to see its share of total income reduce much more significantly over the course of the next government spending period.

# 32,526

full-time equivalent students

### Tuition fees and education contracts

Home and EU tuition fees income grew to £71m, primarily due to 4th year students' differential tuition fees and growth in postgraduate students. Income from international students (outside the EU) increased by 21% again this year to £49m.

Full-time equivalent student numbers for the year were 32,526, which is 5% higher than the prior year. The majority of the growth in student numbers came from international markets. International student numbers increased 14% year on year, whereas home/EU student numbers only grew by 4% as they were limited by the government cap on home student numbers. In line with our strategy, there have been increases in both the number and proportion of postgraduate and international students. The overall increase in full-time postgraduate applications for 2010/11 study was 22%, with international postgraduate taught applications growing by 26%.

The £14m income from the NHS teaching contract has decreased by 2% this year, mainly because the local Strategic Health Authority reduced contracted fee levels for nursing students. There is an ongoing risk that government cuts to the NHS will impact upon our fees and continuing professional development income.

# £119m

research grants and contracts

### Research grants and contracts

Income from research grants and contracts has continued to grow this year, increasing by 6% to £119m, which was above our plan for the year. Whilst Research Council and UK based charities research income both fell by 5%, income from UK government sources grew by 38%.

Of the £11m increase in income from UK government sources, £7m related to National Institute for Health Research (NIHR) hosted organisations in the Faculty of Medicine and Health. The NIHR was established by the Department of Health to create a world-class health research system within the NHS. There are four NIHR contracts hosted at the University of Leeds – the NIHR Clinical Research Network Coordinating Centre, the NIHR Information Systems function, the INVOLVE Coordinating Centre and the National Cancer Research Network Coordinating Centre.

### Research grant income growth

2009/10	+6%
2008/09	+11%
2007/08	+11%

Although EU research income has only grown by 4% in 2009/10, the growth in new EU awards of 120% shows early success from our strategy to focus on a limited number of programme areas. This has resulted in multi-million pound grants, particularly from the European Research Council and Leeds-coordinated collaborative projects, in addition to smaller-scale projects which are often a precursor to larger awards.

Our goal is to continue this steady progress and build on the successful results we gained in the Research Assessment Exercise 2008, although its replacement – the Research Excellence Framework (REF) – has been postponed until at least 2014. Our preparations for the REF are under way; it was the focus of our annual research reviews; we have established a REF Steering Group chaired by the Pro-Vice-Chancellor for Research and Enterprise; and appointed REF leaders who will develop our submission. Our participation in the Funding Council's REF Impact Assessment pilot exercise has provided valuable experience on which to build as the requirements of the REF emerge in the coming year.

Overhead recoveries have seen further improvement from 25% in 2008/09 to 26% in 2009/10 as we continue to promote the use of full economic costing for all research grants.

We continue to work towards achieving an influential world-leading research profile by developing the depth and breadth of our research, which improves our ability to compete at an international level. Strategic investment in our cross-faculty transformation fund projects continued in 2009/10 with five projects now live – water@leeds, the Biomedical and Health Research Centre, the Africa College Partnership, the Centre for Socio-Technical Systems Design and the Institute of Process Research and Development – and additional projects are currently under consideration.

### **Other operating income**

Other operating income increased by £2m this year. The growth for the University alone was around £1m, the increase coming from student residence income. Recharges to health authorities for staff pay decreased by £1m and donations of heritage assets were significantly less than the prior year when we received a one-off gift of paintings valued at £2m.

Other operating income from subsidiary undertakings – notably Weetwood Hall Ltd, University of Leeds Consulting Ltd, Leeds Innovations Centre Ltd and Bright Beginnings Childcare Centre Leeds – was £10m in the year, around £1m more than the prior year and largely resulting from encouraging growth in Consulting Leeds and Bright Beginnings.

Consultancy activity is invaluable to us, not just financially but also in developing networks and contacts, raising the profile of the University and its academics, triggering new research ideas, themes, projects and funding and enhancing academics' teaching. In this context, the University refreshed its policy on consultancy last year and it is encouraging to see Consulting Leeds' income grow by 35% in 2009/10.

2009/10 saw a 55% increase in overall income to the Alumni Annual Fund. This corresponded with a significant increase in the number of alumni donating to the Fund. Gifts to the Annual Fund were received from 3,327 alumni in 2009/10, compared to 2,488 in the prior year – a 34% increase. There was further growth in the number of alumni choosing to give on a continuous basis – the number of new direct debit gifts to the Annual Fund rose by 52% in 2009/10.

Over a three-year period from 2006/07, overall donor numbers have now grown by 110% and regular donor numbers by 152%. This is very heartening as the HEFCE Matched Funding Scheme enters its final year in 2010/11. The outlook is very positive for the University securing the full £3m of Matched Funding available to it under the scheme, and the Alumni team are focusing their activities to ensure that this is achieved.



### Effective management of resources

In response to anticipated funding cuts and known cost pressures we launched a University-wide cost savings programme during 2009/10 – the ‘economies exercise’ – targeting annual cost savings of £35m. Our decision to take this step is evidence of the University being guided by one of its strategic objectives, which is to manage risks, costs and resources in order to secure a financially sustainable platform from which we can continue to make strategic investments. Taking this decision during 2009/10 has given us time to plan how we can best achieve the cost savings and efficiencies by looking across the total cost base of the University and being strategic in our decision making. As part of the economies exercise we launched a University-wide voluntary leaver’s scheme, resulting in 496 staff leaving the organisation, which will generate annual savings of up to £15m in future years.

Further challenges lie ahead as the outcome of the Comprehensive Spending Review evidences. The University has a robust financial strategy and during the year we have negotiated a new organisational change process with the unions which gives us confidence that we will be able to deliver the savings and efficiency plans which we have identified and which are necessary to deal with future funding and cost pressures.

Our staff costs in 2009/10 increased by £5m from the prior year, mainly due to increases in employer pension contribution levels to both the Universities Superannuation Scheme (USS) and the University of Leeds Pension and Assurance Scheme (PAS) which took effect from early 2009/10.

#### Income per square metre

<b>2009/10</b>	<b>£1,176</b>
2008/09	£1,098
2007/08	£977

We appreciate the value of all our space and aim to improve significantly our income per square metre. We have continued to improve this measure in 2009/10. In the Estates Strategy 2009 we confirmed the efficient use of space as a key objective. We are asking each faculty to articulate its space strategy during 2010/11 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. Where additional space requirements are identified, in the first instance, we will seek to satisfy these through the reallocation of excess space.

Backlog maintenance requirements for the estate now stand at £58m, an £8m reduction from last year and a reduction of £36m since the last survey in 2006. This reduction represents the significant increase in investment made by the University over the last four years. The current financial climate and the expected cuts to Higher Education funding will challenge our current objective of having all non-residential buildings in good condition by 2015 and we will seek to tackle this challenge through more effective integration of backlog maintenance and capital programme proposals.

In line with emerging legislation relating to energy consumption and carbon management, the University has been active in this area, investing £1m in carbon reduction activities over the last three years. HEFCE have now set sector-wide targets for carbon reduction and, in support of this, the University’s updated Carbon Management Plan has set a target 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 behaviour change campaign.

## Creating surpluses for reinvestment

Our target is for all our faculties to have surplus reserves. At 31 July 2010 six of the faculties have surplus reserves but the remaining three are reporting deficit reserve positions. Our bottom up School plans reflect underlying academic performance trends and take account of anticipated government spending cuts to the HEFCE grant. Four faculties are forecast to be in deficit at the end of 2014/15. Therefore, in each of the Schools which contribute to this 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. If the new academic strategy requires localised restructuring, we will work through this using the new organisational change process as agreed with the unions.

Whilst we are clearly focused on responding to the changing economic environment, we are determined to do all that we can, in instances where new academic plans are necessary, to protect teaching and research quality.

# £112m

cash and short-term investments

## Balance Sheet

Our previous commitment to preserving the inherent strength of our Balance Sheet, holding sufficient net cash cover whilst maintaining an affordable level of capital investment, has proven to be sensible and we continue to operate in line with this commitment. As a result of the anticipated funding cuts we have significantly reduced and slowed down our capital programme, but the impact of this will be seen more clearly in the next few years, since for 2009/10 the majority of capital projects which had been planned were already under way.

The net book value of tangible fixed assets increased by £43m (an 11% increase) to £421m over the year in line with the ambitious capital expenditure programme which commenced in 2007.

The University's Council requires that sufficient cash is held at any one time to enable the University to cover one month's gross expenditure. 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 £20m, 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, has however had a significant effect on returns on investment.

The University retained £112m of cash investments at 31 July 2010 of which £24m was held on deposit for remaining terms of up to three months, £55m was held in three separate sterling liquidity funds and the remaining £33m was held on-call.

During the year the University successfully completed and drew down a planned £35m loan with Barclays Bank Plc, to support the capital programme. The loan consists of two tranches; Facility A for £20m over a 20-year term fixed for the first 10 years; and Facility B for £15m over a 10-year term fixed for the first five years.

After consideration of the new £35m loan and a £2m deficit this year, the gearing ratio (excluding heritage asset and pension reserves) rose to 35% at 31 July 2010, from 15% at 31 July 2009.

The endowment portfolio increased in value over the year from £42m to £49m, principally because of the rise in global equity markets. The £2m income generated in year was comfortably (9%) above plan.

The management contract for endowment funds was put out to competitive tender during the year and was subsequently awarded to Sarasin & Partners LLP. The transfer of endowment investments was largely completed in April 2010 and the portfolio rebalanced to its revised investment parameters by the year end.

# 35%

gearing ratio

A 13% (£17m) increase in creditors due within one year has improved our working capital position, along with a 1% (£1m) fall in debtors. An increase in European grants received in advance (£7.5m), new bank loans (£2.5m) and unallocated capital grants due to project slippages (£4m) all contribute to the rise in current liabilities.

Provisions for 2009/10 increased significantly from the prior year. This was primarily due to the restructuring cost of the voluntary leavers scheme which was implemented in preparation for anticipated government funding cuts.

### Pensions

The University of Leeds Pension and Assurance Scheme (PAS) had a Balance Sheet deficit of £31m at 31 July 2010, in line with the prior year.

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 2008; the next valuation is due at 31 March 2011. Whilst we are already bearing increases in employer contribution levels from 2009/10, it is likely that both schemes will require further increases in future funding in order to maintain the current level of benefits.

The USS Board is in the process of consulting members about proposed changes to the Scheme, which would take effect from April 2011. The University appointed its own pension advisers earlier this year and they are currently undertaking a review of the PAS scheme, ahead of the next actuarial valuation.

### Capital programme

Although the longer-term capital programme was pared back this year there were £61m of capital additions in the year, £11m more than the £50m spent last year.

The University completed three major capital developments in the year:

- the consolidation of the School of Earth & Environment in refurbished existing accommodation and an adjacent new build extension at a cost of £22m
- the £25m Storm Jameson Court student residence to provide high-quality residential accommodation to meet the rising expectations of students and to enable the hosting of large conferences on campus
- a new swimming pool and improved and expanded health and fitness facilities at a cost of £12m.

Capital developments due for completion in the 2010/11 financial year include:

- a new £12m building for Law on the Western Campus site
- a new £13m building for the Faculty of Engineering focusing on Energy Research
- a £7m refurbishment of the former Colour Science building to relocate the Institute of Communications Studies
- a £4m refurbishment of the mechanical and electrical services in the Parkinson Building.

Given the uncertainty of capital funding, all capital spending continues to be rigorously scrutinised and is focused upon areas of strategic importance that will have a real impact upon the lives of our students and staff.

# £61m

capital expenditure

---

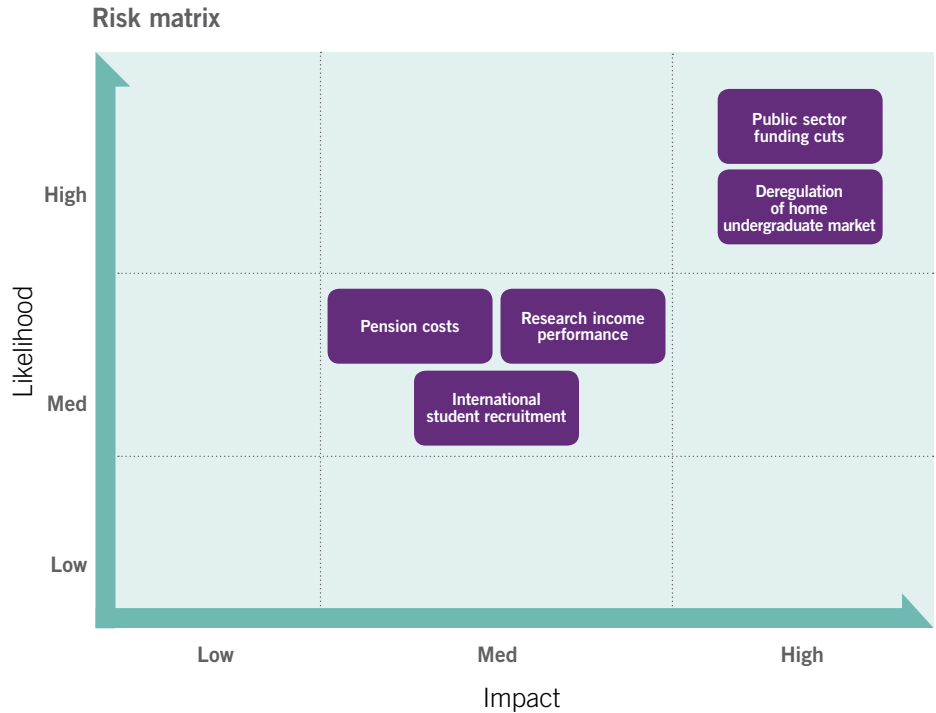
‘Given the uncertainty of capital funding, all capital spending continues to be rigorously scrutinised and is focused upon areas of strategic importance that will have a real impact upon the lives of our students and staff.’

---

Demonstrating our commitment to value for money, we conducted 92 tenders worth £53m in the year. We purchased £5m 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 are 'net risks' – that is, they are still judged to be significant after mitigating actions which are already being taken.



None of the following risks are new from last year:

- Deep cuts in public funding of universities' work. We have been actively addressing this through the 'economies exercise' and by identifying and working with Schools and Services that need to develop new strategies that are academically and financially sustainable. We believe this approach will provide us with a competitive edge as we navigate through the anticipated turbulent times.
- Failure to remain competitive in home undergraduate student recruitment after the potential market deregulation of tuition fees as a result of the Browne Review. Ahead of the Browne report we established a strategic pricing group and we have been performing customer, market and league table analysis, at both an institution and school level, to understand the potential implications of a change in applicant decision making. We have also been performing more robust costing analysis at a programme level in order to inform any pricing decisions.
- Further steep rises in pension costs. The impact of recent pay awards, increased life expectancy and the fragility of equity values raises a significant cause for concern over the affordability of our final salary pension schemes (USS and PAS) which we cannot ignore and which are both under review at present.

- Failure to improve research income per academic FTE and in particular to deliver effective transformational projects. We are addressing this risk through a more robust annual research income planning process and review, the introduction of more comprehensive financial modelling and monitoring of the Transformation Fund projects and the current postgraduate research project which aims to raise the profile of Leeds as a place of excellence for postgraduate research study.
- Failure to maintain buoyant recruitment of high-quality international students, because of uncontrollable factors such as visa issues, changes in exchange rates and changes to the international political and economic environment. This risk is being addressed by our newly launched International Strategy which emphasises the need to focus on our positioning in overseas markets, making internationalisation relevant to all our staff and students and creating an environment that is internationally and culturally diverse.

---

‘Our financial position remains strong and we are well placed to cope with the funding cuts whilst continuing to invest in academic activities which will help us deliver our academic vision.’

---

#### **To conclude**

Our financial result before exceptionals and restructuring costs shows that our underlying performance remains strong and we have been proactive in preparing for the funding cuts which are now upon us. Throughout the year we have referred back to our financial strategy and it is proving robust in helping us navigate through these uncertain times.

By moving early in setting ourselves a cost savings target we have been able to perform a thorough analysis of the financial sustainability of all our services and academic units and we have made informed decisions about where we can drive out cost savings through operating more efficiently and in a standardised way. While we have made good progress in identifying how we can achieve the cost savings target we are now focusing on delivering it.

This approach has also allowed us to protect strategic development funds and we must ensure that these are prioritised and invested in projects that deliver academic excellence.

While the focus of 2009/10 has largely been on managing risks, costs and resources in order to maintain a robust financial position in the challenging situation that we now face, we must also concentrate our energy on growing our existing and diversifying into new profitable income streams.

Our financial position remains strong and we are well placed to cope with the funding cuts whilst continuing to invest in academic activities which will help us deliver our academic vision.

**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 established a University Research Ethics Committee (UREC), supported by a network of faculty-level research ethics committees. The Committee has among its responsibilities 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); approval for proposals involving the genetic modification of plants; and consideration of the impact of research upon the natural environment. This year it has overseen an enhanced range of guidelines for researchers; an extended programme of research ethics training; improved processes for the review of proposals; and new systems for the review of postgraduate research student projects, and the engagement, more broadly, of students with the ethical review process. The rise in the number of applications for ethical approval received during 2009/10, and their quality, suggests that awareness of the system continues to improve and that the training programme is effective.

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 quick investigation. No complaints of this type were received during 2009/10; and an allegation raised towards the close of 2008/09 was resolved informally, to the satisfaction of the complainants. 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 2009/10.

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 2009/10, the University received 30 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 2009/10 have been resolved satisfactorily and to date no complainants have sought to pursue their concerns externally with the Office of the Independent Adjudicator (OIA), the student ombudsman (though the deadline for doing so has not yet been reached in all cases). Last year, we reported that three complainants had petitioned the OIA; a further two students did so subsequent to publication of the annual report. Of these, the OIA found two cases not to be justified; and two cases to be partially justified. The outcome of the fifth case has not yet been published. In the case of the two complaints found to be partially justified, the OIA recommended the award of modest compensation for administrative delays; and in one of the cases more substantial compensation for poor supervisory record-keeping. The University continues to learn lessons from all of the complaints cases it handles.

Data on appeals in 2009/10 by taught students against academic judgements will not be available until after publication of this report, but in 2008/09 there were 72 such appeals, of which 33 (or 46%) were upheld or otherwise conceded by the University. Only one appeal was submitted by a research student and this was not upheld.

### 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.

### 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.

During 2008/09 we carried out a trial of genetically modified potatoes looking at ways of limiting the damage caused by microscopic nematodes – roundworms 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 and a sensitive method to detect any impact on soil quality which was minimal and less than that caused by different conventional crops. A further trial initiated in 2010 has been examining further sources of novel resistance to nematodes.



---

## **Inclusiveness:** diversity, equal opportunities and access.

---

### **Inclusiveness**

During 2009/10, 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, for example, embedding equality impact assessments into organisational change activities. Equality and diversity training encompassed training for managers and Staff Review and Development Scheme reviewers; frontline Estates and Residential and Commercial Services staff; staff involved in process and policy development; and – for academic staff – on inclusive learning and teaching. The Equality Service has continued to work collaboratively with Leeds University Union to host a series of successful events to celebrate Black History Month in October 2009 and Lesbian, Gay, Bisexual and Transsexual History Month in February 2010.

The University continues to attract a large number of disabled students who access wide ranging support provided to help students develop strategies to address academic difficulties arising from their disability. Estate Services has begun implementation of the Access Audit carried out in 2008/09 to enhance the accessibility of our campus and buildings. New buildings, including the Charles Morris Halls and The Edge sports and fitness complex, have been designed to be inclusive and accessible; and The Edge has been awarded the Provisional Level of the Inclusive Fitness Initiative (IFI) accreditation.

Our outreach activity over the last year has supported 40,985 beneficiaries through over 600 events involving 350 schools. Additional to the HEFCE widening participation funding and the tuition fees income used to support outreach, we have secured £873,000 from external sources. Our 'Reach for Excellence' and 'Access to Leeds' programmes which support young people who demonstrate the potential to study at a prestigious university continue to be cited as best practice by government: research has shown that students taking part in the former scheme are twice as likely to enter a research intensive university as other, equally able, students – and 72% of the 'A' level grades attained by 'Reach for Excellence' students were at grade A or B, whereas the figure for similar students not taking part in the programme is 58%.

---

## **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 2009/10 we received 147 requests explicitly under the Freedom of Information Act – an increase of 63% over the 90 received the previous year. Much of this growth appears to be associated with the emergence of websites encouraging individuals to engage with various aspects of the democratic process, for example 'whatdotheyknow.com', which explicitly encourages individuals to lodge FOI requests. In consequence, the scope of requests received this year has been very wide-ranging, with no particular theme having emerged. A combination of exceptional demand and a staff difficulty meant that the University did not respond to requests within the 20-day period required by the Act on 33 occasions. Additional resources have been put in place and we do not expect response times to be exceeded in this way again.

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 2009/10, the University received 14 data subject access requests – a 22% reduction on the 18 requests received last year – the majority of which related to internal disputes, complaints or appeals. The University was subject to one adverse finding by the Information Commissioner's Office (ICO), relating to a single case of delay in responding to a request which exceeded the 40-day response period permitted by law.

We reported last year that the University's handling of data subject access requests and freedom of information requests had given rise to one complaint to the ICO in 2007/08 and another in 2008/09 for which we were awaiting outcomes. Although neither complaint was upheld, the ICO commented upon shortcomings in the way in which one request had been handled and we have drawn lessons from the experience.

---

**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 2009/10. During 2009/10, we initiated reviews of student services and of arrangements for the support of research and innovation (the former subsuming reviews already in progress of admissions and of aspects of learning and teaching support). A review of IT has also been continuing. In addition to ensuring that key resources are in place at the point at which they are needed and without duplication, such reviews are expected to support 'One University' administrative processes. A key component of our approach in this area is to maintain improvements to student-facing services.



---

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

---

## **Community**

### **Public service and citizenship**

Once again over 1,500 students have taken part in hundreds of volunteering projects. The 38 projects world-wide supported through the Leeds for Life Foundation have included volunteering in a Thai orphanage and building a playground in Uganda. Locally, over 200 students work as mentors, tutors or out-of-school activity co-ordinators in the city's most disadvantaged schools. Supporting a safe, harmonious and vibrant local community continues to be a key priority and work with the City Council this year has focused on improving recycling in areas of high student populations. The award-winning Green Streets project has collected over 20 tonnes of reusable goods from students leaving the city and given the items to a range of charities.

Our cultural offering continues to grow. The last 12 months involved an increased programme of activity to support the city-wide 'Light Night' celebrations; a second Olympic public lecture series, headlined by Steve Cram; and a new lecture series delivered through our unique partnership with Marks & Spencer, which culminated in a 'ground-break' marking the start of construction of the company's new archive on campus.

Our work in sustainable development has received further external recognition. In 2010, we were ranked 25th from 133 universities and awarded the highest grade in the People & Planet Green League. We also achieved silver in the Business in the Community Environmental Index; and our Furniture Re-use scheme was commended in the Green Gown Awards (and achieved savings of over £200,000 in its first year). The *UTravelActive* project run in conjunction with the Leeds Metropolitan University has overseen the Velocampus bicycle loan scheme expanding its 350 bicycles to 400 in autumn 2010, additional investment in University cycling facilities and more cycling and walking among students and staff.

In our first year of involvement in the Waste and Resources Action Programme construction commitment we have far exceeded the target of a 50% reduction in construction waste by 2012 and are now recycling around 90%. Total campus waste has been reduced through procurement contracts that ask suppliers to reduce and take back packaging, while campus recycling levels have reached 89%. We have also signed up to the NUS Green Impact scheme aimed at influencing positive behaviour change across the University. Carbon reduction has continued to be a major focus for the University: the HEFCE set very challenging sector carbon reduction targets early during 2010 and our re-written Carbon Management Plan is near completion. Over £400,000 has been invested in energy reduction measures this year, including new metering, new controls and updating existing controls. We continue to strive for high standards in our new buildings and refurbishments: both The Edge and the new Earth & Environment building received BREEAM Excellent awards.

University investment decisions have been informed by a Socially Responsible Investment policy since 2001, which includes a policy of not investing in tobacco companies. The University has had Fairtrade status since 2005; and we work with the Student Union to promote the sale of Fairtrade products, which are featured in campus shops and available through our catering service.

## Values and responsibility

‘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.’



### **Charitable purposes and the public benefit**

As noted elsewhere, the University is a charity; its work is directed to the public benefit.

Research expenditure, for example, was valued at £119m and 6% higher than 2008/09; new awards of £153m were up by 40% on the previous year; and research grant applications were submitted totalling £633m – an increase of £191m. 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.

In learning and teaching, in excess of 1,500 programmes were delivered to nearly 33,000 students, of whom almost 9,500 graduated during the year. Our confidence in the quality of our delivery of learning and teaching is underpinned by external validation: the 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.

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.

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

### **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.

We have well-established consultation mechanisms to enable us to seek the unions' input into a range of issues affecting staff. It was apparent by the beginning of 2009/10 that the University would need to meet funding challenges which would inevitably follow economic downturn and take action to protect our long-term future. Earlier this year, we agreed a sector-leading organisational change process with all three campus unions consisting of a five-stage process emphasising consultation, collegiality and transparency; and we have also agreed governance changes which enhance our commitment to 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.

We now have in place new mechanisms and criteria – agreed with the unions – for the promotion of all grades of staff, from porter to professor. 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.

The University is an independent corporation established by Royal Charter. Its objects, 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 1996.

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. The University has also had regard to the Charity Commission's guidance on public benefit.

## 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 charities law, members of the Council are the trustees of the University. 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 on page 32.

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, 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 under 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 initiated during 2008/09 concluded recently. The review group's proposals regarding the workings, effectiveness and membership of the Senate are being 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
- 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 include the Learning and Teaching Board, the Graduate Board, the Enterprise and Knowledge Transfer Board and the Research Board.

### The Court

The University Court, which has about 90 members (the majority lay) and which meets no more than twice a year, stands beyond and above 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 'whistleblowing' 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. 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 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.

#### Members of the Council July 2010

#### Not pictured

##### (l to r):

Colin Ions  
Tom Morton  
Sue Proctor  
Michael Ziff  
John Stoddart-Scott  
Nima Poovaya-Smith  
David Cottrell  
Ed Anderson  
Charlotte Armstrong  
Quentin Woodley  
Linda Pollard  
Michael Arthur  
Elliot Jebreel  
Nigel Foster  
Neil Clephan

Jane Francis  
Robin Johnson  
Peter McWilliam  
Gavin Reid  
Martin Scicluna  
Alison Staniforth  
Rachel Wenstone



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 a 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 Institutions and other relevant 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 2010.

### 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 has adequate resources 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 2010

---

#### (l to r):

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



## Members of the Council<sup>1</sup> 2009/10

### Linda Pollard, OBE, DL

Pro-Chancellor and Chair of the Council. Chair of NHS Leeds Primary Care Trust; Deputy Chair of the regional development agency Yorkshire Forward; Regional Chair of Coultts Bank plc; National Women's Ambassador of Coultts Bank and member of the Welcome to Yorkshire Board.

### Dr Michael Ziff

Deputy Pro-Chancellor. Chief Executive of Barratts Priceless Limited and Director of Town Centre Securities plc; retired Chair of Bradford Centre Regeneration; Chair of Maccabi and Chair of the British-Israel Chamber of Commerce.

### Professor Michael Arthur

Vice-Chancellor, University of Leeds, since 2004. Chairman of the Russell Group of Universities; member of the Council of the Medical Research Council; Board member of Yorkshire Forward and Opera North.

### Ed Anderson

Chairman, Yorkshire Building Society. Executive Chairman of the Airport Operators Association; Chair of the Mid-Yorkshire NHS Trust; Chairman of Leeds, York and North Yorkshire Chamber of Commerce; Chair of Governors, Leeds Trinity University College and Deputy Chair of St Gemma's Hospice.

### Charlotte Armstrong

Language Centre Administrator.

### Neil Clephan

Head Teacher, Roundhay School Technology and Language College; National Leader of Education; member of Court.

### Jak Codd

Communications and Internal Affairs Officer, Leeds University Union.

### David Cottrell

Dean of Medicine and Professor of Child and Adolescent Psychiatry; Non-Executive Director Bradford Teaching Hospitals Trust; Trustee and Director of YoungMinds.

### Nigel Foster

Director, Ove Arup and Partners; member of Court; Director of Marketing Leeds; Independent Committee Member of the NHS Leeds Community Healthcare; Director of Leeds Ahead and Board Member of Leeds, York & North Yorkshire Chamber of Commerce.

### Jane Francis

Dean of the Faculty of Environment and Professor of Palaeoclimatology.

### Mike Gladstone

Education Officer, Leeds University Union.

### Colin Ions

Management consultant, specialising in change management in HR. Chair of Foundation, Leeds.

### Robin Johnson

Solicitor and Partner at Eversheds LLP, member of American Bar Association; member of Canadian-UK Chamber of Commerce.

### Peter McWilliam

Dean of the Faculty of Medicine and Health and Professor of Cardiovascular Physiology; Non-Executive Director, Leeds NHS Teaching Hospitals Trust.

### Tom Morton

Chartered Accountant: Director of the Alternative Board; partner at PKF (UK) LLP<sup>2</sup>; 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.

### Dr Nima Poovaya-Smith

Founding Director of Alchemy (a cultural enterprise company).

### Susan Proctor

Executive Director of Patient Care and Partnerships/Chief Nurse for the NHS Yorkshire and the Humber Strategic Health Authority.

### Dr Gavin Reid

Senior Lecturer, School of Chemistry; Vice-President, Leeds Branch and (since summer 2010) Chair, Education Committee, of the University and College Union.

### Dr Martin Scicluna

Chairman, Great Portland Estates plc and non-executive director of Lloyds Banking Group; Governor of Berkhamsted School; formerly Chairman of Deloitte.

### Ali 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).

### John Stoddart-Scott

Farm and Estate Manager. Chairman of Weetwood Hall Ltd and of University of Leeds Farms Ltd (both subsidiary companies); Trustee of the University of Leeds Pension and Assurance Scheme (PAS).

### Quentin Woodley

Director (Senior Partner) McKinsey & Company. Fellow of the Institute of Chartered Accountants in England and Wales.

## Members of the Vice-Chancellor's Executive Group 2009/10

### Professor Michael Arthur

Vice-Chancellor (Chair)

### Professor John Fisher

Deputy Vice-Chancellor

### Roger Gair

University Secretary

### Martin Holmes

Marketing Director

### Dennis Hopper

Director of Facilities Management

### Professor Vivien Jones

Pro-Vice-Chancellor for learning and teaching

### Matthew Knight

Director of Human Resources

### Jane Madeley

Finance Director

### Professor Stephen Scott

Pro-Vice-Chancellor for students and staff

### Robert Sladdin

Director of Estates

### Professor Andrew Thompson

Pro-Vice-Chancellor for research

### Professor Richard Williams, OBE

Pro-Vice-Chancellor for enterprise, knowledge transfer and international strategy

## Deans of Faculty 2009/10

### Professor David Cooper

Performance, Visual Arts and Communications

### Professor Frank Finlay

Arts

### Professor Jane Francis

Environment

### Professor Steve Homans

Biological Sciences

### Professor John Leach

(to 31 April 2010)

### Professor Jeremy Higham

(from 1 May 2010)

Education, Social Sciences and Law

### Professor Peter McWilliam

Medicine and Health

### Professor Peter Moizer

Business

### Professor Roger Pollard

Engineering

### Professor Mike Wilson

Mathematics and Physical Sciences

1. From 1 July 2010, Jak Codd and Mike Gladstone were replaced as the LUU members on the Council by Elliot Jebreel (Education Officer) and Rachel Wenstone (Communications and Internal Affairs Officer). Colin Ions and Nima Poovaya-Smith stepped down from membership on 31 July 2010; new members appointed in their stead, from 1 August 2010, were Saeeda Ahmed (Founding Director of Trescom Research and Consultancy) and Caroline Johnstone (Chartered Accountant, formerly with PricewaterhouseCoopers).

2. Until December 2009

## 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; and
- 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; and
- 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; and
- 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; and likewise
- 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 2010 which comprise the consolidated income and expenditure account, the consolidated statement of total recognised gains and losses, the consolidated and University balance sheets, the consolidated cash flow statement, the statement of principal accounting policies and the related notes 1 to 35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council in accordance with the financial memorandum dated June 2008. 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 auditors' 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 Council and auditors

The Council's responsibilities for preparing the Annual Report and the financial statements in accordance with the University's statute, the Statement of Recommended Practice: Accounting for Further and Higher Education and other applicable law and United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of the Council's responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the information given in the Council's report is not consistent with the financial statements, if the University has not kept adequate accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any further information outside the Annual Report.

We are not required to consider whether the statement of internal control (included as part of the Corporate Governance Statement) covers all risks and controls, or to form an opinion on the effectiveness of the University's corporate governance procedures or its risk and control procedures.

### **Basis of opinion**

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

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

### **Opinion**

In our opinion:

- a) the financial statements give a true and fair view of the state of affairs of the University and the group as at 31 July 2010 and of the deficit of the Group/ University for the year then ended;
- b) the financial statements 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;
- c) in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- d) in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council.

### **DELOITTE LLP**

Chartered Accountants and Statutory Auditors  
Leeds, England  
18 November 2010

# Annual Accounts

# Consolidated Income and Expenditure Account for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
<b>Income</b>			
Funding Council grants	1	157,733	157,644
Tuition fees and education contracts	2	143,488	126,858
Research grants and contracts	3	119,319	112,570
Other operating income	4	94,760	93,124
Endowment income and interest receivable	5	2,441	7,011
Total Income (excludes share of joint ventures £3.7m [2008/09: £3.3m])		517,741	497,207
<b>Expenditure</b>			
Staff costs (excluding exceptional costs)	6	296,976	292,372
Exceptional staff costs	6	6,715	6,254
Total staff costs		303,691	298,626
Other operating expenses	7	181,751	168,769
Depreciation	7	18,268	16,848
Interest payable and similar charges	8	1,287	1,487
Total expenditure	7	504,997	485,730
<b>Surplus after depreciation and before tax</b>			
		12,744	11,477
Share of joint ventures' operating profit		57	56
Share of associates' operating (loss)/profit		(88)	91
Taxation	9	(78)	(81)
<b>Surplus after depreciation and tax</b>			
		12,635	11,543
Minority interest		245	(156)
<b>Surplus before restructuring costs</b>			
		12,880	11,387
Restructuring costs	6	(14,556)	–
<b>(Deficit)/surplus on continuing operations after depreciation and tax</b>			
		(1,676)	11,387
Transfer to accumulated income within restricted endowments		(217)	(385)
<b>(Deficit)/surplus for the year transferred to reserves</b>			
	24	(1,893)	11,002

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

# Balance Sheets as at 31 July 2010

	Note	Consolidated		University	
		2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
<b>Fixed assets</b>					
Intangible assets	10	–	218	–	–
Tangible assets	11	<b>421,108</b>	378,199	<b>409,333</b>	369,564
Investments	12	<b>2,069</b>	1,829	<b>6,727</b>	6,487
Investments in associates	13	–	38	–	–
Investments in joint ventures	14	<b>310</b>	253	–	–
		<b>423,487</b>	380,537	<b>416,060</b>	376,051
<b>Endowment asset investments</b>	15	<b>49,284</b>	42,329	<b>49,284</b>	42,329
<b>Current assets</b>					
Stock		<b>438</b>	473	<b>223</b>	266
Debtors	16	<b>53,611</b>	54,383	<b>55,818</b>	53,629
Investments	17	<b>99,841</b>	71,456	<b>99,841</b>	71,456
Cash at bank and in hand		<b>11,852</b>	14,553	<b>9,437</b>	11,713
		<b>165,742</b>	140,865	<b>165,319</b>	137,064
Creditors: amounts falling due within one year	18	<b>(148,087)</b>	(130,612)	<b>(144,492)</b>	(127,662)
<b>Net current assets</b>		<b>17,655</b>	10,253	<b>20,827</b>	9,402
<b>Total assets less current liabilities</b>		<b>490,426</b>	433,119	<b>486,171</b>	427,782
Creditors: amounts falling due after more than one year	19	<b>(57,296)</b>	(26,927)	<b>(54,703)</b>	(23,926)
Provisions for liabilities	21	<b>(17,382)</b>	(7,235)	<b>(17,307)</b>	(7,194)
<b>Total net assets excluding pension deficit</b>		<b>415,748</b>	398,957	<b>414,161</b>	396,662
Pension deficit	30	<b>(31,006)</b>	(31,093)	–	–
<b>Total net assets including pension deficit</b>		<b>384,742</b>	367,864	<b>414,161</b>	396,662



	Note	Consolidated		University	
		2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
<b>Deferred capital grants</b>	22	<b>189,253</b>	176,644	<b>189,253</b>	176,644
<b>Endowments</b>					
Permanent	23	<b>48,475</b>	41,840	<b>48,475</b>	41,840
Expendable	23	<b>809</b>	489	<b>809</b>	489
		<b>49,284</b>	42,329	<b>49,284</b>	42,329
<b>Reserves</b>					
Income and expenditure account excluding pension reserve		<b>152,429</b>	155,097	<b>151,005</b>	153,210
Pension reserve		<b>(31,006)</b>	(31,093)	–	–
Heritage assets reserve		<b>24,619</b>	24,479	<b>24,619</b>	24,479
	24	<b>146,042</b>	148,483	<b>175,624</b>	177,689
<b>Total funds before minority interests</b>		<b>384,579</b>	367,456	<b>414,161</b>	396,662
<b>Minority interests</b>		<b>163</b>	408	–	–
<b>Total funds</b>		<b>384,742</b>	367,864	<b>414,161</b>	396,662

The Annual Report and Accounts were approved by Council on 18 November 2010 and signed on its behalf by:

**Jane Madeley**  
Finance Director

**Michael Arthur**  
Vice-Chancellor

# Consolidated Cash Flow Statement for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
Net cash inflow from operating activities	25	<b>29,811</b>	28,166
Returns on investments and servicing of finance	26	<b>1,395</b>	4,468
Tax paid		<b>(124)</b>	(90)
Capital expenditure and financial investment	27	<b>(38,419)</b>	(28,600)
Net cash (outflow)/inflow before use of liquid resources and short term investments		<b>(7,337)</b>	3,944
Management of liquid resources		<b>(28,385)</b>	7,652
Financing	28	<b>33,021</b>	(3,762)
<b>(Decrease)/increase in cash</b>	29	<b>(2,701)</b>	7,834

## Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the period		<b>(2,701)</b>	7,834
Increase/(decrease) in short term investments		<b>28,385</b>	(7,652)
Net (increase)/decrease in debt	28	<b>(33,021)</b>	3,762
Movement in net funds in the year		<b>(7,337)</b>	3,944
Net funds at 1 August		<b>59,898</b>	55,954
<b>Net funds at 31 July</b>	29	<b>52,561</b>	59,898

# Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
(Deficit)/surplus for the financial year		<b>(1,893)</b>	11,002
Appreciation/(depreciation) of endowment asset investments	23	<b>6,346</b>	(7,691)
Endowment income retained for the year	23	<b>110</b>	385
Actuarial loss on pension assets	30	<b>(548)</b>	(37,756)
New endowments	23	<b>499</b>	214
<b>Total recognised gains/(losses) relating to the year</b>		<b>4,514</b>	(33,846)
<b>Reconciliation</b>			
Opening reserves and endowments		<b>190,812</b>	224,656
Total recognised gains/(losses) for the year		<b>4,514</b>	(33,846)
Recognition of heritage assets		<b>-</b>	2
<b>Closing reserves and endowments</b>		<b>195,326</b>	190,812

# 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 on page 31.

## 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.

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 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.

## 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

	2009/10 £000	2008/09 £000
<b>Recurrent grant</b>	<b>139,090</b>	129,717
<b>Specific grants</b>		
Training and Development Agency for Schools	2,367	2,322
Equipment and furniture	686	461
Teaching & Learning Capital	1,227	1,930
Rewarding and Developing Staff 1 and 2	125	7,851
Widening Participation	1,104	742
Science Research Investment Fund	625	661
Higher Education Innovation Fund	1,742	2,088
Clinical Academic Staff	–	1,003
Matched funding scheme for voluntary giving	827	800
HEFCE Capital	776	–
Other (less than £0.5m each)	1,638	2,896
<b>Released from deferred capital grants</b>		
Buildings	5,135	4,835
Equipment	2,391	2,338
	<b>157,733</b>	157,644

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

## 2 Tuition fees and education contracts

Full-time home and EU students	68,163	60,090
Full-time international students	47,883	39,640
Part-time home and EU students	3,041	2,485
Part-time international students	714	524
Education contracts with corporate organisations	7	122
Research training support grants	1,940	1,949
Short course fees	7,955	8,016
NHS teaching contract	13,785	14,032
	<b>143,488</b>	126,858

## 3 Research grants and contracts

Research Councils	39,025	40,981
UK based charities	19,044	19,964
UK Government	38,684	28,019
UK industry	6,111	6,817
European Commission	8,578	8,235
Other grants and contracts	6,259	6,834
Released from deferred capital grants		
Buildings	88	88
Equipment	1,530	1,632
	<b>119,319</b>	112,570

#### 4 Other operating income

	2009/10 £000	2008/09 £000
Residences, catering and conferences	41,180	39,220
Health authorities	11,245	12,400
Services rendered	21,817	19,472
Sale of goods	4,015	5,094
Sundry grants, income and donations	8,400	6,438
Heritage assets donations	140	2,010
Other income	6,935	7,581
Released from deferred capital grants		
Buildings	895	771
Equipment	133	138
	<b>94,760</b>	93,124

#### 5 Endowment income and interest receivable

Income from expendable endowments	23	25
Income from permanent endowments	2,141	2,212
Income from short-term investments	253	2,622
Other investment income	59	133
Other net finance (cost)/income from pension scheme assets and liabilities	(42)	2,012
Released from deferred capital grants		
Buildings	7	7
	<b>2,441</b>	7,011

## 6 Staff

	2009/10 Number	2008/09 Number
<b>Average staff numbers (full-time equivalents) by major category</b>		
Academic/Teaching	1,778	1,764
Research	944	996
Management/Professional	1,244	1,228
Support	2,544	2,611
	<b>6,510</b>	6,599
	<b>£000</b>	£000
<b>Staff costs</b>		
Wages and salaries	229,116	228,498
Social security costs	18,728	18,788
Pension costs (including FRS 17)	46,703	42,033
Severance payments	2,429	3,053
Exceptional staff costs	6,715	6,254
	<b>303,691</b>	298,626
Costs included within provisions to the extent they have not been settled at 31 July:		
Restructuring	6,551	–
Exceptional staff costs	7,454	5,540
Early retirement schemes	895	1,604

### Restructuring costs

The anticipated fundamental change to the funding structure of the HE sector, as a result of government funding cuts, has been a major focus for the year with an expected significant impact on both universities and students.

This has led the University of Leeds to initiate a detailed review of how it operates across all its services and academic departments. A voluntary leavers scheme was offered 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

Benefits in kind as assessed for HMRC purposes

253	253
7	7
<b>260</b>	260
<b>59</b>	55

Employer contributions to defined benefit scheme

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.



## 6 Staff (continued)

	2009/10 Number	2008/09 Number
<b>Remuneration of other higher paid staff, excluding employer's pension contributions</b>		
£100,000 – £109,999	24	21
£110,000 – £119,999	13	16
£120,000 – £129,999	12	8
£130,000 – £139,999	7	8
£140,000 – £149,999	5	9
£150,000 – £159,999	11	9
£160,000 – £169,999	4	5
£170,000 – £179,999	6	4
£180,000 – £189,999	6	7
£190,000 – £199,999	4	3
£200,000 – £209,999	3	3
£270,000 – £279,999	–	1
	<b>95</b>	<b>94</b>

Higher paid staff included 66 (2008/09: 66) clinical staff and 29 (2008/09: 28) 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	<b>2009/10 Total £000</b>	2008/09 Total £000
<b>By activity</b>						
Academic departments	166,162	39,709	2,848	–	<b>208,719</b>	200,519
Research grants and contracts	58,950	50,984	1,596	3	<b>111,533</b>	105,228
Total teaching and research	225,112	90,693	4,444	3	<b>320,252</b>	305,747
Administration and Corporate Services	46,026	29,880	520	481	<b>76,907</b>	79,924
Premises	12,635	31,648	9,786	–	<b>54,069</b>	53,354
Residences, catering and conferences	12,279	24,397	3,304	803	<b>40,783</b>	37,072
Other expenses	489	5,133	214	–	<b>5,836</b>	4,274
Exceptional staff costs	6,715	–	–	–	<b>6,715</b>	6,254
FRS 17 Pension net cost/(income)	435	–	–	–	<b>435</b>	(895)
<b>Total</b>	<b>303,691</b>	<b>181,751</b>	<b>18,268</b>	<b>1,287</b>	<b>504,997</b>	<b>485,730</b>

### Other operating expenses

Equipment purchases and maintenance	<b>18,111</b>	17,903
Estate repairs and maintenance	<b>15,802</b>	12,414
Consumables and laboratory expenditure	<b>18,322</b>	18,831
Printed materials, books and periodicals	<b>7,576</b>	7,738
Printing, stationery and office expenses	<b>8,409</b>	7,620
Travel and subsistence	<b>10,672</b>	10,795
Fellowships, scholarships and prizes	<b>31,357</b>	26,216
Heat, light, water and power	<b>12,374</b>	13,462
Rent, rates and insurance	<b>12,014</b>	9,965
Grants to student union	<b>1,997</b>	1,918
Fees and expenses	<b>38,897</b>	36,829
Recruitment, training and welfare	<b>3,620</b>	4,011
Auditor's remuneration in respect of audit services	<b>100</b>	96
Auditor's remuneration in respect of other services	<b>85</b>	91
Other expenses	<b>2,415</b>	880
	<b>181,751</b>	168,769
Equipment purchases and maintenance includes payment under operating leases in respect of equipment	<b>216</b>	317
Rent, rates and insurance includes payment under operating leases in respect of buildings	<b>8,983</b>	6,987
Fees and expenses include contracted internal audit fees	<b>128</b>	136

### Trustees

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

The total expenses paid to six trustees was £2k (2009: £2k to three 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

	2009/10 £000	2008/09 £000
On loans repayable wholly or partly in more than 5 years	1,287	1,487

## 9 Taxation

<b>Current Tax</b>		
UK Corporation tax on profit for the year	26	87
Adjustment in respect of previous years	19	47
	45	134
<b>Deferred Tax</b>		
Originating and reversal of timing differences	33	(53)
	78	81
<b>Tax paid in the year</b>	124	90

## 10 Intangible assets

	Consolidated	
<b>Goodwill</b>		
At 1 August	218	223
Charged to Income and Expenditure Account	(218)	(5)
<b>At 31 July</b>	–	218

The goodwill is in respect of the acquisition of the remaining majority shareholding in Leeds Innovations Centre Ltd in May 2003. During the year, goodwill has been fully written off to the Income and Expenditure Account.



## 11 Tangible assets (continued)

### 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.

	Special collections £000	Art collections £000	ULITA £000	2009/10 Total £000	2008/09 Total £000
At 1 August	18,926	5,403	525	24,854	22,467
Additions	222	119	–	341	2,387
<b>At 31 July</b>	<b>19,148</b>	<b>5,522</b>	<b>525</b>	<b>25,195</b>	<b>24,854</b>

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

## 12 Fixed asset investments

	Consolidated	University
	£000	£000
<b>Investments in subsidiary undertakings</b>		
Cost at 1 August 2009	–	4,659
Additions	–	–
Cost at 31 July 2010	–	4,659
<b>Other fixed asset investments</b>		
Cost at 1 August 2009	1,829	1,828
Additions	240	240
Appreciation	80	80
Disposal/write offs	(80)	(80)
Cost at 31 July 2010	2,069	2,068
<b>Total investments</b>		
<b>At 31 July 2010</b>	<b>2,069</b>	<b>6,727</b>
At 1 August 2009	1,829	6,487

Listed investments carried at cost of £464,208 (2009: £225,075) have a market value of £7,012k (2009: £5,051k)

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
<b>Subsidiary Undertakings</b>		
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
Rock Deformation Research Ltd	100%	Geographical analysis and consultancy
Leeds Ventures Ltd	100%	Advisory services for the University's customers in China
Bright Beginnings Childcare Centre Leeds	100%	Childcare facilities and services

## 13 Investments in associates

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

Name of company	Percentage holding	Nature of business
<b>Associated Undertakings</b>		
White Rose Technology Ltd	40%	Seedcorn funding for commercialisation of research
Leeds Skin Centre for Applied Research Ltd	30%	Commercial testing facilities
Dispersia Ltd	25%	Solutions for dermatological diseases
Dyecat Ltd	21%	Polymer addictive chemicals
Glass Manufacturing Services Ltd	23%	Specialist glass supplier for commercial and industrial use
Instrumentel Ltd	21%	Technology for remote telemetry in hostile environments
Escubed Ltd	20%	Particle characterisation services to pharmaceutical industries

## 14 Investments in joint ventures

The University holds shares of joint venture companies as follows:

Name of company	Percentage holding	Nature of business
<b>Joint Ventures</b>		
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
Myscience.co Ltd	25%	Continuous professional development for science teachers and technicians
N8 Ltd	13%	Enabling northern businesses to access world-class knowledge to gain a significant competitive advantage

	2009/10 £000	2008/09 £000
<b>Income and Expenditure Account</b>		
Income	3,660	3,277
Surplus before tax	3	69
<b>Balance Sheet</b>		
Fixed assets	756	769
Current assets	1,906	2,615
	<b>2,662</b>	3,384
Creditors: amounts falling due within one year	(1,780)	(2,857)
Creditors: amounts falling due after more than one year	(572)	(274)
	<b>(2,352)</b>	(3,131)
Share of net assets	<b>310</b>	253

## 15 Endowment asset investments

	Consolidated and University	
	2009/10 £000	2008/09 £000
At 1 August	42,329	49,421
Additions	45,660	12,368
Disposals	(45,404)	(10,772)
Appreciation/(depreciation) on revaluation	6,346	(7,691)
Increase/(decrease) in cash balances	353	(997)
<b>At 31 July</b>	<b>49,284</b>	<b>42,329</b>
Represented by:		
Fixed interest stocks	16,012	14,065
Equities	30,049	25,394
Cash balances	3,223	2,870
	<b>49,284</b>	<b>42,329</b>

## 16 Debtors

	Consolidated		University	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
<b>Amounts falling due within one year</b>				
Sponsored research in progress	26,713	26,460	26,713	26,460
Trade debtors	19,065	20,399	14,205	15,581
Amounts owing from subsidiary undertakings	–	–	5,477	6,018
Prepayments and accrued income	7,833	7,524	6,043	5,570
<b>Amounts falling due after more than one year</b>				
Amounts owing from subsidiary undertakings	–	–	3,380	–
	<b>53,611</b>	<b>54,383</b>	<b>55,818</b>	<b>53,629</b>

## 17 Investments

	Consolidated and University	
	2009/10 £000	2008/09 £000
Short-term deposits	99,841	71,456

At 31 July 2010 the weighted average interest rate of these fixed rate deposits was 0.6% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 20 days. The fair value of these deposits was not materially different from the book value.



## 18 Creditors: amounts falling due within one year

	Consolidated		University	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
Bank loans	4,265	1,729	3,858	1,321
Research grants received on account	36,622	29,076	36,622	29,076
Trade creditors	25,805	31,404	25,194	30,829
Social security and other taxation payable	7,451	7,037	6,855	6,444
Accruals and deferred income	73,944	61,366	71,422	59,173
Amounts owing to subsidiary companies	–	–	541	819
	<b>148,087</b>	130,612	<b>144,492</b>	127,662

## 19 Creditors: amounts falling due after more than one year

Bank loans	54,867	24,382	52,274	21,381
Deferred income	2,429	2,545	2,429	2,545
	<b>57,296</b>	26,927	<b>54,703</b>	23,926

## 20 Borrowings

### Bank loans and overdrafts are repayable as follows

In one year or less	4,265	1,729	3,858	1,321
Between one and two years	4,306	1,765	3,898	1,357
Between two and five years	13,206	5,557	11,982	4,333
In five years or more	37,355	17,060	36,394	15,691
	<b>59,132</b>	26,111	<b>56,132</b>	22,702

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2010 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.

## 21 Provisions for liabilities

	Consolidated		University	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
At 1 August	<b>7,235</b>	2,501	<b>7,194</b>	2,399
Transferred from income and expenditure	<b>25,190</b>	9,223	<b>25,156</b>	9,235
Utilised in the year	<b>(15,043)</b>	(4,489)	<b>(15,043)</b>	(4,440)
<b>At 31 July</b>	<b>17,382</b>	7,235	<b>17,307</b>	7,194
Comprising:				
<b>Restructuring</b>				
At 1 August	–	–	–	–
Transferred from income and expenditure	<b>14,556</b>	–	<b>14,556</b>	–
Utilised in the year	<b>(8,005)</b>	–	<b>(8,005)</b>	–
<b>At 31 July</b>	<b>6,551</b>	–	<b>6,551</b>	–
<b>Exceptional staff costs</b>				
At 1 August	<b>5,540</b>	–	<b>5,540</b>	–
Transferred from income and expenditure	<b>6,715</b>	6,254	<b>6,715</b>	6,254
Utilised in the year	<b>(4,801)</b>	(714)	<b>(4,801)</b>	(714)
<b>At 31 July</b>	<b>7,454</b>	5,540	<b>7,454</b>	5,540
<b>Early retirement of employees (Premature Retirement Terms)</b>				
At 1 August	<b>1,604</b>	1,154	<b>1,604</b>	1,154
Transferred from income and expenditure	<b>376</b>	2,772	<b>376</b>	2,772
Utilised in the year	<b>(1,340)</b>	(2,322)	<b>(1,340)</b>	(2,322)
<b>At 31 July</b>	<b>640</b>	1,604	<b>640</b>	1,604
<b>Early retirement of employees (Mobility Incentive Scheme)</b>				
At 1 August	–	36	–	36
Transferred from income and expenditure	<b>1,102</b>	209	<b>1,102</b>	209
Utilised in the year	<b>(847)</b>	(245)	<b>(847)</b>	(245)
<b>At 31 July</b>	<b>255</b>	–	<b>255</b>	–
<b>Fair value of operating leases over 5 years</b>				
At 1 August	–	1,159	–	1,159
Utilised in the year	–	(1,159)	–	(1,159)
<b>At 31 July</b>	–	–	–	–
<b>Other (including part-time pensions, deferred taxation, repair costs and impairment costs)</b>				
At 1 August	<b>91</b>	152	<b>50</b>	50
Transferred to/(from) income and expenditure	<b>2,441</b>	(12)	<b>2,407</b>	–
Utilised in the year	<b>(50)</b>	(49)	<b>(50)</b>	–
<b>At 31 July</b>	<b>2,482</b>	91	<b>2,407</b>	50

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

## 22 Deferred capital grants

	Consolidated and University		
	Funding Council £000	Other grants £000	2009/10 Total £000
At 1 August 2009			
Buildings	126,718	35,316	<b>162,034</b>
Equipment	12,277	2,333	<b>14,610</b>
	138,995	37,649	<b>176,644</b>
<b>Grants received</b>			
Buildings	17,907	1,726	<b>19,633</b>
Equipment	1,711	1,444	<b>3,155</b>
	19,618	3,170	<b>22,788</b>
<b>Released to Income and Expenditure Account</b>			
Buildings	(5,135)	(990)	<b>(6,125)</b>
Equipment	(2,391)	(1,663)	<b>(4,054)</b>
	(7,526)	(2,653)	<b>(10,179)</b>
<b>At 31 July 2010</b>			
Buildings	139,490	36,052	<b>175,542</b>
Equipment	11,597	2,114	<b>13,711</b>
	151,087	38,166	<b>189,253</b>

## 23 Endowments

	Consolidated and University				2009/10 Total £000	2008/09 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000		
At 1 August						
Capital	13,911	25,505	39,416	451	<b>39,867</b>	47,344
Accumulated income	–	2,424	2,424	38	<b>2,462</b>	2,077
	13,911	27,929	41,840	489	<b>42,329</b>	49,421
New endowments	–	249	249	250	<b>499</b>	214
Reclassification	(95)	95	–	–	–	–
Investment income	672	1,370	2,042	23	<b>2,065</b>	2,237
Expenditure	(685)	(1,244)	(1,929)	(26)	<b>(1,955)</b>	(1,852)
	(13)	126	113	(3)	<b>110</b>	385
Appreciation/(depreciation) of endowment asset investments	2,249	4,024	6,273	73	<b>6,346</b>	(7,691)
<b>At 31 July</b>	16,052	32,423	48,475	809	<b>49,284</b>	42,329
Represented by:						
Capital	16,052	29,780	45,832	773	<b>46,605</b>	39,867
Accumulated income	–	2,643	2,643	36	<b>2,679</b>	2,462
	16,052	32,423	48,475	809	<b>49,284</b>	42,329

## 24 Reserves

	Consolidated		University	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
At 1 August	<b>148,483</b>	175,235	<b>177,689</b>	169,651
(Deficit)/surplus for the year	<b>(1,893)</b>	11,002	<b>(2,065)</b>	8,036
Movement in heritage assets	–	2	–	2
Actuarial loss on pension scheme assets	<b>(548)</b>	(37,756)	–	–
<b>At 31 July</b>	<b>146,042</b>	148,483	<b>175,624</b>	177,689

## 25 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2009/10 £000	2008/09 £000
Surplus after depreciation and before tax	<b>12,744</b>	11,477
Restructuring costs	<b>(14,556)</b>	–
Depreciation	<b>18,268</b>	16,848
Fixed asset investment write down	<b>80</b>	480
Loss/(gain) on disposal of fixed assets	<b>221</b>	(675)
Deferred capital grants released to income	<b>(10,179)</b>	(9,809)
Endowment income and interest receivable	<b>(2,441)</b>	(7,011)
Interest payable and similar charges	<b>1,287</b>	1,487
Donated heritage assets	<b>(140)</b>	(2,010)
Net income arising from FRS 17	<b>(677)</b>	(895)
Decrease in stock	<b>35</b>	123
Decrease in debtors	<b>512</b>	625
Increase in creditors	<b>14,543</b>	12,731
Increase in provisions	<b>10,114</b>	4,795
<b>Net cash inflow from operating activities</b>	<b>29,811</b>	28,166

## 26 Returns on investments and servicing of finance

	2009/10 £000	2008/09 £000
Income from endowments	2,057	2,237
Income from short-term investments	318	3,782
Interest and similar charges paid	(980)	(1,551)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,395</b>	<b>4,468</b>

## 27 Capital expenditure and financial investment

Payments to acquire tangible fixed assets and investments	(61,165)	(50,017)
Payments to acquire endowment securities	(45,660)	(12,368)
(Increase)/decrease in endowment cash balances	(353)	997
Receipts from sales of tangible fixed assets and investments	43	734
Receipts from sales of endowment securities	45,404	10,772
Deferred capital grants received	22,813	21,068
New endowments received	499	214
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(38,419)</b>	<b>(28,600)</b>

## 28 Analysis of changes in consolidated financing during the year

### Mortgages and Loans

At 1 August	26,111	29,873
New loan	35,000	–
Capital repayments	(1,979)	(3,762)
<b>At 31 July</b>	<b>59,132</b>	<b>26,111</b>

## 29 Analysis of changes in net funds

	At 1 August 2009 £000	Cash Flows £000	Other Changes £000	At 31 July 2010 £000
Cash at bank and in hand	14,553	(2,701)	–	11,852
Debt due within one year	(1,729)	1,979	(4,515)	(4,265)
Debt due after one year	(24,382)	(35,000)	4,515	(54,867)
Current asset investments	71,456	28,385	–	99,841
	59,898	(7,337)	–	52,561

## 30 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 using the projected unit method, 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 26 members, and the National Health Service (NHS) Pension Scheme which has 170 members, both multi-employer schemes.

Total pension cost for the University and its subsidiary undertakings

	<b>2009/10</b> <b>£000</b>	2008/09 £000
Contributions to USS	<b>34,560</b>	31,313
Contributions to PAS	<b>10,400</b>	9,088
Contributions to other pension schemes	<b>1,743</b>	1,632
<b>Total pension cost</b>	<b>46,703</b>	42,033

### 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.

Following the 2008 valuation the employer contributions increased to 16% with effect from 1 October 2009.

To address the funding deficit the trustee board of USS have carried out a review of the scheme benefits. A consultation is currently taking place with scheme members and it is intended to amend the benefits with effect from 1 April 2011.

### 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.

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.

The Minister of State for Pensions has announced that during 2010/11 the Government intends to move to using the Consumer Price Index (CPI) as the measure of price inflation for the purposes of increasing occupational pension schemes' benefits (both in payment and deferment). Had CPI (rather than the Retail Price Index) been used to value PAS at 31 July 2010, the net liabilities would have been £15.0m resulting in total actuarial gains in the STRGL of £15.4m in the year.

	2009/10 £000	2008/09 £000
<b>Change in benefit obligation</b>		
Benefit obligation at 1 August	229,510	197,296
Current service cost	10,810	8,940
Interest cost	13,872	13,056
Plan participants' contributions	251	539
Actuarial losses	21,881	18,005
Benefits paid	(9,783)	(8,326)
	<b>266,541</b>	229,510
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	<b>266,541</b>	229,510
<b>Change in plan assets</b>		
Fair value of plan assets at 1 August	198,417	201,052
Expected return on plan assets	13,830	15,068
Actuarial gains/(losses)	21,333	(19,751)
Employer contributions	11,487	9,835
Member contributions	251	539
Benefits paid	(9,783)	(8,326)
	<b>235,535</b>	198,417
<b>Funded status</b>		
Net amount recognised	<b>(31,006)</b>	(31,093)
<b>Amounts in the balance sheet</b>		
Liabilities	<b>(266,541)</b>	(229,510)
Assets	<b>235,535</b>	198,417
	<b>(31,006)</b>	(31,093)
<b>Components of pension cost</b>		
Current service cost	10,810	8,940
Interest cost	13,872	13,056
Expected return on plan assets	<b>(13,830)</b>	(15,068)
	<b>10,852</b>	6,928
<b>Actuarial losses immediately recognised</b>	<b>548</b>	37,756
<b>Total pension cost recognised in the Statement of Total Recognised Gains and Losses</b>		
Cumulative actuarial losses immediately recognised	<b>91,025</b>	90,477

## 30 Pension schemes (continued)

	<b>31 July 2010</b>	31 July 2009
<b>Plan assets</b>		
Weighted-average asset allocation		
Equities	<b>70.0%</b>	67.0%
Property	<b>9.0%</b>	0.0%
Bonds and other	<b>21.0%</b>	33.0%
	<b>100.0%</b>	100.0%

	<b>31 July 2010</b>		31 July 2009		31 July 2008	
	%	£000	%	£000	%	£000
<b>Assets in PAS and expected rate of return</b>						
Equities	<b>6.9%</b>	<b>164,999</b>	7.5%	132,939	8.1%	136,735
Property	<b>6.9%</b>	<b>22,034</b>	–	–	–	–
Bonds and cash	<b>4.9%</b>	<b>48,502</b>	5.5%	65,478	6.1%	64,317
<b>Total market value of assets</b>		<b>235,535</b>		198,417		201,052
Actuarial value of liability		<b>(266,541)</b>		(229,510)		(197,296)
<b>Net pension (liability)/asset</b>		<b>(31,006)</b>		(31,093)		3,756

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 6.9% assumption for the expected long-term return on scheme assets over the year to 31 July 2010 and 6.3% over the year to 31 July 2011.

	<b>2009/10 £000</b>	2008/09 £000
<b>Actual return on plan assets</b>	<b>35,163</b>	(4,683)



	31 July 2010	31 July 2009	31 July 2008
<b>Weighted average assumptions used to determine benefit obligations</b>			
Discount rate	5.3%	6.0%	6.6%
Rate of compensation increase	4.7%	5.0%	5.2%
Rate of inflation	3.2%	3.5%	3.7%
Rate of pension increase	3.2%	3.5%	3.7%

<b>Weighted average assumptions used to determine net pension cost</b>			
Discount rate	6.0%	6.6%	5.8%
Expected long-term return on plan assets	6.9%	7.5%	6.7%
Rate of compensation increase	5.0%	5.2%	4.5%
Rate of inflation	3.5%	3.7%	3.2%
Rate of pension increase	3.5%	3.7%	3.2%

	Male	Female
<b>Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 July 2010</b>		
Member age 60 (current life expectancy)	26.2	28.7
Member age 40 (life expectancy at age 60)	27.4	29.7

	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000
<b>Five year history</b>					
Benefit obligation at 31 July	(266,541)	(229,510)	(197,296)	(193,818)	(199,014)
Fair value of plan assets at 31 July	235,535	198,417	201,052	224,731	203,363
(Deficit)/surplus	(31,006)	(31,093)	3,756	30,913	4,349
Difference between expected and actual return on scheme assets	21,333	(19,751)	(40,570)	7,661	7,964
Percentage of scheme assets	9%	(10%)	(20%)	3%	4%
Experience (losses)/gains on scheme liabilities	(876)	–	6,062	(1,091)	–
Percentage of scheme liabilities	0%	0%	3%	(1%)	0%
Total amount recognised in Statement of Total Recognised Gains and Losses	(548)	(37,756)	(31,304)	25,393	1,164
Percentage of scheme liabilities	0%	(16%)	(16%)	13%	1%

#### Contributions

The University expects to contribute £12.0m to the Scheme in 2010/11. This compares with £11.5m in 2009/10.

## 31 Capital commitments

	Consolidated and University	
	2009/10 £000	2008/09 £000
<b>Provision has not been made for the following capital commitments</b>		
Commitments contracted at 31 July	<b>33,618</b>	57,056

## 32 Financial commitments

### Annual commitments under operating leases at 31 July

<b>Buildings</b>		
Expiring within one year	<b>1,826</b>	1,529
Expiring between one and five years inclusive	<b>1,085</b>	5,808
Expiring in more than five years	<b>4,988</b>	2,442
<b>Equipment</b>		
Expiring within one year	<b>30</b>	62
Expiring between one and five years inclusive	<b>160</b>	244
	<b>8,089</b>	10,085

## 33 Contingent liabilities

The University has guaranteed a bank loan of £3.0m (2008/09: £3.4m) from Barclays Bank plc, to Weetwood Hall Ltd.

## 34 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, and Nigel Foster, member of Council, are independent committee members of Leeds Community Health Services; 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.

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	
	2009/10 £000	2008/09 £000	2009/10 £000	2008/09 £000
Yorkshire Forward	–	8	56	406
Yorkshire Universities	21	20	220	687
N8 Ltd	15	426	417	268
Opera North	56	132	5	4
White Rose University Consortium	–	31	2	44
The Worldwide Universities Network	43	88	417	116
Myscience.co Ltd	–	–	65	23
Medical Research Council	28	17	4,089	4,198
Hot Courses	37	57	–	–
Enthuse Charitable Trust	11	20	–	–
Russell Group of Universities	47	35	–	–

Mrs Linda Pollard, Pro-Chancellor and Chair of Council is Deputy Chair of Yorkshire Forward; Chair of NHS Leeds Primary Care Trust; and a member of the HEFCE Enterprise & Skills Strategic Advisory Committee.

Quentin Woodley, member of Council, is married to Carol Woodley, the Chair of the University of Leeds Pension and Assurance Scheme (PAS). In 2009/10 the Scheme paid £43,000 for her services (2008/09: £37,000).

The son of Robert Sladdin, Director of Estates (to 31 July 2010), works for Pinsent Masons LLP, a firm of lawyers. In 2009/10 the University paid £135,000 (2008/9: £99,000) to it for services provided.

The husband of Mrs Kay Swithenbank, Technical Officer in Estate Services, is a Director of Wood Mitchell Ltd. In 2009/10 the University paid £1,030,000 (2008/09: £287,000) to it for goods and services. Mrs Swithenbank's stepdaughter works for Southern Office Interiors Ltd. In 2009/10, the University paid £1,209,000 (2008/09: £1,297,000) to it for goods and services.

The wife of Gavin Reid, member of Council, works for Reckitt-Benkiser. In 2009/10 the University received £89,000 (2008/09: £73,000) from it for services provided.

John Stoddart-Scott, member of Council, was remunerated £6,500 (2008/09: £6,500) for his services as a director of Weetwood Hall Ltd, a wholly owned subsidiary.

## 35 Amounts disbursed as agent

	2009/10 £000	2008/09 £000
<b>Access to learning (hardship) funds</b>		
At 1 August	–	–
HEFCE grant	472	558
Other funds provided by the University to supplement the Access Fund	21	13
Disbursed to students	(479)	(554)
Administration costs	(14)	(17)
<b>At 31 July</b>	<b>–</b>	<b>–</b>

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 grants and related disbursements are therefore excluded from the Income and Expenditure Account.

<b>Training and Development Agency (TDA) for schools</b>		
At 1 August	102	169
TDA funding in the year	2,461	2,351
Reclaim of previous year's balance	–	(192)
Disbursed to students	(2,316)	(2,226)
<b>At 31 July</b>	<b>247</b>	<b>102</b>

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 2010

	2009/10 £000	2008/09 £000
<b>Income</b>		
Funding Council grants	<b>157,733</b>	157,644
Tuition fees and education contracts	<b>143,280</b>	126,679
Research grants and contracts	<b>117,853</b>	110,761
Other operating income	<b>88,167</b>	87,123
Endowment income and interest receivable	<b>2,478</b>	4,945
<b>Total income</b>	<b>509,511</b>	487,152
<b>Expenditure</b>		
Staff costs (excluding exceptional costs)	<b>293,896</b>	289,719
Exceptional staff costs	<b>6,715</b>	6,254
<b>Total staff costs</b>	<b>300,611</b>	295,973
Other operating expenses	<b>177,534</b>	165,146
Depreciation	<b>17,400</b>	16,242
Interest payable and similar charges	<b>1,258</b>	1,370
<b>Total expenditure</b>	<b>496,803</b>	478,731
<b>Surplus after depreciation and before restructuring costs</b>	<b>12,708</b>	8,421
Restructuring costs	<b>(14,556)</b>	–
<b>(Deficit)/surplus after depreciation and restructuring costs</b>	<b>(1,848)</b>	8,421
Transfer to accumulated income within restricted endowments	<b>(217)</b>	(385)
<b>(Deficit)/surplus for the year transferred to reserves</b>	<b>(2,065)</b>	8,036

# Consolidated Five Year Results

	2009/10 £000	2008/09 £000	2007/08 £000	2006/07 £000	2005/06 £000
<b>Income and Expenditure Account</b>					
<b>Income</b>					
Funding Council grants	157,733	157,644	151,949	144,781	143,085
Tuition fees and education contracts	143,488	126,858	109,132	94,197	81,783
Research grants and contracts	119,319	112,570	101,207	90,794	76,409
Other operating income	94,760	93,124	85,961	82,852	74,526
Endowment income and interest receivable	2,441	7,011	11,929	9,761	7,554
	<b>517,741</b>	497,207	460,178	422,385	383,357
<b>Expenditure</b>					
Staff costs	303,691	298,626	270,161	248,584	230,996
Other operating expenses	181,751	168,769	155,130	149,562	132,997
Depreciation	18,268	16,848	14,542	14,033	11,663
Interest payable and similar charges	1,287	1,487	2,109	2,812	3,163
	<b>504,997</b>	485,730	441,942	414,991	378,819
<b>Surplus after depreciation and before tax</b>	<b>12,744</b>	11,477	18,236	7,394	4,538
<b>Balance Sheet</b>					
<b>Assets</b>					
Fixed assets	423,487	380,537	345,833	312,565	280,772
Endowment asset investments	49,284	42,329	49,421	57,216	54,310
Current assets	165,742	140,865	142,541	132,961	135,107
<b>Liabilities</b>					
Current liabilities	(148,087)	(130,612)	(119,889)	(109,922)	(96,791)
Long term liabilities and provisions	(74,678)	(34,162)	(31,322)	(35,741)	(59,396)
<b>Pension (deficit)/surplus</b>	<b>(31,006)</b>	(31,093)	3,756	30,913	4,349
<b>Net assets</b>	<b>384,742</b>	367,864	390,340	387,992	318,351
	<b>Number</b>	Number	Number	Number	Number
<b>Average number of staff (fte)</b>	<b>6,510</b>	6,599	6,511	6,353	6,162
<b>Number of students (fte)</b>	<b>32,526</b>	30,916	30,093	30,179	30,783

## Key performance indicators (KPIs)

<b>World league table position (rolling three year average)</b>	<b>96</b>	94	102	101	119
<b>Research grant income per academic FTE (£000)</b>	<b>82</b>	78	72	68	59
<b>HSE reportable accidents per 1,000 employees</b>	<b>3.1</b>	3.6	4.4	6.4	3.2
<b>Research grant income growth</b>	<b>+6%</b>	+11%	+11%	+19%	+2%
<b>Income per square metre (£)</b>	<b>1,176</b>	1,098	977	887	797

