



Report and Financial Statements

For the Year Ended 31 July 2015

2014-2015

UNIVERSITY OF WOLVERHAMPTON

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THE UNIVERSITY OF WOLVERHAMPTON

CHANCELLOR

The Lord Paul of Marylebone

BOARD OF GOVERNORS

Membership

Independent Members: Ms C Burgher
Mr J Bains
Ms K Carr
Prof M Chambers
Ms P Clark
Ms K Copestake
Mr M Elliott, Chair and Independent Governor until 20th November 2014
Ms K Gee MBE, Deputy Chair
Dr J Johnson
Mr M Priddy
Mr B Reid OBE
Dr S Walford, Chair of the Board from 21st November 2014

Co-opted Members: Dr A Byrne
Prof G Nicholls OBE
Cllr K S Sahota
Rev E Wynn

Vice-Chancellor: Prof G Layer

Academic Board Nominee Members:
Dr J Pymm
Ms G Steinke

Student Nominee Members:
Ms Z Harrison (to 30th June 2015)
Ms S Garcha (to 30th June 2015)
Mr Y Aboubakar (from 3rd July 2015)
Mr A Khan (from 3rd July 2015)

Clerk to the Board of Governors:
Ms H L Wildman (until 13th February 2015)
Ms G Towns (from 16th February 2015)

Banker

Barclays Bank PLC
Queen Square
Wolverhampton
WV1 1TE

Internal Auditor

PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

External Auditor

KPMG LLP
One Snow Hill
Snow Hill Queensway
Birmingham
B4 6GH

Statement of Primary Responsibilities

On 26th March 2015 the Board of Governors adopted the Statement of Primary Responsibilities (Appendix 1 of the 2014 CUC Higher Education Code of Governance):

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions.
3. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
6. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

REPORT OF THE BOARD OF GOVERNORS

Scope of the Financial Statements

The Financial Statements presented to the Board of Governors comprise the results of the University and its subsidiary undertakings, The University of Wolverhampton Enterprise Limited, The University of Wolverhampton Corporate Services Limited, and The University of Wolverhampton Social Enterprises Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in The University of Wolverhampton Science Park Limited, which is consolidated into the University Group accounts.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2014/15 ECMAT was in its third year of operation and had a turnover of £37.6M (2013/14: £23.8M). The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The subsidiaries undertake activities including training, courses, research, testing, and consultancy for a wide variety of commercial and other organisations. The companies' taxable profits are transferred back to the University under a deed of covenant arrangement.

Review of Financial Performance

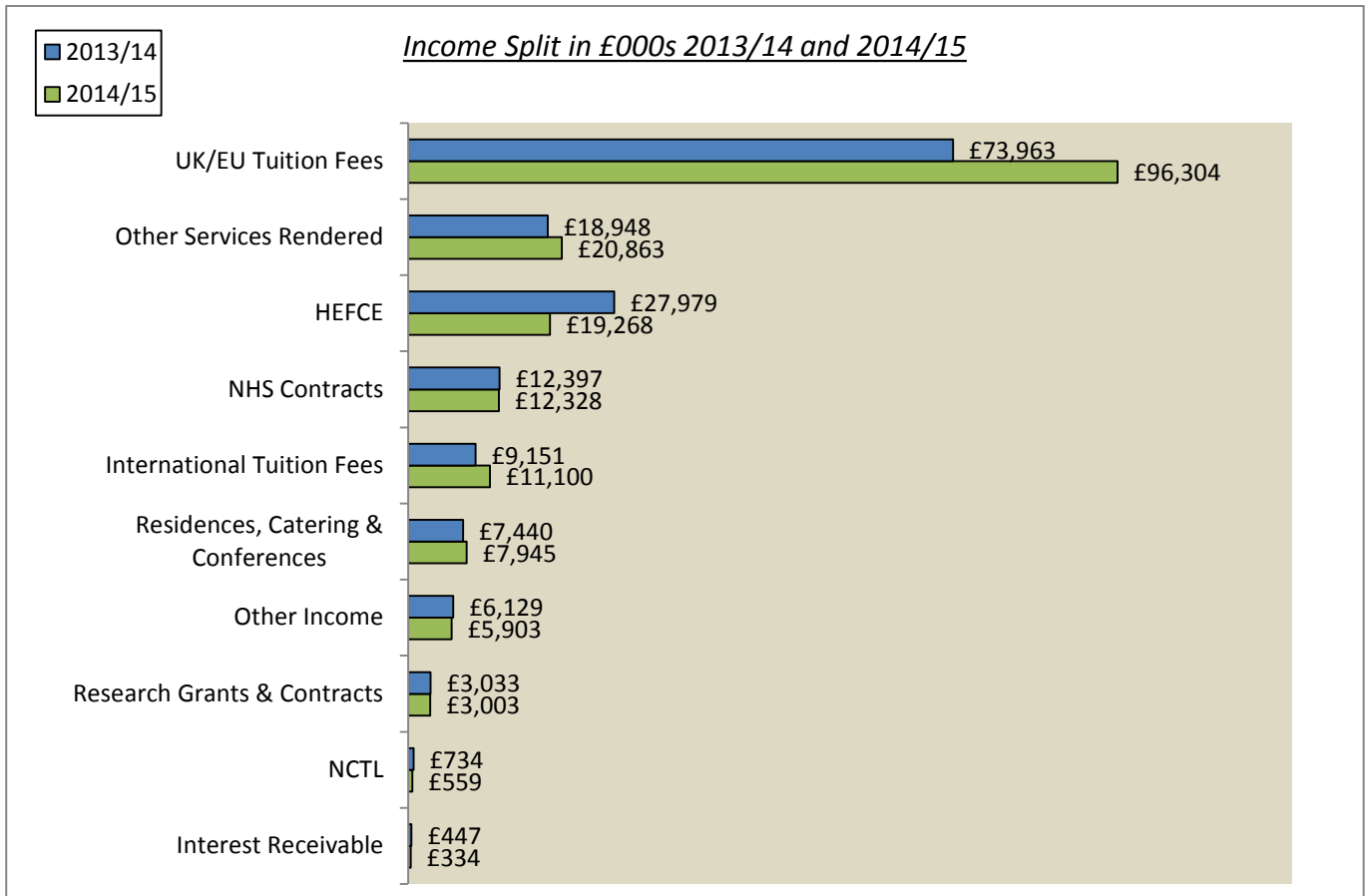
The University's Consolidated Income and Expenditure position for the year to 31 July 2015 is summarised as follows:

	2014/15 £'000	2013/14 £'000
Income	177,607	160,221
Expenditure	(159,572)	(149,099)
	—————	—————
Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	18,035	11,122
Taxation	0	0
	—————	—————
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	18,035	11,122
	=====	=====
	—————	—————
Surplus for the year on a Historical Cost Basis	18,964	12,046
	=====	=====

The University's Consolidated Income and Expenditure position for the year to 31 July 2015 shows a surplus of £18.96M on an historical cost basis compared to £12.05M in 2013/14.

Income

Income has increased to £177.6M, an overall increase of 10.9% compared to 2013/14. A breakdown of income is shown in the diagram below:



HEFCE income has fallen by £8.7M in 2014/15, following drops of £12.1M in 2013/14 and £16.6M in 2012/13. In aggregate, this represents a two-thirds reduction in HEFCE funding compared to the 2011/12 position, and is the result of a reduction in core HEFCE teaching grant reflecting the planned shift into funding teaching through tuition fees. The University has also experienced falls in Student Opportunity funding mainly caused by continuing falls in part time student numbers. There has also been some planned reduction in targeted allocations. Allocations for the Higher Education Innovation Fund (HEIF) for the period 2011-2015 have been protected in cash terms. The overall level of mainstream research funding has also been maintained at the same cash level. The University no longer receives grants from the National College for Teaching & Learning (NCTL) for our Initial Teacher Training provision as these are now funded entirely from tuition fees.

Overall tuition fee income rose by £24.2M following increases of £17.6M and £21.8M in the previous two years. The main reason for this increase was the rise in the value of income from full-time home and EU students, arising from the third year of the new fee arrangements. The University has continued to perform strongly in this area, with recruitment exceeding target and improving student retention. Tuition fees from overseas students grew by £2.0M, an increase of 21.2% compared to 2013/14. This is due to an increase in the level of fees charged combined with an improvement in recruitment.

Part time recruitment continues to be challenging across the sector. On the back of falling part time numbers, the University's part time fee income was slightly down, showing a fall of 5.8%. NHS contract income held steady reflecting the fact that recent cuts in the number of new students the University is allowed to take have now worked through all years. The University continues to invest in making improvements to student attrition rates.

Research grant and contract income fell fractionally, whilst commercial income registered a 10% increase during the year. Income from residences, catering and conference operations recovered from the fall in the previous year to record a £0.5M increase due mainly to improved performance in catering and nurseries. Investment income fell by 25% to £0.33M. This was mainly due to a worsening of rates available on cash balances, and a reduction in longer term investment due to the University's capital programme.

Expenditure

The main area of expenditure, salaries and wages, rose by 5.9% to £93.4M excluding restructuring costs. This follows a rise of 1.3% in 2013/14 and 1.7% in 2012/13, but falls of 0.9% and 6.1% in the previous two years. Following significant pay increases in the three year period 2006 to 2009, pay rises have been at much lower levels in the five years since. In 2013/14, the University agreed a 1% pay rise, with a further 2% increase following in 2014/15. In addition, there has been planned growth in staffing levels to resource new courses, increasing student numbers and new initiatives such as Graduate Teaching Assistants. The University has continued to exercise stringent post control procedures, which has resulted in the maintenance of pay costs at more sustainable levels. However, following the revaluation of the West Midlands Pension Fund, increased employer pension costs were introduced from 1st April 2014.

In 2014/15, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £1.2M to pay costs (2013/14: £0.6M). A further £0.6M (2013/14: £1.2M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £1.8M, the same as in 2013/14. The level of pension costs is influenced by a number of factors. In this case the rate of salary increase, pension increase and CPI inflation are all assumed to fall, but are offset by a small decrease in the discount rate. The University continues to make deficit recovery payments resulting in lower FRS17 adjustments than historically.

Other expenses have risen significantly to £55.6M from £50.2M. This is driven by specific cost pressures in certain areas such as library content, combined with significant increases in the level of student scholarships, placement and travel costs, estates repairs & maintenance spend, legal and professional costs, and provisions for bad debts.

Depreciation charges increased by £0.3M in 2014/15 mainly due to the new Rosalind Franklin building coming into use. This follows a fall in depreciation of £0.8M in 2013/14 due to a number of large items capitalised in prior years, including the refurbishment of MK building, becoming fully amortized,. There were no impairments of fixed assets during the financial year.

Cash Flow

The consolidated Cash Flow Statement shows a net decrease in cash of £7.1M compared to an increase of £23.1M in 2013/14. Overall cashflow from operating activities was £21.0M compared to £20.8M in the previous year. The University made total payments in the year on fixed assets of £29.5M, spent on a range of projects, including the new Lord Swraj Paul building, and the completion of the Rosalind Franklin building at City Campus. The University's overall funding position remains strong with net funds in the year at £61.7M.

Key Future Financial Issues

Over recent years demand for places in higher education has been buoyant, and the University has recruited well. Overall funding from HEFCE has fallen over the last two years with the loss in funding being offset by tuition fee income tied directly to the recruitment and retention of full-time home students. For the 2015/16 recruitment cycle the Student Number Control has been removed entirely enabling HEIs to recruit as many students as they wish to take. Initial indication is that University recruitment of Home/EU full-time students for 2015 is slightly up. Retention of these students becomes critical in the new fees regime. Furthermore, it is likely that competition from existing and new providers will increase as understanding of the new market arrangements improves and market positioning is refined.

Student number restrictions do not currently apply to postgraduate, part-time undergraduate and international students, and the University is actively pursuing growth in these areas where feasible. Recruitment of part-time students is difficult across the sector and there are concerns that the postgraduate market will be affected as higher fees at undergraduate level begin to impact on overall levels of student debt and consequential repayment levels. For 2015/16 HEFCE has introduced a Postgraduate Support

Scheme to provide funding, matched by Universities, to support students progressing to postgraduate taught education, focusing on students who are under-represented at postgraduate level and in subjects aligned with the Government's growth strategies. This one-off scheme will be succeeded by access to loan finance from 2016/17.

The initial signs for 2015/16 are that University recruitment of international students for postgraduate study in the UK will reach target, although this is subject to achieving normal levels of recruitment in semester 2. The impact of UKVI controls and increased competition in the international market in the medium term may impact on University plans for growth. The University will continue to consider alternative strategies for accessing international markets and is actively pursuing growth in new markets.

The downward trend of NHS contract income resulting from cuts to NHS pre-registration numbers has now come to an end. The University is budgeting for a small increase in numbers for 2015/16. The introduction of Schools Direct into teacher education has created a level of uncertainty with respect to that source of funding.

Cash balances remain healthy; however, interest rates will probably continue at low levels for the foreseeable future and limit the amount of interest received from investing these balances. Furthermore, the University is planning a significant level of capital investment over the next few years and this will impact further on investment income.

Pay rises have been generally at or below the level of inflation over recent years. Control of pay costs remains a critical area to ensure institutional financial sustainability. The pay rise for 2015/16 has yet to be agreed.

The latest revaluation of the West Midlands Pension Fund (WMPF) occurred on 31st March 2013 for implementation from 1st April 2014. The revaluation showed a worsening funding position, with the value of the fund's assets down to 67% of the value of the pension liabilities. This has increased the pension payments the University will have to make to WMPF. The revaluation of the Teachers' Pension Scheme and the removal of contracting out of the state second pension for members of workplace defined benefit pension schemes will also increase pension costs in future years.

The Student Experience

The University places a high value on the continuous enhancement of the student experience through investment and in partnership with students and the Students' Union.

In the last twelve month period the University has been subject to a full review of the quality and standards of our programmes and provision by the Quality Assurance Agency for Higher Education (QAA). The review, conducted in 2015, confirmed that the University met all of the expectations for the quality of student learning opportunities, the quality of information and the maintenance of our academic standards. The full report, published in April 2015¹ also commended the University for features of good practice including –

- The closely aligned range of strategies and initiatives to raise aspirations and achievement at all stages of the student lifecycle.
- The comprehensive range of strategic initiatives to enhance student employability.
- The embedded culture of enhancement, which fosters the creation of staff networks to promote the exchange and dissemination of effective practice.

This highly impressive outcome recognises and reflects the efforts of all of our staff and our partnership approach to working with students, many of whom, including the Students' Union were closely involved in the review process.

Of particular note was the recognition of our work to enhance student employment and employability which has benefited from considerable investment and attention. The University, as a significant employer in the region, continues to offer a range of internships, graduate and student work placement opportunities for our own students, where we also benefit from these initiatives by bringing the expertise and experiences of our graduates to support new and continuing students. One example of this is our innovative Graduate

¹ Full report available from : http://www.qaa.ac.uk/reviews-and-reports/provider?UKPRN=10007166#.Vercv_IVhBc

Teaching Assistants Scheme which, in the last year, has seen 20 graduates employed to support new students in their learning and development and to raise achievement, continuation and progression levels. The Graduate Teaching Assistants benefit from participating in their own development towards a recognised teaching qualification (Postgraduate Certificate in Education) and in the new academic year (2015-16) we have plans to increase the pool of GTA's from 20 to 40. Early indications are that this scheme has been highly valuable and feedback from students has been positive. Indicators that track retention, progression and achievement have all continued to improve in this last year and the University is above its benchmark position against each of these measures.

Further evidence of this continuing positive trajectory was delivered through the annual Destinations of Leavers from Higher Education (DLHE) Survey – May 2015 – which measured 95% of the graduating class of 2014 being in work or further study within six months of graduation.² This is a further improvement on the previous year (94%) and puts the University ahead of the UK average in this national measure. This is an extremely important component of the student experience and one that is highly valued by students who expect that their university education and award will have a positive effect on their career prospects.

The University is committed to maintaining and continuously improving its position in a highly competitive sector. The success of our graduates is inextricably linked to the success of the University and makes a significant contribution to the economic development and regeneration of the region. We are continuing to make further investment and effort to enhance the employability of our students through embedding employability skills in the curriculum, developing partnerships with employers and professional bodies, providing access to professional careers, highly rated careers advice and award-winning³ volunteering opportunities.

The graduating class of 2015 will be the first cohort to have paid the higher level fees (up to £9,000) throughout their studies. These higher fees are reflected in greater expectations from students about value for money. Student expectations are influenced by the higher fee levels, but are also balanced with a clear understanding from students that individual success is directly linked to individual effort.

The national measure of student satisfaction, the National Student Survey (NSS) was conducted between January and April 2015 with results published recently in August 2015⁴. With a view to these higher fee levels we were pleased to note and report that the University had improved its position from the previous year with increasing satisfaction in almost every category.

QUESTION CATEGORY	% SATISFACTION UW 2014	% SATISFACTION UW 2015	% CHANGE
The teaching on my course	81%	82%	+1
Assessment and feedback	69%	72%	+3
Academic support	76%	78%	+2
Organisation and management	74%	76%	+2
Learning resources	86%	86%	-
Personal development	80%	82%	+2
Overall satisfaction	80%	82%	+2
Satisfaction with S.U.	64%	66%	+2

While these results also represent a positive achievement in the last year we recognise that the University falls below the national average, by comparison, in many categories – and while the survey is not an entirely reliable tool for comparison purposes we are committed to listening to our students feedback and for this to influence our future investment decisions and planning.

Through the “Our Vision: Your Opportunity” Investment Fund the University has made a substantial commitment to investing in the student experience. For example the new home of the University of Wolverhampton Business School, the Lord Swraj Paul Building, will open in November 2015 with new

² Full report available from: <https://hesa.ac.uk/pr/3636-press-release-218>

³ Read more at : <http://www.wlv.ac.uk/about-us/news-and-events/latest-news/2015/march-2015/award-recognises-efforts-of-big-hearted-students.php>

⁴ Full results available from: <http://unistats.direct.gov.uk/>

classrooms and teaching technology available for students. The significant investment in the “digital campus” projects will deliver substantial enhancements for students including improved access to specialist software (from October 2015) and with new technologies to support learning as the project develops and delivers.

Other recent investments in the last year to support the student experience include:

- Redevelopments at the Telford Innovation Campus to deliver improved social spaces for students and investment in Engineering programmes and facilities. The success of the new University of Wolverhampton Race Team following the investment in new facilities and a Formula 2 Race car has been a highlight of the last year and the team, including a professional driver, supported by staff and students finished in fourth position in the Monoposto Championship⁵.
- Opening University Centre Telford - a new learning and outreach facility in partnership with Telford College of Arts and Technology. The new development in Telford Town Centre, at Southwater One, offers new learners the opportunity to try higher-level learning through a range of short courses and modules that are designed to lead to full undergraduate programmes or other professional development⁶.

Throughout all of our work the student experience continues to be a priority and we have received high levels of recognition for this in the last year from the QAA and in the outcomes of the DLHE survey and NSS. We are determined to do more and to do better in partnership with students over the next year and continuing into the future.

Student Numbers

In 2014/15 the University enrolled 21,721 students (2013/14 20,741), comprising 14,944 full time and sandwich students (2013/14 14,781) and 6,777 part time students (2013/14 5,960). Recruitment and retention continues to be one of the University’s key corporate priorities. The following tables provide further breakdowns of the University’s student population in 2014/15.

Home, EU and Overseas numbers	2014/15	2013/14
Home	17,362	17,213
EU	554	669
Overseas	3,805	2,859
Grand Total	21,721	20,741

Level of Study	2014/15	2013/14
Foundation	619	678
Undergraduate	17,425	16,712
Postgraduate taught	3,379	3,010
Postgraduate research	298	341
Grand Total	21,721	20,741

⁵ <http://www.wlv.ac.uk/about-us/our-schools-and-institutes/faculty-of-science-and-engineering/formula-renault/>

⁶ <http://www.wlv.ac.uk/about-us/news-and-events/latest-news/2015/may-2015/new-university-centre-opens-up-to-telford-public-for-fun-day.php>

Mode	Faculty of Education, Health & Wellbeing	Faculty of Science & Engineering	Faculty of Social Sciences	Faculty of the Arts	International Academy	Other	Grand Total
Full Time/Sandwich	4,986	3,798	3,672	2,367	120	1	14,944
Part Time	2,796	1,889	1,434	293	364	1	6,777
Grand Total	7,782	5,687	5,106	2,660	484	2	21,721

Campus Developments

In the changing higher education landscape, the University of Wolverhampton recognises that its campuses are a vital element in symbolising what the University stands for: **'vision, ambition and pride'**. The University seeks to consolidate what is good about the existing campuses and to create a vibrant, friendly place to study, work and live. It will provide fit for purpose facilities within a genuine campus community, which will create focused improvements to deliver business performance that the University stakeholders' will be proud of.

The University is committed to maintaining and improving the quality of its physical estate, providing sustainable facilities to support the increased use of technology for teaching and learning, and promoting safety, security, wellbeing, accessibility and environmental awareness on the University's campuses. The University is committed to developing efficient and effective integrated systems that support students, staff and visitors. These are provided through the use of appropriate information technology based on a resilient infrastructure.

Indicators of success include:

- A fit for purpose, vibrant University estate which supports recruitment and retention;
- Excellent and well-used Learning Centres and IT facilities for students and staff;
- Technology enriched learning and teaching facilities
- Improved energy efficiency and waste recycling;
- Positive feedback from recognised survey data, such as NSS.

Thus far the University has made huge strides towards the consolidation of its estate and continues to adopt a hybrid structured approach towards the reduction of the Estate's backlog maintenance through the Capital Programme, together with a prioritised annual backlog maintenance fund.

Condition of the Estate

The University of Wolverhampton commissioned Chartered Surveyors Drake & Kannemeyer (D&K) to undertake a Condition and Legislative Compliance Audit on the whole University Estate, which was completed by July 2010. This survey was further updated in 2015 by the re-surveying of the Walsall Campus; the re-survey of both Telford Innovation Campus and the University of Wolverhampton Science Park will take place by Spring of 2016. The 2010 and updated 2015 output data reports continue to be used as a reference point for the prioritisation of backlog maintenance elements and is updated annually.

Space Utilisation

The University's performance with respect to space utilisation has steadily improved over recent years, reflecting the impact of capital investment, together with a general reduction in floor-space and the disposal of older, functionally unsuitable teaching accommodation. Further improvements will be realised by better matching room capacity to group size. It is still important not to become complacent. Space utilisation will continue to be considered a key issue for the University as a whole, and will be addressed by means of a full consultation with the key Faculty stakeholders to develop and deliver a co-ordinated space utilisation

strategy, with a view to providing space of quality and appropriateness, to assist in the business performance of the University.

Sustained improvement in space utilisation can only be achieved and maintained, if the allocation of space is underpinned by efficient and effective timetabling. The physical space audit of the occupancy of centrally timetabled space continues to be carried out on an annual basis. This information is used as the evidence base for the Estates Management Record return to HESA. The University has established structured management and reporting arrangements in respect of space utilisation. The space audit carried out in October 2014 has recorded a percentage return of 30%, which is comparable with our chosen peer group.

Emphasis continues to be placed on good space management with a view to reducing the overall buildings footprint, whilst generating better space utilisation.

Carbon Management

The Carbon Management Plan (CMP) was launched on 26th May 2010, following formal approval by the University's Governing Body, which included a financial commitment of £3.3 million within the Capital Programme. The CMP identified carbon reduction projects to be implemented over a five-year period to deliver a 25% reduction from approximately 16,000 tonnes of CO₂ in 2007/08 to 12,000 tonnes of CO₂ by 2015. Actual emissions for the 2013/14 financial year indicate that the University has achieved its set target in advance of 2015. In addition, it has achieved a 33% reduction against the 2007/08 CMP baseline and an overall reduction of 36% against the HEFCE baseline year of 2005/06. The University must now maintain focus on achieving the HEFCE 2020 carbon reduction target.

Sustainability & Environmental Management

The University of Wolverhampton recognises that virtually all activities in Higher Education have some impact on the environment. The University's performance as a well-recognised Higher Education Institution operating from Wolverhampton and its associated campuses will be measured not only by our pedagogic performance, but also by our impact on the shared environment. The University acknowledges and recognises its responsibilities towards protecting the environment for future generations. The University is committed to promoting the conservation and sustainable management of the environment and to minimising the environmental impact of its activities to bring about a continual improvement in its environmental performance.

The University of Wolverhampton has developed a Sustainability and Environmental Policy (SEP) which has been updated and approved by Campus Committee in September 2013. Within the Policy there is provision for various pilot schemes and initiatives such as increased waste recycling, and waste stations.

The University Sustainability Enabling Strategy was completed in July 2012, together with a brief for an Environmental Impact Assessment.

Estates Strategy and Capital Programme

The current Estates Strategy was adopted on the 4th November 2010. It will be updated following a Masterplanning exercise across all campuses. The new Estates Strategy will be developed as the implementation strategy for Masterplanning projects, which will be prioritised in accordance with the Strategic Plan 2012-17, associated Enabling Strategies, and will capture the strategic direction of the new Faculty structure. The Masterplanning Principles, together with an integrated Masterplanning approach has been considered by the University and next steps are to be progressed in 2015.

The main Masterplanning project for City Campus Wulfruna is the Rosalind Franklin Building constructed on the former MB Building site, utilising the existing structure, which was completed by Spring of 2015, and fully occupied by the research community in July 2015.

The main Masterplanning project for City Campus Molineux is the Wolverhampton Business School on Molineux Street, which commenced on 19 May 2014 and will be completed in November 2015.

On the Telford Innovation Campus, projects include the redevelopment of SC Building for Engineering. The project management led design team is progressing the design to RIBA Stage 2, and it is anticipated that the extension to this building and new facilities will be available for September 2016. In addition, the real

estate for facilities for Chemical and Food Engineering on City Campus have been identified, and design development will follow, again with a scheduled completion of September 2016.

The University of Wolverhampton Science Park has been successful in securing funding of £4.9m from the Regional Growth Fund, in order to develop a Science Technology & Prototyping Centre, which will comprise approximately 3,500m² of office, laboratory and prototype laboratory space within an overall gross floor area of about 4,500m². The Project Management led Design Team has progressed the design to RIBA Design Stage 3, which has been signed off by the Project Board in September 2015. Anticipated building completion will be in 2017.

The University of Wolverhampton has completed acquisition of the 12-acre Springfield Brewery site in Wolverhampton city centre, which was the former Mitchells and Butlers brewery, which closed in 1991. It is proposed to redevelop the site as part of on-going investment in education, training and economic regeneration across the Black Country. The proposed Springfield Campus will be a local, regional, national and international centre of excellence for the Built Environment. On this campus, a partnership arrangement is in place with the CITB-led West Midlands Construction University Technical College (WMCUTC), funded by the Education Funding Agency. The WMCUTC opened in temporary premises in September 2015 and will be moving to Springfield Campus in October 2016.

The University of Wolverhampton has led and delivered the Health Futures UTC on the former Sandwell College site in West Bromwich, which successfully opened to students in September 2015.

Payment of Creditors

It is the University's policy to obtain the best terms for all business; therefore, there is no single policy as to the terms applied. The aim is to pay invoices in accordance with agreed contractual conditions, or where no such conditions exist, by the end of the month following receipt of goods or services or the presentation of a valid invoice, whichever is the latest.

Equality and Diversity

The Equality Act 2010 harmonises legal protection against unjustifiable discrimination, harassment or victimisation on the grounds of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex and sexual orientation.

The Act also introduced a single public sector equality duty in respect of all the above protected characteristics.

The University is therefore required to have regard, when carrying out its functions, to the need to;

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The University's Strategic Plan 2012-2017 encompasses values to promote equality and diversity within the mainstream.

The University's commitment to equality and diversity and its various policies and plans may be found at www.wlv.ac.uk/edu.

An Equality and Diversity Committee has been established at Governor level to oversee this important area of work and monitor new equality objectives. Responsibility sits with all staff, supported by an Equality and Diversity Unit to take the University on a journey beyond compliance to culture change and tangible improvement.

Employment of Disabled Persons

The University has a written policy of equal opportunities that is the responsibility of all members of staff and students as part of their normal activities as members of an academic and social community. The policy may be found along with other equality related information at www.wlv.ac.uk/edu.

It is the responsibility of the Board of Governors and the Offices of the Vice Chancellor to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Committee. The Committee advises on policy matters concerning Equality and Diversity, particularly in terms of priorities for action, suggests new initiatives, participates in the monitoring of the effectiveness of implementation strategies, and the achievement of targets.

There is an Equality and Diversity Unit to assist staff with any queries or issues they may want to raise regarding Equality and Diversity matters. It has an experienced disability specialist able to provide appropriate advice and support and to work with Faculties and Departments on their provision for disabled staff.

It is the policy of the University to employ disabled persons in posts for which they are identified as the best candidates, having regard to our duties under the Equality Act 2010. We seek to make arrangements wherever possible to encourage staff who develop a disability to continue working for the University. Every opportunity is taken to improve access for disabled staff and students to University premises via a rolling programme of improvement to buildings and provision of equipment. Physical access to the University premises is a core consideration within the strategy for improvement of the University's estate and is being addressed within the Estates Project. The University is continuing to work with DisabledGo to ensure that any disabled person wishing to visit University premises can view information on the Web about the accessibility of University buildings and how to access them when planning their visit.

Employee Involvement

The University has developed a comprehensive internal communications approach for its staff. This includes regular paper-based and electronic updates on policies, procedures, organisational change, and events that impact on staff. The Vice-Chancellor also holds quarterly staff meetings across all three main campuses which include briefings and also the opportunity for staff and ask questions of the VC on what has been discussed.

A staff communications cascade system has been introduced which delivers six key University-wide messages. Staff have the opportunity to feedback on any of the items within the brief which is sent out every six weeks.

The University of Wolverhampton People Strategy has a specific work stream around staff involvement and engagement. Members of the HR Department, management and Trade unions are developing more effective ways of how we can ensure staff are actively involved and engaged in how the University of Wolverhampton operates.

The University of Wolverhampton has four active staff networks: BME, Disabled, LGBT, Women in Research. We work closely with these groups around active staff participation and involvement, particularly around equality and diversity issues. The University consults with disabled staff and students to comply with its duties and disability legislation, and holds focus groups to review the progress of its policies and plans in respect of disability/equality.

Development Strategy

The University of Wolverhampton measures its fundraising performance through the Ross-Case Survey. This survey tracks charitable giving to institutions and how much they invest in their fundraising operations. It enables institutions to measure their progress and compare themselves with their peers, and splits institutions into five communities; fragile, emerging, moderate, established and elite. In the academic year 2013/14 the University of Wolverhampton moved from the fragile program, into the emerging program raising £365,758. This is a reflection on investment by the University in both staff and non-staff costs and

the formation of a dedicated, professional alumni and development office, supported by the wider University community.

The Ross-Case survey results for 2015/16 are published in February 2016; however the return for the University is again much improved and is predicted to be over £750,000. This increase is largely due to the University securing its largest gift in its history of £1M from Lord Paul, our Chancellor. This generous transformation gift was kindly donated via the Ambika Paul Foundation which was set up in memory of Lord Paul's daughter Ambika who sadly died at the age of four from leukaemia. The gift, which is spread across two instalments, has been directed to enhancing the lives of our students. The University community would like to express its heartfelt thanks to its Chancellor, Lord Paul for such a charitable donation.

Knowledge Transfer

The University of Wolverhampton is a major provider of Knowledge Exchange and Innovation services with business and the wider community, predominantly in the City and West Midlands but also nationally and more recently internationally. It is at the forefront of the Higher Education sector in working with SME businesses demonstrated by the number of Knowledge Transfer activities delivered that include KTP (Knowledge Transfer Partnerships) and KEEN (Knowledge Exchange Enterprise Network) projects, often winning national and regional awards for their impact on business. In addition, the University is delivering innovation and enterprise in the Black Country, Telford & Wrekin, Shropshire, Stafford and Hereford. It continues to lead the University of Wolverhampton Science Park, as well as providing leadership for the other West Midlands Universities in the delivery of a range of regional collaborative knowledge transfer and enterprise projects.

The University has a number of centres and institutions that provide services to individuals and businesses for business incubation and business start-up including: an ICT business incubator (e-Innovation Centre), business grow-on space (Business and Technology Centre), a Creative Industries business incubator (SP/ARK), a Student / Graduate business incubator (SP/ACE) which facilitates University of Wolverhampton graduate start-up businesses supported by the regional Student Placements Programme for Entrepreneurs in Education (SPEED) and active support of the Talent Navigator Enterprise Hub which is a private sector start-up initiative based in Walsall. The University's knowledge transfer, innovation and incubation activities are delivered primarily from the University of Wolverhampton Science Park and Telford Innovation Campus locations. Following an investment of some £12M, the next phase of development of the Science Park will commence in January 2016 with the construction of a Science, Technology and Prototyping Centre. This will not only attract an additional 30 tenant companies onto the Science Park but will also provide an opportunity to address car parking and access issues as well.

Business engagement activities have been strengthened through the creation of a Business Solutions Centre located on each of the sites, which is now expanding to accommodate National Growth Hub initiatives across the Black Country and the Marches, including Telford & Wrekin and Hereford.

In the past, the University of Wolverhampton has been particularly successful in attracting both revenue and capital public sector funding to part fund many of these activities. These funds have reduced significantly over the last year as projects come to an end and the UK embarks on a new round of European programmes from May 2015 that reflect changing Government priorities. The University is represented on The Black Country and Marches Local Enterprise Partnership (LEP) Boards, in discussion with Local Authority leaders and Chambers of Commerce and, is contributing to Skills, Innovation and Enterprise leadership. This is complemented by engagement in Strategic Economic Plans locally that influence the allocation of resources for economic and regeneration growth in LEP areas. The University also participates in the design of new UK Research Development and Innovation (RDI) programmes with other universities, UUK and government departments, DBIS and DCLG and now regularly contributes to 'design days' with the EU Commission to influence future EU programmes.

The University's engagement in the European Union is achieved primarily through the University's office in Brussels providing academic staff with access to expertise in EU funding programmes and positioning the University at the centre of the political and programme decision-making process in Brussels. Whilst success rates for bids to UK Research Councils continue to be affected by reducing UK research funds, the number of European funded projects in the University is growing as more University staff engage in Europe.

All current business involving knowledge transfer, training and similar activities that are intended to be surplus generating, and do not lead to a University level qualification, are now carried out through University

of Wolverhampton Corporate Services Ltd. Activities that are not surplus generating (e.g. research contracts, European and U.K. Government contracts for knowledge transfer), or that lead to a university level qualification, operate through the University's accounts.

Key Performance Indicators (KPIs)

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 15 KPIs as the means by which it monitors the overall health of the Institution. The KPIs gauge performance in a range of areas including: student application, recruitment and retention; achievement and completion; academic and research quality; NSS standing; equality and diversity; employability; international collaborations; financial health including income generation; space utilisation; performance of the estate; staffing; and carbon management. Performance against these KPIs is reported annually to the Board of Governors via the relevant University Committee. Each KPI is awarded a status from 1 – 4 where:

- 1 = Good
- 2 = Satisfactory but room for improvement
- 3 = Requires further action
- 4 = Unsatisfactory

The KPI Overview sheet summarises the status of the University KPIs and includes the direction of travel of each KPI (improved, maintained or downgrading) together with the date the status was last updated by the Board of Governors for auditing purposes. The schedule, together with the latest status reports for each KPI, is available to view on the University website.

The status of KPIs was last reported to Board of Governors in July 2015. At this stage:

- 6 had a status of good
- 4 were satisfactory with room for improvement
- 4 required further action
- 1 was unsatisfactory
- 3 KPI statuses have improved since last reporting period
- 8 KPI statuses remained the same as last reporting period
- 2 KPI statuses declined since last reporting period
- 2 KPIs had not been reported on previously in their current format so do not have a status comparison

From the KPIs presented to the Board of Governors during the 2014 to 2015 cycle, KPI no.5 "Improved Employment Levels of University of Wolverhampton Graduates" saw the most significant annual improvement to our performance against all measures, with a recommended status increase from 3 (requires further action) to 1 (good), exceeding its benchmark position in every category. This was evidenced in the annual Destinations of Leavers from Higher Education (DLHE) Survey report 2014 which sets out a positive picture of employability and employment amongst our graduates – with 95% of the graduating class of 2014 being in work or further study within six months of graduation. Recent graduates reported good levels of employment in graduate level careers, with 76% of our graduates finding work in the West Midlands region, contributing to economic development and regeneration. The most recent DLHE report shows that employability rates at the University have reached a further record high, outperforming the UK average for all universities which is testament both to the calibre of our graduates and the combined nurturing efforts of the services of *Careers, Enterprise and The Workplace* together with local Employability Champions.

Other noteworthy status increases to 1 (good) included KPI no.9:1 "To reduce our reliance on HEFCE income by increasing the % turnover attributed to non-HEFCE and Student Fees income" which showed a 14% increase to turnover against a target of 0.5% per annum, in part due to the combined efforts of Business Solutions and Project Support Office working with Faculties to maximise externally funded activities. KPI no.10:2 "To improve the functional suitability of the estate" also saw its status upgraded to 1 (good) to reflect the University being at or above the sector median for the whole estate (residential and non-residential). The improvement has been principally derived from sustained capital and maintenance investment in the learning/teaching facilities and student centres across the University's Estate (including the successful launch of the Rosalind Franklin Science Building) and is considered to be a crucial factor in the recruitment and retention of both students and staff by most institutions in addition to improving the business performance for the Institution.

In those areas where a less than satisfactory performance has been reported, the University remains committed to reviewing statuses throughout the year, introducing and monitoring improvement measures as required to meet and surpass sector benchmarks where possible, even in those areas where the national trend has also seen a decline in performance levels. KPI no.4 "Improved Student Survey Scores" is one such example where the status as of November 2014 saw a disappointing drop to 4 (unsatisfactory) with the University showing an 80% overall National Student Satisfaction Survey Score against a national benchmark of 85% for both taught and registered students. The University Student Experience Committee (USEC) has approved a layered action planning approach. The "In response to your feedback" campaign was live in late 2014 to highlight the University's investment in, among other things, new teaching facilities; improvements to the shuttle bus timetable; improvements to the room booking systems; the updated student charter; the launch of Desktop Anywhere and free Microsoft Office for students. Individual Departments and Facilities also promoted local messages in response to student feedback. All performance measures have been presented and monitored by USEC throughout the year. The most recent National Student Satisfaction Survey Score (which will be reported to Governors in November 2015) shows an improvement to the satisfaction levels against the national benchmark (a rise of 2% for taught and 1% for registered students).

Risk Management

The University's Corporate Risk Register currently highlights 18 Institutional risks. The following are deemed to be the key issues facing the University Group currently and in the near future.

- *Loss of Funding Through shifts in Government Funding Policy* – The loss or reduction of traditional funding streams and introduction of student fees in recent years remains as a key risk for the University. We have seen funding cuts from various sources including HEFCE and the NHS. The University has developed a range of mitigating activities including: the development of new courses and distance learning programmes; investing in new international markets with transnational education programmes whilst strengthening international links; the implementation of a conversion process review; the implementation of and monitoring of RAM which enables improved performance management; the introduction of commercial income targets and improved income generation processes. Through these mitigating activities, the University is managing the status of this risk.
- *Recruitment of International Students* – In an ever evolving market, factors such as increased global competition, changing of Government policy on visas, increasingly stringent UKVI requirements and the expense of studying in the UK has increased the risk associated with the recruitment of international students. Various mitigating actions have been developed over a period of time. A UKVI Compliance Group is now in place to monitor and review compliance. In addition, a new compliance officer has been recruited. Further mitigating activities include; the internationalisation strategy which includes setting up a 'regional ambassador' programme; an expanded network of regional offices; and establishing the International Academy including a process for international applicant nurturing. With the introduction of new and enhancement of existing mitigating activities, the University has been able to improve the status of this risk.
- *External Audit Performance of the University* – Whilst this remains a significant risk, the successful outcome of the Quality Assurance Agency audit has seen a significant improvement in the status of this risk. In addition, the review of partnership arrangements and the collaborative process review have improved due diligence, governance and the overall management of this high risk area.
- *Recruitment and Retention of UK/EU Students* – The University's financial health is increasingly dependent on our ability to recruit and retain UK/EU students. It is therefore essential that the University has the necessary tools to enable this to happen. Mitigating actions include working with local college and school partners to maintain and/or enhance engagement with potential students; and marketing activity to ensure that potential applicants are aware of the benefits provided by the institution, in comparison to its competitors.

- *Education Central Multi-Academy Trust (ECMAT)* – The University engages with a growing number of academies through Education Central Multi-Academy Trust (ECMAT) which is a subsidiary of University of Wolverhampton Social Enterprises Limited. Risk mitigation is exercised through a number of activities including: regular meetings of the ECMAT Board; effective due diligence processes in collaboration with Education Central; and the implementation of effective resource planning and control. By integrating these mitigating activities, this particular risk and its corresponding status has improved significantly.
- *Capital Projects Programme & Strategy* – The University is dedicated to providing high class facilities to its students and staff, across all campuses. This involves a significant programme of capital investment. The effective management of capital projects and programmes is critical to ensure the mitigation of financial and reputational risk. With this in mind, there are stringent processes in place which include the effective appointment and management of key consultants and regular appraisals of project risks, budgets and milestone dates.
- *Significant Investment Programmes* – The University recently publicised its intention to engage in a major investment programme – Our Vision Your Opportunity - over the next few years. It is critical that the University invests in a way that meets the needs of its stakeholders and generates sufficient financial return to service its borrowings.
- *Security of IT Systems* – The majority of organisations rely heavily upon their IT systems so that they can achieve their overall objectives and operate efficiently, the University is no different. IT security including preventing the loss of data and adhering to legislative guidelines, will always be an area of high risk for the University. The University continually commits itself to and provides financial investment to improve the IT and Communication services it provides to its stakeholders and staff. There are a series of controls in place to mitigate this risk which include; regular backing up of central systems; physical protection of server rooms within the facilities including various deterrent systems; an enhanced firewall, anti-virus and network security programmes have been invested into to prevent security failures.

Conclusion

The University continues to be in a strong position. We recruited to target in 2014/15 and initial signs are that full time undergraduate recruitment remains strong in 2015/16. The overall financial health of the University continues to improve as a result of five years of above-target surpluses. Cash balances remain strong enabling continued investment in state-of-the-art facilities. The University has delivered two significant capital builds at its Wolverhampton campus and has an ambitious capital programme for delivery over the next few years.

The impact of the continuing evolution of Government policy towards higher education leads to uncertainty, and the University will need to continue to respond flexibly to the demands placed on it. However, the University's underlying financial reserves put it in a strong position to cope with any changes that emerge over the next few years..

Approved by the Board of Governors on 25th November 2015 and signed on its behalf by:

S.Walford

Chairman of the Board of Governors

PUBLIC BENEFIT STATEMENT

The University is a Higher Education Corporation incorporated under the provisions of the Education Reform Act 1988. Section 124 of the Act confers upon the University powers to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of these powers. The University is regulated by HEFCE on behalf of the Charity Commission.

The charitable purpose of the University is the advancement of education, delivered for the public benefit via the University's strategic plan. The Board of Governors is responsible for defining the strategic plan of the University and ensuring these objectives are met. In setting these objectives the Board of Governors, as trustees of the University, and the University's management, give consideration to the guidance issued by the Charity Commission and HEFCE regarding public benefit. The University's vision 2012-2017, as approved by the Board of Governors in 2011, is:

To be The Opportunity University - renowned for our creativity and innovation - developing students and staff who are entrepreneurial, eminently employable and well-connected within a research and professionally informed environment.

The University is committed to advancing the education of individuals from across the Black Country, West Midlands, UK and beyond. The University is committed to providing a broad range of educational opportunities focused on making a real difference to the lives of individuals, communities and businesses. The University's activities broadly fit into the following themes:

- Opportunity: social inclusion and social change
- Research
- External engagement: enterprise and employability.

Opportunity: Social inclusion and social change

As the University of Opportunity, the University promotes social mobility and improves individual life chances within the communities in which it operates. The University is well known for its widening participation work for under-represented groups and this work features significantly in the University's annual access agreement with the Office of Fair Access. The immediate beneficiaries of such work are the University's undergraduate and postgraduate students. Over the last year, the University has participated in a number of activities to benefit its students within the theme of social inclusion and change, including:

- participation in the national "What Works" project to develop interventions that will seek to reduce the attainment gap amongst BME students
- the appointment of 20 new Graduate Teaching Assistants focusing on supporting all Level 4 students in understanding assessment requirements. In 2015, the scheme was expanded to provide for 40 Graduate Teaching Assistants
- offering financial support to students as part of its continuing commitment to widening participation. The University's aim is to ensure that no student is deterred from applying to the University because of the costs of living and studying. The University has also committed to offering financial support for students who previously were in receipt of hardship funds such as the Access to Learning Fund. The University has committed £630k to the Dennis Turner Opportunity Fund which has replaced the Access to Learning Fund
- charging a part-time fee which did not exceed the basic fee cap to promote and encourage flexible part-time study. This measure is focused on mature and "in-work" learners who may not otherwise consider a full-time study option
- the opening of a brand new £25m Rosalind Franklin Science Building in September 2014. The new six-storey building features state-of-the-art lab facilities for around 2,500 undergraduate and postgraduate students. The building also features a dedicated outreach classroom for use with schools and colleges, further strengthening the link between the University, Science, Technology, Engineering and Mathematics (STEM) subjects and the local community
- the announcement of a £250m investment programme, "Our Vision, Your Opportunity", in May 2015. The programme will include investment in new buildings, courses, learning and teaching, research, skills and training; with the aim to enhance the experience for students, increase the skill-base in the region, help create jobs and to drive and support economic regeneration.

In addition to the large student body, the beneficiaries of the University's work over the last year have been children from primary school age upwards throughout the region. The University recognises it plays a key role in raising aspirations amongst those who are from groups underrepresented in higher education. It has a programme of outreach and inreach activities with schools and colleges, designed to raise both aspiration and attainment. The University demonstrates this commitment through its Schools Engagement Strategy, which aims to improve the performance of schools in the region and contribute to the economic growth through raising skills levels. The University delivers this through a number of activities, including:

- the University's Education Central Multi-Academy Trust, the University sponsors thirteen academy schools in the region, of both primary and secondary levels. Education Central Multi-Academy Trust also provides a commercial school improvement offer, including the delivery of national programmes (e.g. Arts Council projects to develop creative and arts education in the region) and acts as a regional hub for Teach First and the Gifted and Talented initiative
- sponsoring the Church of England Central Education Trust with the Dioceses of Lichfield and Birmingham, to secure high standards in 250 church schools
- sponsoring the City of Wolverhampton Academy Trust (COWAT)
- by means of the University of Wolverhampton Social Enterprise Ltd, the University sponsors the "Health Futures UTC" in West Bromwich, in conjunction with 23 partners including all NHS Trusts in the Black Country and Birmingham. The UTC will offer opportunities to undertake full-time academic, practical, vocational and technical studies in a wide range of specialist skills that will help prepare 14-19 year olds for a career in the NHS or health science based industries. The UTC is scheduled to open in September 2015
- University management sitting on school and FE college governing bodies

In continuing its commitment to social inclusion and change in 2014, the University acquired a new site in Wolverhampton city centre. The jointly-funded £70m redevelopment of the former Springfield Brewery site led by the University will deliver a super-campus ("Springfield Campus"). In continuing the delivery of raising educational aspirations in the local area, the site will also feature a construction UTC for 14-19 year olds. The West Midlands Construction UTC will be sponsored by the University in conjunction with the Construction Industry Training Board.

The University delivers a benefit to a wider geographical area, by working collaboratively with other institutions in the delivery of its charitable purpose. The University is the lead institution in the recently launched Explore Network, in collaboration with Keele, Staffordshire and Harper Adams Universities. This network aims to reach out to schools, with a focus on raising aspirations amongst younger, primary age children. Furthermore the University co-ordinates the Black Country Children's University (BCCU), which is part of the national Children's University Trust.

The University has a firm commitment to inspiring Looked After Children and holds the Buttle UK Quality Mark, an award recognising the University's commitment to care-experienced students. The University works with three Local Authority "Virtual Schools", co-ordinating research and delivering a dedicated mentoring programme for Looked After Children.

Research

The University recognises that the intellectual capital the University holds, or has an interest in, is of critical importance to the benefit of society as a whole. To this end, the University has continued to make significant investments in research in 2014/15. Over the last 20 years, the University has invested heavily in growing research activity and as a result, the University now has national and international recognition for some of the research it undertakes.

The University participated in the 2014 Research Excellence Framework (REF) and submitted work in thirteen Units of Assessment including two new areas. The overall quality of the University's submissions increased and all Units of Assessment had evidence of world-leading research. In three units of assessment (Allied Health, History and Library and Information Management), the quality of the research reaching internationally excellent standards comprised more than 50% of the work submitted. The number of disabled staff submitted in the 2014 REF increased, and the proportion of staff submitted from ethnic groups other than White British was significantly higher than the overall proportion of academic staff in those categories across the University, demonstrating the University's commitment to equality and diversity.

The University conducts its research objectives in selected areas in a user-led collaborative way, aimed at maximising the societal impact of research outcomes. Such an example is our Brain Tumour UK Neuro-oncology Centre, which leads the way in identifying the genetic causes of brain tumours and the treatments to deal with them. The University's Research Centres encompass a broad range of disciplines including the use of recycled materials in construction, the development of the education system in the West Midlands, representations of social and cultural reality, engineering and manufacturing innovation, boardroom efficacy and governance and the latest developments in healthcare, exercise, sport and performance.

The University has held Athena Swan accreditation since 2010 and was recognised in 2013 with a bronze institutional award. The University is preparing to submit for silver departmental awards, signifying its commitment to inclusivity.

The University's research also provides a benefit to society by hosting a number of public lectures, offering the University and visiting speakers the chance to talk about their research. With free entry, the regular and varied lectures provide the perfect opportunity to discuss interesting and topical matters with the speaker and other members of the audience. Lectures over the last year have featured a diverse number of subjects including the hundred years war, iron and colon cancer, film, and human rights in child protection practice.

External Engagement: Enterprise and Employability

The University plays a key role in stimulating the economic growth of the area and delivers public benefit through enterprise and employability activities.

Enterprise

The University recognises the impact it has upon the economic prosperity of the region. It delivers public benefit through the development and commercialisation of innovative products, processes and services, and makes its advice and expertise readily accessible to the business community.

One key example of such activity is the leading role the University plays in the economic prosperity of the region by encouraging the creation of start-up businesses. The University has two incubator facilities across two locations, providing support to new business start-ups and those in the early stages of operation; the e-Innovation Centre in Telford and space at the University of Wolverhampton Science Park.

The University provides business support, consultancy, skills development and research, which contribute significantly to the economic regeneration and prosperity of those living and working within the West Midlands area. During 2015 the University launched Green Shoots Plus, a new £4.2m fund to create nearly 400 jobs within two years in the area and promote growth. The initiative is run in association with the *Express and Star*, *Shropshire Star* and *Hereford Times* and funded by the Regional Growth Fund. Grants of between £10k and £15k are available for local businesses to bid for.

In February 2015, the University opened the Growth Hub based at the Science Park premises. The Growth Hub is a collaboration between the University, four local authorities and key business support agencies. The project is supported by the Regional Growth Fund. The Growth Hub offers a variety of events, drop-in sessions and business services and information for businesses looking to grow.

The University has widened its business presence to Hereford, with plans to open its award-winning business support service at Skylon Park at the heart of Hereford's Enterprise Zone. The centre will provide a range of activities and services to businesses in the area, including delivering the Regional Growth Fund. The centre will also establish a business network for businesses in the Hereford Enterprise Zone and provide a range of skills and technology development workshops, plus a hot-desking facility for businesses.

The University continues to support businesses from its campuses. As part of the Springfield Campus redevelopment, the University will work closely with partners within local authorities and local enterprise partnerships (LEPs) to ensure the investment within the city is maximised for the benefit of the region. Furthermore, over the last year work has continued on the University's new £18m business school, due to open in November 2015. The new building marks 80 years of providing business education in the city, and aims to reflect the University's growing reputation and engagement with the business community in the region.

Employability

The University views graduate employability as a vital part of what the University delivers, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of the region.

The University strives to educate students who are eminently employable upon graduation. The success of this is demonstrated by the results of the Destination of Leavers of Higher Education survey, which reported 95% of students graduating from the University of Wolverhampton in 2014 are in work or further study six months after graduating. To ensure graduates are eminently employable, the University offers students a number of opportunities. Such activities include:

- opportunities for students to undertake structured work experience
- opportunities for students to participate in mentoring opportunities and have access to a job pool of employment opportunities
- the offer of an integrated “Employability Award” that works in parallel with the curriculum to offer an opportunity to recognise and reflect on employability skills
- “Active Volunteers”, a joint initiative between the University and Wolverhampton Students’ Union, designed to offer students the opportunity to improve their employability through volunteering activities
- the Pharmacy Practice Suite, a new £300k teaching facilities launched in January 2015, aimed at equipping the pharmacists of tomorrow with hands-on experience by creating a multi-functional learning environment which simulates what students will encounter when they enter practice
- the commitment of £12m of investment in courses and facilities to create the next generation of qualified engineers

Students at the University of Wolverhampton are encouraged to develop their entrepreneurial skills with a social conscience. For example, during 2015 around 200 second year undergraduate business students at the University raised £23k for charity as part of their course. The money was shared between four local charities.

To prepare students for their future careers, the number of STEP placements (a work experience placement for students and graduates of the University), and training schemes within the University have been increased. There has also been a continued increase in the number of Graduate Internships and other placement activities within the University. The University continues to enjoy one of the highest numbers of Knowledge Transfer Partnerships in the UK and has introduced a further scheme, Knowledge Exchange and Enterprise Network (KEEN), which provides graduates with an opportunity to work full-time in a business on short-term commercial projects. The University is well known for its regional SPEED Plus programme which offers recent graduates support in establishing their own commercial business.

CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting best practice in all aspects of corporate governance. The University conducts its corporate governance in accordance with the Committee of University Chairmen Guide for Members of Higher Education Governing Bodies in the UK. The University adopted the revised CUC Governance Code of Practice in March 2015.

A full review of governance is undertaken every five years with interim reviews every two years. A full review of governance was undertaken in spring 2015 with the final report approved by the governing body on 3rd July 2015.

The Governing Body

The membership of the University's Board of Governors, the majority of which are independent members and comprises of independent, co-opted, staff and student members together with the Vice-Chancellor, appointed in accordance with the University's Instrument and Articles of Government. The roles of the Chair and Deputy Chair of the Board of Governors are separated from the role of the University's designated Accountable Officer, the Vice-Chancellor. The matters reserved specifically to the Board of Governors for decisions are set out in the Education Reform Act 1988 ("the Act"), the Articles of Government of the university and under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Board of Governors holds the ultimate responsibility for the ongoing strategic direction of the University, the University's finances, approval of major developments and receipt of regular reports from senior officers on the day to day operations of the University and its subsidiary companies.

The Board of Governors meets no fewer than four times a year, including one Away Day. All meetings are minuted. The Board of Governors has the following sub-committees:

- Audit Committee
- Equality and Diversity Joint Committee
- Finance and General Purpose Committee
- Nominations Committee
- Remuneration Committee

All of these committees are formally constituted with Terms of Reference and are chaired by a governor.

In addition, the Articles of Government provide for matters of academic policy to be determined by the Academic Board. Four members of the governing body are also Academic Board members and a report of Academic Board business is provided to the Board of Governors at each meeting throughout the academic year.

Audit Committee

The Audit Committee meets regularly throughout the year. It meets with the External Auditors and Internal Auditors of the University and reviews their work. The Committee considers detailed reports together with recommendations for improvement to the University's systems of internal control, management's responses and implementation plans. It reviews the External Auditors' Management Report and the University's Annual Financial Statements. The Committee also oversees the University's risk management process on behalf of the Board of Governors. Whilst members of the Offices of the Vice-Chancellor attend meetings of the Audit Committee as necessary, they are not members of the Committee. Committee members have the opportunity to meet with the Internal and External Auditors in private for independent discussions, at least once a year. The Audit Committee submits a formal Annual Report to the Board of Governors and the Vice-Chancellor as Accountable Officer and this Annual Report, once approved, is one of the documents that is submitted to HEFCE annually.

Equality and Diversity Joint Committee

This Committee is chaired by a Governor with membership comprising of governors, staff, Academic Board members, Trade Unions and students. The Committee acts on behalf of the Board of Governors and Academic Board to consider and determine matters of Equality and Diversity for staff and students. The committee meets twice a year.

Finance and General Purpose Committee

The Finance and General Purpose Committee has powers to act on behalf of the Board on all matters of employment and financial policy, except where provided otherwise by the Act or by the Articles of Government, or by a specific decision of the Board. The Committee also advises on all matters of estates acquisition, development or disposal and the efficient utilisation of the estate and other physical resources. The Committee further advises on all matters of health and safety and oversees the University's major external operations. The Committee meets six times a year.

Nominations Committee

Nominations Committee considers and recommends nominations to fill vacancies in the independent and co-opted categories of Board membership. The committee meets three times a year.

Remuneration Committee

The Remuneration Committee has powers to consider and approve the remuneration and conditions of service of senior posts and senior staff. It also reviews and agrees the annual objectives of the Vice-Chancellor and where appropriate, approves severance payments and early retirement applications for senior posts. The committee meets twice a year.

Internal Control

The University is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an ongoing process integrated with the strategic planning process and designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The complete process was in place at the start of the financial year 2014/15, namely:

- a. an approved Risk Management Policy;
- b. a Risk Committee, with appropriate terms of reference, which normally meets 3 times a year and reports to Audit Committee;
- c. a ranked University Risk Register and local risk registers within Academic Faculties and Service Departments;
- d. an annual assurance report;
- e. the further development of risk registers for all Academic Faculties and Service Departments across the University and a process to escalate and de-escalate risks to/from the Corporate Risk Register; and
- f. the identification of key risks by OVC members in the light of the strategic plan.

In addition, the Governors review of the effectiveness of the system of internal control is also informed by the following:

- a. The Audit Committee provides oversight of the process of internal control. The Board receives periodic reports from the Audit Committee concerning the processes of internal control and risk management;
- b. The Audit Committee receives reports from the Internal Audit Service on the adequacy and effectiveness of specific systems of internal control together with recommendations for improvement;
- c. The Internal Audit Service report annually to the Audit Committee on their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement;
- d. The Internal Audit Services assignment review of Risk Management;
- e. Comments made by the External Auditors in their management letter and other reports;
- f. The Annual Assurance Report to the Audit Committee regarding the operation of risk management processes; and
- g. The work of the managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by other external review agencies and stakeholders e.g. QAA, TA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2015 and up to the date of signing these accounts.

Going Concern

A review of the University's trading and cashflow performance for the current year, together with the key financial risks it is likely to face in the near future, are set out in the Report of the Board of Governors. This report also covers the Institution's approach to capital investment and risk management. The University has a strong cash and net funds position at year end, and retains healthy reserves. The University adopts a prudent approach to investment of cash balances, placing deposits with institutions with a Fitch long term rating of "A", and limiting total amounts deposited with a single institution.

The University continues to manage costs in order to maintain its cost base within current and forecast income levels. The University is budgeting for a reasonable surplus in 2015/16 and has included budget provision for planned developments. We will continue to maintain pressure on pay and non-pay expenditure to ensure financial sustainability. Financial forecasts covering a 5 year period are produced for the Board at least annually, the latest in June 2015. The Board believe that, despite changes to the way student numbers are controlled with the removal of the student number control on full time home undergraduates in 2015/16, projections indicate that University is well placed to manage its business risks successfully, and has adequate resources to continue in operational existence for the foreseeable future.

The University continues to press forward with initiatives aligned to the five-year strategic plan that was adopted by the Board of Governors on 24 November 2011. The Plan addresses the challenges for the University head-on and is structured to maintain sound finances in the years to come.

For the reasons set out above the Board of Governors continue to adopt the going concern basis in preparing the financial statements.

STATEMENT OF THE BOARD OF GOVERNORS' RESPONSIBILITIES

In accordance with the Education Reform Act 1988, the Board of Governors of The University of Wolverhampton is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP) for Higher Education Institutions and the relevant accountancy standards. In addition, within the terms and conditions of a Memorandum of Assurance & Accountability agreed between the HEFCE and the University's Board of Governors, The Board of Governors, through the Vice-Chancellor as its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cashflows for that year.

In causing the financial statement to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors has taken reasonable steps to:

- Ensure that the funds from HEFCE are used only for the purpose for which they have been provided and in accordance with the Memorandum of Assurance and Accountability between HEFCE and the University and any other conditions which HEFCE may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud;
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, Deans of Faculty, Directors and Heads of Services;
- A professional Internal Audit team whose annual programme is approved by the Audit Committee;
- A comprehensive medium and short term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- A quarterly review of financial results, involving variance reports and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal, detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive Financial Regulations detailing financial controls and procedures, approved by the Audit Committee and the Board of Governors.

Any system of internal financial control can, however, only provide reasonable but not absolute assurance against material misstatement or loss. The Board undertakes a full review of Governance effectiveness in accordance with the CUC Governance Code of Practice every five years and an interim review every two years. The last full review took place in July 2015. An interim review will take place in 2017.

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF WOLVERHAMPTON

We have audited the group and University financial statements (the "financial statements") of the University of Wolverhampton for the year ended 31 July 2015, which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board of Governors and auditor

As explained more fully in the Statement of the Board of Governors' Responsibilities set out on page 24 the Board of Governors is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Independent auditor's report to the Board of Governors of the University of Wolverhampton (continued)**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements*.

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2014-15 financial statements* have been met.

Andrew Argyle

For and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 25 November 2015

The maintenance and integrity of the University of Wolverhampton's website is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Accounting Convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings inherited from Walsall and Wolverhampton Local Authorities and transferred from the Commission for the New Towns at valuation, and in accordance with both the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions (SORP - 2007) and applicable Accounting Standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below. The accounts have been prepared on a going concern basis as disclosed on page 23.

2. Basis of Consolidation

The consolidated financial statements show the position of the University and all its subsidiary undertakings for the financial year to 31 July 2015. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited and University of Wolverhampton Social Enterprises Ltd. The University of Wolverhampton Enterprise Limited has a majority share-holding (81%) in University of Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in University of Wolverhampton Science Park amounted to £41,462 in 2014/2015 (£40,866 in 2013/2014). This has not been separately disclosed in the University's Consolidated Financial Statements. University of Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2014/15 ECMAT was in its third year of operation. The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University.

3. Recognition of Income

The recurrent grant from HEFCE and the NCTL represents the funding allocation which is attributable to the current financial year and is credited direct to the income and expenditure account.

Grants which are applied to acquire tangible fixed assets are credited to deferred capital grants and released to the income and expenditure account over the estimated useful lives of the relevant assets.

Tuition fees represent all fees chargeable to students, or their sponsors, received and receivable where service provision is attributable to the current accounting year. This is shown net of any fees waived by the University.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or services concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contribution towards overhead costs.

4. Pension Schemes

The two principal pension schemes for the University's staff are the Teacher's Pension Scheme for academic staff and the West Midlands Metropolitan Authorities' Pension Fund for non-teaching staff. The schemes are defined benefit schemes and are both independently administered schemes.

In the case of the Teachers' Pension Scheme, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore as required by FRS17 "Retirement Benefits" accounts for the scheme as if it were a defined contribution scheme. The amounts charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period. There are also thirty two members of staff in the Universities Superannuation Scheme. This scheme is accounted for in a similar manner to TPS.

The West Midlands Metropolitan Authorities' Pension Fund provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the University. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

5. 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 at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

7. Tangible Fixed Assets

(a) Land and Buildings

Freehold land and buildings are stated at valuation except for the buildings constructed since the last valuation, which are shown at cost. The basis of valuation is depreciated replacement costs for specialised buildings or open market value for other buildings. The valuation was carried out by W S Atkins Consultants Limited, Chartered Surveyors, as at 31 July 1996 in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

On adoption of FRS 15, the University followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful life. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings. The buildings' expected useful lives vary from 5 to 50 years as recommended in the valuation report from W S Atkins Consultants Limited.

Where refurbishment of buildings has been undertaken, the cost has been capitalised and written-off over a ten year period.

Where buildings are in the course of construction as at the year end, the asset is recognised at the value contained in the appropriate architect's valuation certificate. No depreciation is

charged against these assets until they are complete, at which point they are depreciated in line with normal depreciation policy.

Freehold land is not depreciated.

(b) Equipment

Equipment costing less than £10,000 per individual item is written off in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment acquired is stated at cost and depreciated over its expected useful life as follows:

Heavy Machinery	-	20 years
Art and Design Equipment/Coaches	-	10 years
Catering Equipment/Technology Related Machinery	-	7 years
Computer, Scientific, Photographic Equipment and Vehicles	-	5 years
Other Equipment	-	4 - 7 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected life of the equipment.

8. Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value. Current asset investments, which may include listed investments, are stated in the balance sheet at the lower of their original cost and net realisable value.

9. Stocks

The stocks are catering provisions held in the refectories, print materials held by the Print Services Unit and other small stocks held for resale. They are valued at the lower of cost or net realisable value.

10. Maintenance of Premises

The cost of long term and routine maintenance is charged to the Income and Expenditure Account in the period it is incurred.

11. Taxation Status

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The trading activities undertaken by the University are administered through the companies, The University of Wolverhampton Corporate Services Limited, University of Wolverhampton Social Enterprises Limited, and The University of Wolverhampton Enterprise Limited (including its subsidiary Wolverhampton Science Park Limited), which as commercial organisations are liable to Corporation Tax. These companies, however, transfer their profits to the University under a deed of covenant on an annual basis.

12. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision for enhancing the on-going pensions of former members of staff is renewed annually with reference to updated actuarial tables.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, and asset arising from a past event.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**For the year ended 31 July 2015**

	Notes	2014/15 £'000	2013/14 £'000
INCOME			
Funding Council Grants	1	19,827	28,713
Academic Fees and Support Grants	2	119,732	95,511
Research Grants and Contracts	3	3,003	3,033
Other Operating Income	4	34,711	32,517
Endowment Income and Interest Receivable	5	334	447
		<hr/>	<hr/>
Total Income		177,607	160,221
		<hr/>	<hr/>
EXPENDITURE			
Staff Costs	6	93,406	88,161
Restructuring Costs	6	338	120
Other Operating Expenses	7	55,592	50,181
Depreciation	10	8,704	8,403
Interest Payable	8	1,532	2,234
		<hr/>	<hr/>
Total Expenditure		159,572	149,099
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Fixed Assets at Valuation and Before Tax		18,035	11,122
Taxation		0	0
		<hr/>	<hr/>
Surplus before Disposal of Fixed Assets		18,035	11,122
Profit on Disposal of Fixed Assets		0	0
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		18,035	11,122
		<hr/>	<hr/>
Deficit for the Year Transferred from Accumulated Income in Endowment Funds		15	17
		<hr/>	<hr/>
Surplus for the Year Retained Within General Reserves		18,050	11,139
		<hr/> <hr/>	<hr/> <hr/>

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

The Governors believe that there is no corporation tax liability for the year.

NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS**For the year ended 31 July 2015**

	Notes	2014/15 £'000	2013/14 £'000
Surplus on Continuing Operations		18,035	11,122
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	929	924
		—————	—————
Historical Cost Surplus for the Year before Taxation		18,964	12,046
		=====	=====

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES**For the year ended 31 July 2015**

	2014/15 £'000	2013/14 £'000
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	18,035	11,122
Actuarial (Loss)/Gain on Local Government Pension Fund	(11,132)	3,711
New Endowments	31	8
	<hr/>	<hr/>
Total Recognised Gains Relating to the Year	6,934	14,841
Reconciliation:		
Opening Reserves and Endowments	123,298	108,457
Total Recognised Gains Relating to the Period	6,934	14,841
	<hr/>	<hr/>
Closing Reserves and Endowments	130,232	123,298
	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEETS AS AT 31 JULY 2015

		Consolidated		University	
	Notes	2015 £'000	2014 £'000	2015 £'000	2014 £'000
FIXED ASSETS					
Tangible Assets	10&11	210,863	190,379	200,730	179,914
Investments	12	36	36	36	36
		<hr/>	<hr/>	<hr/>	<hr/>
		210,899	190,415	200,766	179,950
		<hr/>	<hr/>	<hr/>	<hr/>
ENDOWMENT ASSET INVESTMENTS	13	150	134	150	134
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Stock and Stores in Hand	14	207	222	197	212
Debtors	15	24,992	15,145	24,393	14,999
Investments		44,942	47,244	44,942	47,244
Cash at Bank and in Hand		32,534	39,649	31,750	38,720
		<hr/>	<hr/>	<hr/>	<hr/>
		102,675	102,260	101,282	101,175
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	38,289	34,820	36,238	33,292
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		64,386	67,440	65,044	67,883
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		275,435	257,989	265,960	247,967
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	14,217	15,840	12,016	13,365
		<hr/>	<hr/>	<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES	19	4,860	4,917	4,860	4,917
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS excluding pension liability		256,358	237,232	249,084	229,685
		<hr/>	<hr/>	<hr/>	<hr/>
PENSION LIABILITY	30	70,786	58,145	70,786	58,145
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS including pension liability		185,572	179,087	178,298	171,540
		<hr/>	<hr/>	<hr/>	<hr/>

CONSOLIDATED CASH FLOW STATEMENT**For the year ended 31 July 2015**

	Notes	2014/15 £'000	2013/14 £'000
CASH FLOW FROM OPERATING ACTIVITIES	24	20,958	20,822
Returns on Investments and Servicing of Finance	25	(589)	(493)
Capital Expenditure and Financial Investment	26	(27,875)	(17,153)
Management of Liquid Resources	27	2,302	21,394
Financing	28	(1,895)	(1,456)
		—————	—————
(DECREASE)/INCREASE IN CASH IN THE YEAR	29	(7,099)	23,114
		=====	=====
 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT			
(Decrease)/Increase in Cash in the Year	29	(7,099)	23,114
Decrease in Short Term Deposits	27	(2,302)	(21,394)
Repayment of Debt	28	1,895	1,456
		—————	—————
Movement in Net Funds in the Year	29	(7,506)	3,176
Net Funds as at 1 August	29	69,164	65,988
		—————	—————
Net Funds as at 31 July	29	61,658	69,164
		=====	=====

NOTES TO THE ACCOUNTS

	2014/15	2013/14
	£'000	£'000
1. FUNDING COUNCIL GRANTS		
Recurrent Grants		
HEFCE	14,879	22,941
NCTL	0	386
Specific Grants		
HEFCE:		
Special Initiatives	3,002	3,651
NCTL:		
Graduate Teacher Scheme	0	(6)
Other Special Initiatives	559	354
Deferred Capital Grants Released in the Year		
HEFCE:		
Buildings	1,238	1,238
Equipment	149	149
	-----	-----
	19,827	28,713
	-----	-----
	2014/15	2013/14
	£'000	£'000
		(Restated)
2. ACADEMIC FEES AND SUPPORT GRANTS		
Full-time UK and EU Students	87,709	65,464
Full-time Students Charged Overseas Fees	11,100	9,151
Part-time UK and EU Students	4,939	5,244
Franchised Courses	3,656	3,255
Education Contracts	12,328	12,397
	-----	-----
	119,732	95,511
	-----	-----
<p>In the 2013/14 accounts, academic fees were stated gross of fee discounts and waivers, the costs of which were included in Other Operating Expenses. In 2014/15 the costs of fee discounts and waivers have been subtracted from fee income and the figures above are shown net. The 2013/14 comparatives have been adjusted.</p>		
3. RESEARCH GRANTS AND CONTRACTS		
Research Council	231	314
UK Based Charities	199	383
Other Research Grants and Contracts	2,573	2,336
	-----	-----
	3,003	3,033
	-----	-----

NOTES TO THE ACCOUNTS

	2014/15	2013/14
	£'000	£'000
4. OTHER OPERATING INCOME		
Residences, Catering and Conferences	7,945	7,440
Other Services Rendered	20,863	18,948
Released from Deferred Capital Grants	665	665
Other Income	5,238	5,464
	<hr/>	<hr/>
	34,711	32,517
	<hr/>	<hr/>
	2014/15	2013/14
	£'000	£'000
5. ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Transferred from Endowments	0	0
Other Investment Income	334	447
	<hr/>	<hr/>
	334	447
	<hr/>	<hr/>
6. STAFF		
Staff Costs:		
Wages and Salaries	75,727	71,892
Social Security Costs	6,105	5,846
Other Pension Costs (Including FRS 17 Adjustment)	11,574	10,423
Restructuring Costs Excluding Pension	338	120
Restructuring Costs Pension Element	0	0
	<hr/>	<hr/>
	93,744	88,281
	<hr/>	<hr/>
Emoluments of the Vice-Chancellor for the year to 31 July		
- Basic Pay	250	189
- Benefits in Kind	18	18
- Pensions	0	17
	<hr/>	<hr/>
Total Emoluments	268	224
	Number	Number
The average full time equivalent number of staff employed during the year by major category were:		
Academic	789	759
Technical, Administrative and Clerical	1,067	1,018
Other, including Manual	304	300
	<hr/>	<hr/>
	2,160	2,077
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

Remuneration of the other higher paid staff, excluding employers' pension contributions

	2014/15	2013/14
£100,000 - £109,999	2	0
£110,000 - £119,999	0	1
£120,000 - £129,999	3	3
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0

7. OTHER OPERATING EXPENSES	2014/15	2013/14
	£'000	£'000
		(Restated)
Residences, Catering and Conferences	1,344	1,243
Books and Consumables	2,699	2,457
Equipment	5,260	5,623
Printing and Stationery	1,255	1,221
Heat, Light, Water and Power	3,813	3,565
Repairs and Maintenance	3,735	2,751
Grants to University of Wolverhampton Students' Union	797	782
Rents	1,316	1,351
Rates	537	478
Auditors' Remuneration	227	186
Auditors' Remuneration in Respect of Non-Audit Services	22	50
Equipment Operating Lease Rentals	45	99
Franchise Payments to Colleges	2,784	2,747
Staff Travel and Subsistence	2,576	2,573
Staff Recruitment Costs	330	106
Staff Development	1,468	1,733
Student Scholarships, Bursaries, Placements and Travel Costs	5,223	4,103
Payments to Partners	5,239	5,081
Consultancies on External Projects	3,030	3,300
Other Consultancies	1,056	754
Telecommunications and Postage	553	539
Provision for Bad Debts	1,332	810
Cleaning Costs	535	533
Legal, Professional and Other	5,061	4,104
Insurance	412	434
Publicity	2,280	1,975
Subscriptions	905	815
Other	1,758	768
	<hr/>	<hr/>
	55,592	50,181
	<hr/>	<hr/>

Auditors remuneration includes:	2014/15	2013/14
Auditors remuneration:	£'000	£'000
- Financial statements audit	52	51
- Internal audit	98	76
Auditors remuneration in respect of non-audit services includes:		
- Other Services	99	109

Fees paid to external auditors for the audit of the University were £33,624 (2013/14: £33,132) including irrecoverable VAT.

NOTES TO THE ACCOUNTS**Trustees**

No trustee has received any remuneration/waived payments from the University Group during the year (2013/14 Nil)

The total expenses paid to or on behalf of trustees was £1,205 (2013/14 £592). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

8. INTEREST PAYABLE

	2014/15 £'000	2013/14 £'000
Bank Loan Not Wholly Repayable Within Five Years	943	1,029
Net Pension Interest Cost in respect of FRS17	391	998
Net Pension Interest Cost in respect of Enhanced Pensions	198	207
	<hr/>	<hr/>
	1,532	2,234
	<hr/>	<hr/>

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs £'000	Dep'n £'000	Other Operating Expenses £'000	Interest Payable £'000	Total £'000
Academic Departments	50,332		9,977		60,309
Academic Services	6,050		3,584		9,634
Research Grants and Contracts	1,618		1,930		3,548
Residences, Catering and Conferences	2,883		2,827		5,710
Premises	6,253		7,685		13,938
Administration	18,905		16,255		35,160
Other Expenses	7,703	8,704	13,334	1,532	31,273
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	93,744	8,704	55,592	1,532	159,572
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Depreciation Charge has been funded by:

Deferred Capital Grant	2,052
Revaluation Reserve Released	929
General Income	5,723
	<hr/>

8,704

NOTES TO THE ACCOUNTS**10. TANGIBLE ASSETS**

	Land and Buildings Freehold £'000	Equipment £'000	Consolidated Assets in the Course of Construction £'000	Total £'000
Valuation				
At 1 August 2014	257,470	40,664	14,701	312,835
Additions at Cost	15,712	574	12,902	29,188
Transfers at Cost	12,519	0	(12,519)	0
Disposals at Cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	285,701	41,238	15,084	342,023
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2014	83,122	39,334	0	122,456
Charge for Year	7,847	857	0	8,704
Eliminated on Disposal	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	90,969	40,191	0	131,160
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 July 2015	194,732	1,047	15,084	210,863
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2014	174,348	1,330	14,701	190,379
	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant	54,801	539	0	55,340
Other	139,931	508	15,084	155,523
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 July 2015	194,732	1,047	15,084	210,863
	<hr/>	<hr/>	<hr/>	<hr/>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained. The basis of valuation is depreciated replacement cost or open market value for existing use and was carried out by a firm of independent surveyors in 1996.

NOTES TO THE ACCOUNTS**11. TANGIBLE ASSETS**

	Land and Buildings Freehold £'000	Equipment £'000	University Assets in the Course of Construction £'000	Total £'000
Valuation/Cost				
At 1 August 2014	241,803	39,655	14,701	296,159
Additions at Cost	15,712	574	12,902	29,188
Transfers at Cost	12,519	0	(12,519)	0
Disposals at Cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	270,034	40,229	15,084	325,347
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 August 2014	77,941	38,304	0	116,245
Charge for Year	7,522	850	0	8,372
Eliminated on Disposal	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2015	85,463	39,154	0	124,617
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 July 2015	184,571	1,075	15,084	200,730
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2014	163,862	1,351	14,701	179,914
	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant	47,958	539	0	48,497
Other	136,613	536	15,084	152,233
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book Value				
At 31 July 2015	184,571	1,075	15,084	200,730
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**12. INVESTMENTS**

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Balance as at 1 August	36	36	36	36
Acquisitions	0	0	0	0
Impairment	0	0	0	0
	—	—	—	—
Balance as at 31 July	36	36	36	36
	—	—	—	—

The investment closing balance represents 35,688 Ordinary shares of £1 each, fully paid in CVCP Properties plc.

The University also owns 100% of the issued share capital of the following subsidiary companies:

University of Wolverhampton Enterprise Limited	100 fully paid up £1 shares
University of Wolverhampton Social Enterprises Limited	100 fully paid up £1 shares
University of Wolverhampton Corporate Services Limited	100 fully paid up £1 shares
University of Wolverhampton Innovation Limited	1 fully paid up £1 share
University of Wolverhampton Incubation Limited	1 fully paid up £1 share
University of Wolverhampton Ventures Limited	1 fully paid up £1 share

University of Wolverhampton Enterprise Limited engages primarily in is the operation of the University's inter-site bus service.

University of Wolverhampton Social Enterprises Limited was incorporated in May 2012 by change of name of the former Intelligent Career Development Limited. This wholly-owned subsidiary company has been re-formed to progress and where appropriate undertake the University's various Social Enterprise initiatives.

University of Wolverhampton Corporate Services Limited supplies commercial training and educational services in association with the University of Wolverhampton.

University of Wolverhampton Innovation Limited, University of Wolverhampton Incubation Limited, and University of Wolverhampton Ventures Limited do not currently trade.

All six companies are registered in England and operate in the UK.

University of Wolverhampton Enterprise Ltd also owns 810 fully paid £1 shares in University of Wolverhampton Science Park Limited.

Wolverhampton Limited was incorporated in Mauritius on 6th July 2015. It did not trade during 2014/15

NOTES TO THE ACCOUNTS**13. ENDOWMENT ASSET INVESTMENTS**

	Consolidated and University	
	2014/15 £'000	2013/14 £'000
Balance as at 1 August	134	143
Net Increase/(Reduction)	16	(9)
	<hr/>	<hr/>
Balance as at 31 July	150	134
	<hr/>	<hr/>
Represented by:		
C.O.I.F. Charities Deposit	3	3
Cash Balances	147	131
	<hr/>	<hr/>
	150	134
	<hr/>	<hr/>

14. ASSETS HELD FOR RESALE/STOCK AND STORES IN HAND

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Computer Bulk Purchases	66	66	66	66
Catering Provisions	79	83	79	83
Print Unit Services	14	15	14	15
Fuel	10	4	0	3
Other Materials	38	54	38	45
	<hr/>	<hr/>	<hr/>	<hr/>
	207	222	197	212
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**15. DEBTORS**

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Amounts Falling Due Within One Year:				
Debtors:				
Subsidiary Companies	0	0	2,593	2,136
Other	23,854	14,294	20,707	12,049
Prepayments and Accrued Income	1,138	851	1,093	814
	<u>24,992</u>	<u>15,145</u>	<u>24,393</u>	<u>14,999</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Mortgages and Unsecured Loans	1,754	2,041	1,495	1,797
Subsidiary Companies	0	0	303	1,214
Payments Received on Account	8,603	7,936	6,911	6,140
Trade Creditors	24,912	22,600	24,509	21,898
Other Taxation & Social Security	3,020	2,243	3,020	2,243
	<u>38,289</u>	<u>34,820</u>	<u>36,238</u>	<u>33,292</u>

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Unsecured Loans	14,211	15,819	12,016	13,365
Other	6	21	0	0
	<u>14,217</u>	<u>15,840</u>	<u>12,016</u>	<u>13,365</u>

Unsecured Loans represent a bank loan in respect of the Science Park Buildings and the University Capital Programme taken out in March 2003 for 20 years, at 0.42% over LIBOR for the first two years and 5.74% fixed for the remaining years. In addition, the figure incorporates an interest free loan from the Higher Education Funding Council for the construction of the Performance Hub. The loan was received in 2010, and was for £2M repayable over a period of 4 years.

NOTES TO THE ACCOUNTS

In 2013/14 the University received a loan of £0.5M from HEFCE under the Revolving Green Fund initiative. This loan is repayable in instalments from 2015/16. In 2014/15 the University received a further loan of £0.15M from the Revolving Green Fund.

18. BORROWINGS

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Bank Loans are repayable as follows:				
In one year or less	1,754	2,041	1,495	1,797
Between one and two years	1,878	1,754	1,603	1,495
Between two and five years	6,028	5,741	5,105	4,868
In five years or more	6,305	8,324	5,308	7,002
	-----	-----	-----	-----
	15,965	17,860	13,511	15,162
	-----	-----	-----	-----

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Consolidated and University		
	Enhanced Pensions £'000	Other £'000	Total £'000
At 1 August 2014	4,866	51	4,917
Expenditure in the year			
Unused Provision Released in Year	(358)	0	(358)
Transfer from Income and Expenditure Account	301	0	301
	-----	-----	-----
At 31 July 2015	4,809	51	4,860
	-----	-----	-----

The enhanced pension provision comprises an estimate of the amounts payable by the University in respect of pension contributions for members of staff who have taken early retirement.

NOTES TO THE ACCOUNTS**20. DEFERRED CAPITAL GRANTS**

	Consolidated			University		
	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000
At 1 August 2014						
Buildings	40,820	14,301	55,121	40,820	7,219	48,039
Equipment	418	250	668	418	250	668
	-----	-----	-----	-----	-----	-----
Total	41,238	14,551	55,789	41,238	7,469	48,707
	-----	-----	-----	-----	-----	-----
Cash Received/Receivable						
Buildings	1,506	0	1,506	1,506	0	1,506
Equipment	97	0	97	97	0	97
	-----	-----	-----	-----	-----	-----
Total	1,603	0	1,603	1,603	0	1,603
	=====	=====	=====	=====	=====	=====
Released to Income and Expenditure:						
Buildings	1,238	588	1,826	1,238	349	1,587
Equipment	149	77	226	149	77	226
	-----	-----	-----	-----	-----	-----
Total	1,387	665	2,052	1,387	426	1,813
	=====	=====	=====	=====	=====	=====
At 31 July 2015						
Buildings	41,088	13,713	54,801	41,088	6,870	47,958
Equipment	366	173	539	366	173	539
	-----	-----	-----	-----	-----	-----
Total	41,454	13,886	55,340	41,454	7,043	48,497
	=====	=====	=====	=====	=====	=====

NOTES TO THE ACCOUNTS**21. ENDOWMENTS****Consolidated and University**

	Restricted Expendable & Total £'000
At 1 August 2014	134
Additions	31
Income for Year	0
Expenditure for Year	(15)
	—
At 31 July 2015	150
	—
Representing:	
Prize Funds	150
Accumulated Income	0
	—
	150
	—

22. REVALUATION RESERVE

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
Balance b/fwd at 1 August	23,252	24,176	22,860	23,789
Release to the Income and Expenditure Account	(929)	(924)	(929)	(929)
	—	—	—	—
At 31 July	22,323	23,252	21,931	22,860
	—	—	—	—

NOTES TO THE ACCOUNTS**23. INCOME AND EXPENDITURE ACCOUNT**

	Consolidated		University	
	2014/15 £'000	2013/14 £'000	2014/15 £'000	2013/14 £'000
As at 1 August	99,912	84,138	99,839	84,752
Surplus for the Year	18,050	11,139	18,084	10,447
Transfer from Revaluation Reserve	929	924	929	929
Pension (Loss)/Gain FRS17	(11,132)	3,711	(11,132)	3,711
	_____	_____	_____	_____
As at 31 July	107,759	99,912	107,720	99,839
	_____	_____	_____	_____

24. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES

	2014/15 £'000	2013/14 £'000
Surplus before Tax	18,035	11,122
Depreciation (Note 10)	8,704	8,403
Deferred Capital Grants Released to Income (Note 20)	(2,052)	(2,052)
Interest Payable	1,532	2,234
Pension Cost less Contributions Payable	1,118	382
Decrease in Stock	15	21
Increase in Debtors/Pre-payments	(9,868)	(4,244)
Increase in Creditors/Receipts in Advance	4,062	5,589
Decrease in Provisions excl. enhanced pensions interest	(254)	(186)
Interest Receivable	(334)	(447)
Profit on Sale of Tangible Assets	0	0
	_____	_____
Net Cash Inflow from Operating Activities	20,958	20,822
	_____	_____

25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2014/15 £'000	2013/14 £'000
Income from Endowments	0	0
Income from Short Term Investments	355	536
Interest Paid	(944)	(1,029)
	_____	_____
Net Cash Outflow from Returns on Investments and Servicing of Finance	(589)	(493)
	_____	_____

NOTES TO THE ACCOUNTS**26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	2014/15 £'000	2013/14 £'000
Purchase of Tangible Fixed Assets	(29,509)	(18,212)
Deferred Capital Grants Received	1,603	1,051
New Endowment	31	8
Receipt from Sale of Tangible Assets	0	0
	<hr/>	<hr/>
Net Cash Outflow from Capital Expenditure and Financial Investment	(27,875)	(17,153)
	<hr/>	<hr/>

27. MANAGEMENT OF LIQUID RESOURCES

	2014/15 £'000	2013/14 £'000
Withdrawals from Deposits	2,302	21,394
Placing of Deposits	0	0
	<hr/>	<hr/>
Net Cash Inflow from Management of Liquid Resources	2,302	21,394
	<hr/>	<hr/>

Liquid resources comprise money on short terms deposit with a maturity date within one year of the balance sheet date.

28. FINANCING

	2014/15 £'000	2013/14 £'000
Mortgages and Loans acquired	146	500
Repayment of Amounts Borrowed	(2,041)	(1,956)
	<hr/>	<hr/>
Net Cash Outflow from Financing	(1,895)	(1,456)
	<hr/>	<hr/>

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 August 2014 £'000	Cash Flows £'000	Other Changes £'000	At 31 July 2015 £'000
Cash at Bank and in Hand	39,649	(7,115)	0	32,534
Endowment Asset Investments	131	16	0	147
	<hr/>	<hr/>	<hr/>	<hr/>
	39,780	(7,099)	0	32,681
Short Term Deposits	47,244	(2,302)	0	44,942
Debt Due within One Year	(2,041)	2,041	(1,754)	(1,754)
Debt Due after One Year	(15,819)	(146)	1,754	(14,211)
	<hr/>	<hr/>	<hr/>	<hr/>
	69,164	(7,506)	0	61,658
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS**30. PENSION SCHEMES**

The two principal pension schemes for the University's staff are Teachers' Pension Scheme (TPS) and the West Midlands Metropolitan Authorities' Pension Fund (WMMAPF). The pension charged for the period is shown below. There were thirty two members of staff in the Universities Superannuation Scheme (USS) at the end of July 2015.

	2014/15	2013/14
	£'000	£'000
TPS and USS – contributions	5,134	4,611
WMMAPF – contributions	5,266	5,263
WMMAPF – FRS 17 adjustment	1,071	382
	—————	—————
	11,471	10,256
Enhanced pensions	103	167
	—————	—————
Total per note 6	11,574	10,423
	—————	—————
Enhanced Pensions Interest Cost	198	207
Benefits Paid	(358)	(353)
	—————	—————
Total Movement on Enhanced Pension Provision (note 19)	(57)	21
	—————	—————

Universities Superannuation Scheme

Due to the low value of contributions and small number of participants in the USS no disclosures have been made on the grounds of materiality.

Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit pension scheme. Contributions are made to a notional fund held by the Exchequer under arrangements governed by the Superannuation Act 1972.

Rates payable during the 2014/15 financial year were set by the actuarial valuation carried out as at 31st March 2004. Key assumptions used in the valuation were:

Rate of return on investments	6.5%
Real rate of return in excess of prices	3.5%
Real rate of return in excess of earnings	2.0%
Real rate of earnings growth	1.5%

Based on these assumptions, the valuation assessed scheme liabilities as £166,500 million and assets as £163,240.

NOTES TO THE ACCOUNTS

For the period from 1 April 2003 to 31 March 2004 the employer contribution rate was 8.35%, increasing to 13.5% with effect from 1 April 2004. As from 1st January 2007, as part of the cost sharing agreement agreed between employers' and teachers' representatives, the total contribution to the scheme was assessed as 20.5%, which translates into an employee contribution rate of 6.4% and an employer rate of 14.1%.

The most recent actuarial valuation of the Scheme took place as at 31st March 2012 in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. This has resulted in revised contribution rates of 16.4% for employers and an average contribution rate for employees of 9.6%. These rates will apply for a four-year period from April 2015; however, following agreement between the Department for Education and HM Treasury, the employer contribution rate will not be implemented until September 2015.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits) the TPS and USS are multi-employer pension schemes. The University is unable to identify its share of the underlying assets and liabilities of the schemes. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the schemes as if they were a defined contribution scheme.

West Midlands Metropolitan Authorities' Pension Fund

The WMMAPF is a funded defined benefit scheme, with the assets held in separate administered funds. The scheme is valued every three years by professionally qualified independent actuaries using the projected unit method.

The actuarial valuation of the scheme that was carried out as at 31st March 2010 revealed a shortfall of £2.614M, giving a funding level of 75%. As a result of the valuation, employer contribution rates for the University were set at a baseline rate of 11.4% for future service plus a past service lump sum for each year of the three year period, to be recovered as a percentage of the pension payroll each year. For the year to 31st March 2014 this equated to a total employer contribution rate of 13.8%.

The latest actuarial valuation of the Scheme was carried out as at 31st March 2013. This resulted in a fall in the level of funding for the scheme as a whole to 67%, driven mainly by changes in the financial assumptions, in particular the low level of gilt yields. For the University, this generated an increase in the future service rate from 11.4% to 12.7%, and a substantial rise in the overall deficit to be recovered over the remainder of the deficit recovery period. The University will make a deficit recovery payment of £1.4M in the year to 31st March 2016. This is equivalent to an aggregate rate of 18.0%.

FRS 17

The figures as at 31st July 2015 are based on projecting forward the results of the latest actuarial valuation as at 31st March 2013. The projection is based on cashflows (e.g. contribution income, pension payments, etc.) over the year to 31st March 2015.

NOTES TO THE ACCOUNTS**Amounts recognised in the balance sheet**

	At year-end 31/07/2015 £'000	At year-end 31/07/2014 £'000
Present value of funded obligations	(222,859)	(193,572)
Fair value of plan assets	<u>152,073</u>	<u>135,427</u>
	(70,786)	(58,145)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
	(70,786)	(58,145)
Related deferred tax assets	<u>-</u>	<u>-</u>
Net amount recognised	(70,786)	(58,145)
Amounts recognised as:		
Liabilities	(70,786)	(58,145)
Assets	<u>-</u>	<u>-</u>
Net amount recognised	(70,786)	(58,145)

Components of pension cost

	Year to 31/07/2015 £'000	Year to 31/07/2014 £'000
Current service cost	6,337	5,645
Interest cost	8,406	8,424
Expected return on plan assets	(8,015)	(7,426)
Past service cost	-	-
Effect of curtailments or settlements	<u>47</u>	<u>-</u>
Total pension cost recognised in the I&E account	6,775	6,643
Actuarial losses/(gains) immediately recognised	11,132	(3,711)
Change in surplus cap	<u>-</u>	<u>-</u>
Total pension cost recognised in STRGL	11,132	(3,711)
Actual return on plan assets	13,919	4,799

Change in benefit obligation

	Year to 31/07/2015 £'000	Year to 31/07/2014 £'000
Benefit obligation at beginning of year	193,572	185,378
Current service cost	6,337	5,645
Interest cost	8,406	8,424
Member contributions	2,032	1,837
Past service costs	0	0
Actuarial losses/(gains)	17,036	(3,858)
Curtailments	47	0
Benefits paid	(4,571)	(3,854)
Effect of exchange rate changes	<u>-</u>	<u>-</u>
Benefit obligation at end of year	222,859	193,572

NOTES TO THE ACCOUNTS**Change in plan assets**

Fair value of plan assets at beginning of year	135,427	124,902
Expected return on plan assets	8,015	7,426
Actuarial gains/(losses)	5,904	(147)
Employer contribution	5,266	5,263
Member contributions	2,032	1,837
Benefits paid	(4,571)	(3,854)
Effect of exchange rate changes	-	-
Fair value of plan assets at end of year	152,073	135,427

Plan assets

The weighted-average asset allocation at the year-end were as follows

Asset Category	Expected rate of return	Plan assets at 31/07/2015 £000s	Expected rate of return	Plan assets at 31/07/2014 £000s
Equities	6.50%	89,874	7.00%	60,536
Government Bonds	2.50%	11,558	3.20%	10,834
Other Bonds	3.60%	15,816	4.10%	13,949
Property	6.10%	12,774	6.20%	11,647
Cash/Liquidity	0.50%	7,300	0.50%	6,094
Other	6.50%	14,751	7.00%	32,367
	5.57%	152,073	6.04%	135,427

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns from each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumed for the portfolio. This resulted in the selection of the above assumptions.

Weighted average assumptions used to determine benefit obligations at:

	31/07/2015	31/07/2014
Discount rate	3.80%	4.30%
Rate of salary increase	3.95%	4.05%
Rate of pension increase	2.20%	2.30%
CPI Inflation assumption	2.20%	2.30%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	23.0	22.9
Females	25.6	25.5
Retiring in 20 years		
Males	25.2	25.1
Females	28.0	27.8

NOTES TO THE ACCOUNTS**Weighted average assumptions used to determine net pension cost for year ended:**

	31/07/2015	31/07/2014
Discount rate	4.30%	4.50%
Expected long-term return on plan assets	6.04%	6.01%
Rate of salary increase	4.05%	4.15%
Rate of pension increase	2.30%	2.40%
CPI Inflation assumption	2.30%	2.40%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

Five year history**Financial year ending in**

	2015	2014	2013	2012	2011
Benefit obligation at end of year	(222,859)	(193,572)	(185,378)	(171,610)	(155,323)
Fair value of plan assets at end of year	152,073	135,427	124,902	107,811	103,161
Deficit	(70,786)	(58,145)	(60,476)	(63,799)	(52,162)
Difference between expected and actual return on scheme assets					
Amount (£'000)	5,904	(147)	9,218	(3,715)	(1,912)
Percentage of scheme assets	3.9%	-0.1%	7.4%	-3.4%	-1.9%
Experience gains and losses on scheme liabilities					
Amount (£'000)	-	(1,641)	-	-	4,368
Percentage of scheme liabilities	0.0%	-0.8%	0.0%	0.0%	2.8%
Total amount recognised in STRGL					
Amount (£'000)	(11,132)	3,711	5,713	(8,874)	1,120
Percentage of scheme liabilities	5.0%	1.9%	3.1%	-5.2%	0.7%

Contributions

The University expects to contribute £6,075,000 in the year to 31st July 2016.

NOTES TO THE ACCOUNTS**31. CAPITAL COMMITMENTS**

	Consolidated and University		
	2014/15	2013/14	2012/13
	£'000	£'000	£'000
Commitments Contracted at 31 July	3,727	19,085	2,063
Authorised but not Contracted at 31 July	36,213	24,005	30,877
	<u>39,940</u>	<u>43,090</u>	<u>32,940</u>

32. FINANCIAL COMMITMENTS

	Consolidated and University	
	2014/15	2013/14
	£'000	£'000
Operating Lease Commitments in Respect of Land, Buildings and Equipment on Leases Expiring:		
Within One Year	118	118
Between Two and Five Years	193	310
Over Five Years	0	0
	<u>311</u>	<u>428</u>

33. ACCESS FUNDS

	Consolidated and University	
	2014/15	2013/14
	£'000	£'000
Balance Unspent as at 1 August	19	20
Funding Council Grants	0	630
Interest Earned	0	1
	<u>19</u>	<u>651</u>
Disbursed to Students	19	(632)
	<u>0</u>	<u>19</u>

Funding Council Grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

In 2014/15 Access Fund grants ceased to be available from the Higher Education Funding Council for England. The University now makes funds available from its own resources; however, these are accounted for as expenditure.

NOTES TO THE ACCOUNTS**34. TEACHER TRAINING BURSARIES**

	Consolidated and University	
	2014/15	2013/14
	£'000	£'000
Balance Unspent as at 1 August	351	275
Funding Council/Agency Grants	2,087	1,702
	<hr/>	<hr/>
Disbursed to Students	2,438 (2,197)	1,977 (1,626)
	<hr/>	<hr/>
Balance Unspent as at 31 July	241	351
	<hr/>	<hr/>

The University acts only as a paying agent for these bursaries received from Funding Council and NCTL. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

35. LINKED CHARITIES

On 1st June 2010, HEFCE became principal regulator of English higher education institutions (HEIs) that are exempt charities. HEFCE's remit extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph 28 of Schedule 3 of the Charities Act 2011. HEFCE's accounts direction requires disclosure of details of linked charities within the accounts of the parent HEI.

The Education Central Multi-Academy Trust (ECMAT) is a wholly-owned subsidiary of the University of Wolverhampton Social Enterprises Limited. ECMAT is an exempt charitable company limited by guarantee. ECMAT exists primarily to advance for the public benefit education by establishing, carrying on, managing and developing schools offering a broad and balanced curriculum. It also aims to provide recreational facilities to the inhabitants of Wolverhampton and Birmingham, and the surrounding area.

ECMAT's financial year runs from 1st September to 31st August. At the time the University's accounts were approved, ECMAT's accounts for 2014/15 had yet to be finalised. The figures shown below are in draft.

	Opening			Assets	Liabilities	
	balance	Income	Expenditure	brought in	brought in	Closing
	£'000	£'000	£'000	on	on	balance
				conversion	conversion	£'000
ECMAT	57,126	37,553	(39,717)	31,577	(3,573)	82,966