



# **Report and Financial Statements**

**For the Year Ended 31 July 2011**

**2010-2011**

# UNIVERSITY OF WOLVERHAMPTON

## CONTENTS

	<b>Page</b>
Board of Governors	1
Statement of Primary Responsibilities of the Board of Governors	2
Report of the Board of Governors	3
Public Benefit Statement	18
Corporate Governance Statement	20
Statement of the Board of Governors' Responsibilities	23
Independent Auditors' Report to the Board of Governors	24
Statement of Principal Accounting Policies	26
Consolidated Income and Expenditure Account	30
Consolidated Statement of Historical Cost Surpluses and Deficits	31
Statement of Total Recognised Gains and Losses	32
Balance Sheet	33
Consolidated Cash Flow Statement	35
Notes to the Accounts	36

**THE UNIVERSITY OF WOLVERHAMPTON**

**CHANCELLOR**

The Lord Paul of Marylebone

**BOARD OF GOVERNORS**

**Membership**

**Independent Members:** Ms K Copestake  
Mr M Elliott (Chair)  
Ms K Gee (Deputy Chair)  
Mr I Hyde  
Dr J Johnson  
Cllr K S Sahota  
Mr J Sharp  
Mr S Towe CBE  
Dr S Walford  
Mr J Wooldridge CBE (retired March 2011)

**Co-opted Members:** Ms C Burgher  
Prof M Chambers  
Mr J Chorley  
Ms L Cutting  
Ms A Kimbley

**Vice-Chancellor:** Professor C V Gipps

**Academic Board Nominee Members:**

Dr B Conway  
Mr J Pymm (from March 2011)

**Student Nominee Member:**

Mr K Harris

**Clerk to the Board of Governors:**

Mr A W Lee

**Bankers**

Barclays Bank PLC  
Queens Square  
Wolverhampton  
WV1 1TE

**Internal Auditors**

RSM Tenon  
5, Ridge House  
Ridge House Drive  
Stoke on Trent  
ST1 5SJ

**External Auditors**

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

## **Statement of Primary Responsibilities**

The principal responsibilities of the Board of Governors of the University of Wolverhampton are set out in the Instrument and Articles of Government which are published on the website [www.wlv.ac.uk](http://www.wlv.ac.uk) but in accordance with the Committee of University Chairs (CUC) Model Statement of Primary Responsibilities may be summarised as follows:-

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 delegate authority to the Vice-Chancellor as head of the institution and as accountable officer, 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.
3. 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.
4. To ensure 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.
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 higher education 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 University'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 the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.
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 i-CD Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in Wolverhampton Science Park Limited. The University has a 33.33% share in Unibyte Ltd, a 5% share in Flyte Ltd and a 32% share in Equiami Ltd, but these results are not consolidated on the grounds of materiality.

The subsidiaries undertake activities including training, courses, research, testing, consultancy and property development 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

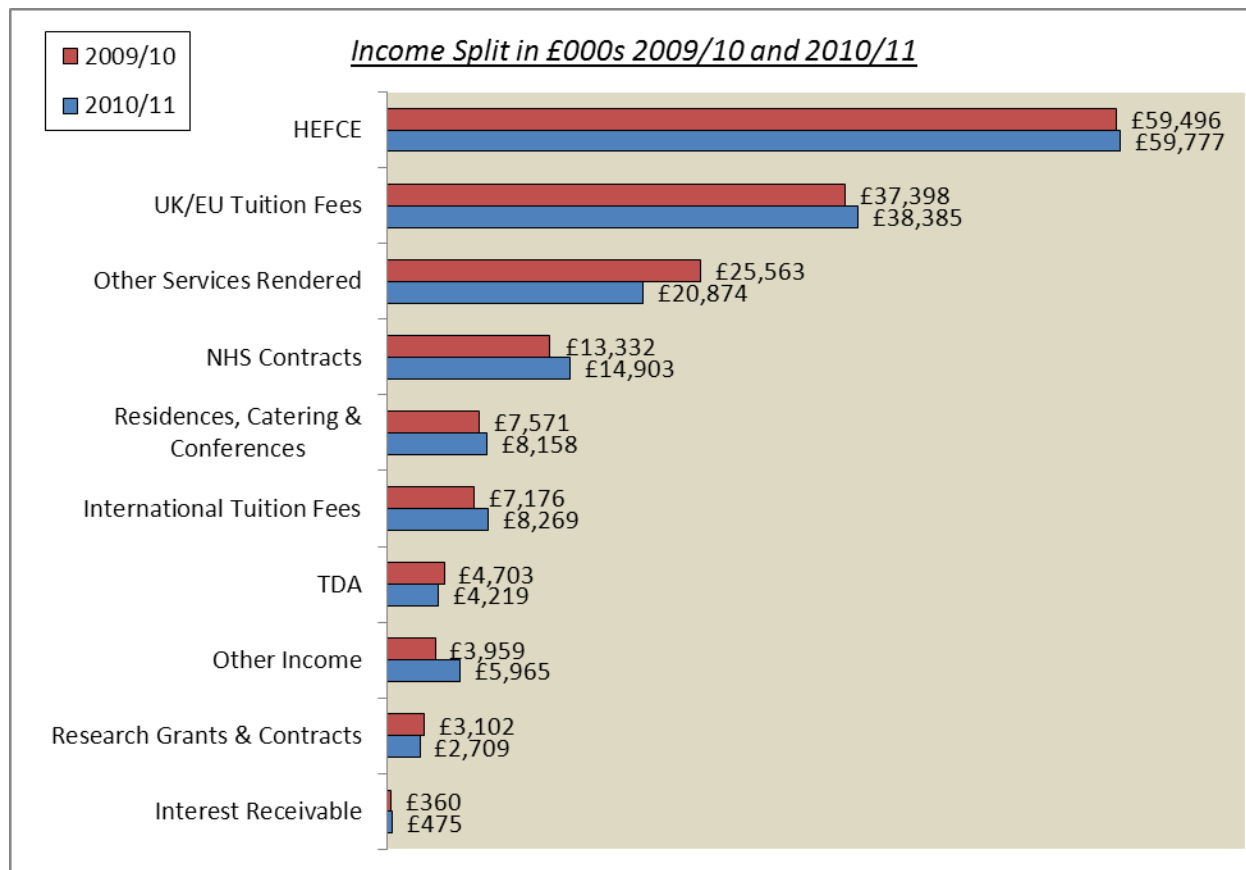
The University's Consolidated Income and Expenditure position for the year to 31 July 2011 is summarised as follows:

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>
Income	163,734	162,660
Expenditure	(150,848)	(158,165)
Exceptional Restructuring Costs	(924)	(5,151)
	<hr/>	<hr/>
Surplus/(Deficit) after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	11,962	(656)
Taxation	0	0
	<hr/>	<hr/>
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	11,962	(656)
	<hr/>	<hr/>
Surplus for the year on a Historical Cost Basis	13,814	1,000
	<hr/>	<hr/>

The University's Consolidated Income and Expenditure position for the year to 31 July 2011 shows a surplus of £13.8M on an historical cost basis.

## INCOME

Income has grown to £163.7M, a small overall increase compared to 2009/10. A breakdown of income is shown in the diagram below:



HEFCE income has remained relatively static, with a small increase of £0.3M equivalent to 0.5% of total HEFCE income. The University successfully bid for additional students under the University Modernisation Fund (UMF). Total funding of £3.6M was received for one year only, with one-third of the money funding the students' first year at University and the other two-thirds available to spend on creating efficiency savings. The University has made some provision for holdback on this funding, but will be discussing the overall position with HEFCE before agreeing final holdback amounts. Following receipt of the funding letter for 2011/12 from the Department of Business, Innovation and Skills (BIS), HEFCE announced cuts to the level of recurrent funding for teaching and research in universities. Because of the four-month overlap between the Government's 2011/12 fiscal year and the University's 2010/11 financial year, part of this cut fell on already announced allocations for the current year. HEFCE reduced all recurrent teaching grants, except widening participation and the improving retention element of the teaching enhancement and student support grant streams, by 2.8%. Research funding has been cut by 1.7%. The total reduction in 2010/11 HEFCE funding to the University was 1.31M, equating to 2.4% of overall teaching and research grant. Core recurrent teaching funding for the year was increased by 1.25%, less than the Government's revised inflation figure of 2 per cent, so representing a real terms reduction 0.75%. The University also experienced cuts in targeted allocations amounting to £0.19M.

Overall tuition fee income rose by £3.7M to £61.6M, following robust growth in the previous year. Fee income from Full Time Home/EU students remained relatively static, growing by £0.4M or 1.1%, slightly below the level of fee increases. Tuition fees from overseas students rose by £1.1M, some 15% higher than 2009/10, and continue to provide an important source of income which is not constrained by caps on recruitment. Despite a fall in part time student numbers, fee income from this source rose slightly as a result of the University's decision to continue to increase fee levels to a more economically sustainable position. The level of franchised provision continues to grow, showing an 11% increase over 2009/10. NHS contract

income experienced a second year of strong growth, rising by nearly 12% in 2010/11. This was due to improvements in student attrition rates, increases in benchmark prices, and the result of additional payments for meeting quality targets.

Externally funded project income fell by £4.7M during the year, mainly due to a small number of high turnover projects coming to an end. This has been matched by a reduction in pay and non-pay costs. Income from residences and catering operations rose to £8.2M reflecting slightly better levels of occupancy in student residences. Investment income increased marginally by £0.1M, and continues to remain at low levels despite increasing cash balances following the Bank of England's decision to hold base rates at historically low levels.

## EXPENDITURE

The main area of expenditure, salaries and wages, fell by 6.1% to £86.3M excluding restructuring costs. Following significant pay increases in the three year period 2006 to 2009, smaller rises have been agreed for the last two years: 0.5% in 2009/10 and 0.4% in 2010/11. The University carried out a repositioning exercise in 2008/09 that resulted in 167 staff leaving the University through voluntary redundancy at a cost of £5.2M. The full year effect of these redundancies, combined with a smaller programme of voluntary redundancies costing £0.9M during 2010/11 and continuing stringent post control procedures, has resulted in a fall in pay costs to more sustainable levels.

In 2010/11, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £1.5M to pay costs (2009/10: £1.3M). A further £1.8M (2009/10: £3.0M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £3.3M, a decrease of £1.0M over 2009/10. The overall decrease in pension costs has arisen primarily as a result of a fall in the assumed rate of future salary increases from 3.8% to 3.0% to reflect the move from RPI to CPI as the basis of pension increases, and a fall in total scheme membership due to redundancies, offset by a fall in the discount rate from 6.3% p.a. to 5.5% p.a. The assumed life expectancy of scheme members has also risen.

Other expenses have fallen to £53.4M from £54.0M on the back of a £1.0M fall in partner and consultancy payments caused primarily by the fall in total project income. Payments to partner colleges for franchised provision also fell slightly. Repairs and maintenance expenditure increased by £1.1M as the University continued to spend on ensuring the quality of the built environment.

Depreciation includes impairment costs of £0.8M arising from the current low levels of occupancy of some of the blocks of residences at Telford.

## Statement of Total Recognised Gains and Losses

The government announced on 8 July 2010 that they will in future use the Consumer Prices Index ("CPI") for future increases in public sector pension schemes rather than, as previously, the Retail Price Index (RPI). For its 2009/10 accounts, the University considered the LGPS (West Midlands Metropolitan Authorities Pension Fund) scheme rules and associated members' literature and concluded that a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). For the 2011 year end, the assumption for future pension increases continues to be based on assumed CPI inflation.

The Urgent Issues Task Force (UITF) has considered the accounting treatment of this change and has produced UITF Abstract 48 "accounting implications of the replacement of the retail prices index with the consumer prices index for retirement benefits". They conclude that "the presentation of a reduction in Scheme liabilities is dependent on whether the obligation is to pay benefits with increases based on RPI, or more generally with inflation-linked increases". The University has reviewed this UITF Abstract together with Scheme rules and communications issued to Scheme members. The University has concluded that no valid expectation of RPI-based increases existed in the minds of members, and that no constructive obligation therefore existed. On this basis, no change has been made to 2009/10 figures.

## Cash Flow

The consolidated Cash Flow Statement shows a net decrease in cash of £17.7M. This reduction is primarily caused by the movement of cash into deposits of £22.9M. Overall cashflow from operating activities was £21.9M. The University made total payments in the year on fixed assets of £15.1M, primarily on the new Performance Hub on the Walsall Campus. Capital grant towards the construction of this building was mainly received in 2009/10. The University's overall funding position remains strong with net funds in the year increasing by £6.5M to £43.3M.

## Key Future Financial Issues

Recent demand for places in higher education has been buoyant, and the University has recruited well during 2009/10, 2010/11 and 2011/12. From 2012/13, overall funding from HEFCE will fall to a fraction of the current level, with the loss in funding being offset by tuition fee income tied directly to the recruitment and retention of full time home students. Controls on the total number of new students that can be recruited will remain in place, but the University's share of these students is currently uncertain. Core student numbers are expected to fall and the University will have to bid for additional numbers. Furthermore, demand for places is uncertain as students react to higher fees and the implications of the new student finance arrangements.

There is also uncertainty surrounding the future direction of funding for teacher training. Furthermore, recent reductions in contract numbers on pre-registration NHS courses will begin to impact on total income from this source from 2012/13.

Student number restrictions do not currently apply to part-time and international students, and the University is actively pursuing growth in these areas. Proposals to extend student support to part-time students may increase part-time demand in and beyond 2012/13; however, increased competition in the international market in the medium term may impact on University plans.

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.

Pay rises in 2009/10 and 2010/11 were limited to 0.5% and 0.4% respectively. The proposal for 2011/12 is flat rate rise of £100 on all spinal points which is equivalent to 0.32% on the overall pay bill. Government proposals for a freeze on public sector pay do not directly apply to HE staff, but the overall climate of cuts to public funding means that control of pay costs is a critical factor in limiting financial risk going forward.

The overall impact of FRS17 and enhanced pension costs has decreased in both 2009/10 and 2010/11, and the move to link pension increases to CPI should cause a fall in future adjustments. In the long run, pension costs remain an area of financial exposure. Government policy in this area is to reduce the cost of public sector pensions to the public purse; however, opposition to changes from public sector unions remains strong.

The University has entered into electricity and gas contracts which fix prices for the life of these contracts. However, evidence suggests that energy costs are likely to rise and this will impact beyond 2010/11 as these contracts come up for renewal. To offset this, the University is actively seeking to reduce usage through a comprehensive Carbon Management Plan developed in conjunction with the Carbon Trust.



## The Student Experience

In the last twelve months the student experience and higher education have filled newspapers and made headlines as the Government has announced its planned changes for the national higher education sector. While there has been a focus on fees and funding, the Government White paper seeks to put “students at the heart of the system”, in all aspects of their experience. In another twelve months we will be at the beginning of a new system of fees and funding where our previous efforts over a number of years to invest in the student experience will have been of great benefit.

Over the last twelve months we have experienced the first full year of the new undergraduate curriculum and we have continued in this way to review the postgraduate-taught curriculum to achieve the same benefits in improved student support, flexibility and content that is focussed on employment outcomes.

### ***The new curriculum is:***

- *More flexible and focussed on student needs and demands;*
- *Improved to provide a clearer course structure with more core modules to help guide students' studies;*
- *Designed to offer all students the opportunity to participate in volunteering, a work placement or other relevant experience;*
- *Designed to distribute assessments more evenly across the academic year;*
- *Supported and delivered through consistently good teaching and underpinned by effective, high quality resources.*

In developing the new curriculum structure the University is aiming to promote the distinctiveness of Wolverhampton graduates as they enter or return to employment, or as they seek to develop their careers, through three graduate attributes:

- *Digitally Literate*
- *Knowledgeable and Enterprising*
- *Global Citizens*

Students from the University's Business School have benefitted from a relocation to the Wolverhampton City Campus and all students have benefitted from significant investment in our IT provision – 200+ new PC's in the MI Building and more recently, improvements to the student desktop, e-mail services and greater access to specialist software. We have invested in a new fleet of free shuttle buses to maintain the free service for students travelling between campuses, and in response to student feedback we have reorganised bus routes and timetables to improve the service overall.

The University carefully collects, reviews and acts on student feedback as a joint effort on the part of the whole university community to drive continuous improvement. Central to this activity is our relationship with the Students' Union, who act as partners, with the University, in developing the student experience. In September 2010 the new Ambika Paul Student Union Centre was opened, offering a new type of social space for students at the City Campus. The impact of this new environment for the Students' Union has been overwhelmingly positive with significant increases in foot traffic and activity. In the year ahead we are planning to open a new Students' Union Centre at the Walsall Campus to add to the additional “Go Lounge” social space opened at Walsall this year.

In addition to our own Internal Student Satisfaction Survey (which reaches students not in their final year), the National Student Survey of final year students at every higher education institution in England is the most well-known and widely reported measure of “student satisfaction” by institution.

**National Student Survey Headline Results 2011.**

<b>CATEGORY OF QUESTION</b>	<b>University of Wolverhampton 2010 % Satisfaction</b>	<b>University of Wolverhampton 2011 % Satisfaction</b>	
<b>The teaching on my course</b>	79%	<b>79%</b>	(-)
<b>Assessment &amp; Feedback</b>	65%	<b>67%</b>	(+2)
<b>Academic Support</b>	70%	<b>70%</b>	(-)
<b>Organisation &amp; Management</b>	69%	<b>68%</b>	(-1)
<b>Learning Resources</b>	84%	<b>85%</b>	(+1)
<b>Personal Development</b>	78%	<b>80%</b>	(+2)
<b>Overall Satisfaction</b>	78%	<b>77%</b>	(-1)

Improvements in areas of assessment and feedback and, in particular, personal development (confidence and communication skills) are to be celebrated, although the static position of the results for “The teaching on my course” and a marginal decline in satisfaction levels for “organisation and management” and “overall satisfaction” are cause for concern. The issues that underpin each category are currently being carefully examined across the University to ensure an improved position in the next year.

The quality of our learning resources (learning centres and information technology) continues to be rated highly by our students – 85% (up 1%) – which compares well to an average across the sector of 80%. This is before unveiling to new students the developments in the Harrison Learning Centre at City Campus and the new Performance Hub at Walsall Campus.

The next twelve months will be critical for the University, as for all in the sector, in advancing our preparations for the new, and still emerging, landscape of September 2012. We are well prepared for the future as it is not only students post 2012 that will have high expectations; our current students have high expectations too.

**Student Numbers**

In 2010/11 the University enrolled 22,692 students (2009/10 23,769), comprising 14,713 full time and sandwich students (2009/10 14,853) and 7,979 part time students (2009/10 8,916). 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 2010/11.

<b>Home, EU and Overseas numbers</b>	<b>2010/11</b>	<b>2009/10</b>
Home	18,948	19,920
EU	1,132	1,228
Overseas	2,612	2,621
<b>Grand Total</b>	<b>22,692</b>	<b>23,769</b>

<b>Level of Study</b>	<b>2010/11</b>	<b>2009/10</b>
Foundation	1,085	1,093
Undergraduate	17,342	18,514
Postgraduate taught	4,020	3,929
Postgraduate research	245	233
<b>Grand Total</b>	<b>22,692</b>	<b>23,769</b>

Mode disaggregated by School	2010/11		
	Full Time & Sandwich	Part Time	Total
Art & Design	1,133	229	<b>1,362</b>
Law, Social Sciences & Communications	2,566	829	<b>3,395</b>
Wolverhampton Business School	1,418	847	<b>2,265</b>
Applied Sciences	1,576	463	<b>2,039</b>
Technology	2,358	1,411	<b>3,769</b>
Education	1,232	2,538	<b>3,770</b>
Sports, Performing Arts & Leisure	1,698	188	<b>1,886</b>
Health	2,732	1,474	<b>4,206</b>
<b>Grand Total</b>	14,713	7,979	<b>22,692</b>

### Capital Investments

The University has developed and adopted the Estates Strategy dated 4<sup>th</sup> November 2010. This is underpinned by alignment to strategic objectives, sound financial planning and an explicit delivery programme. The physical appearance of the University's campuses and the manner in which they support the learning and working environment together with the overall experience for the students, staff and visitors, sends a powerful message about aspiration and achievement. In recognising this, the University seeks to create an environment which is welcoming, secure, supportive and sustainable, and provides a range of innovative spaces appropriate for delivering and experiencing modern higher education, thereby creating a positive learning and versatile/democratic working and social interaction environment.

The University is committed to maintain and improve the quality of its physical estate, provide sustainable facilities to support the increased use of technology for teaching and learning, and promote 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 will be provided through the use of appropriate information technology based on a resilient infrastructure.

Indicators of Success will include:

- A fit for purpose University estate;
- Excellent and well-used Learning Centres and IT facilities for students and staff;
- Improved energy efficiency and waste recycling.
- Positive feedback from recognised survey data, such as NSS and Green League etc.

Thus far the University has made huge strides towards the consolidation of its estate, this can be demonstrated by the strategic withdrawal from Compton Campus, leased properties and a structured approach towards the reduction of the backlog maintenance, with a focus on legislative compliance issues, followed by condition. The University continues to monitor the efficiency of space utilisation and is taking action to improve performance in those areas where current utilisation is poor.

The consolidation of the City campus following the relocation of the University of Wolverhampton Business School has specifically resulted in the University planning a strategic withdrawal from the Compton and the repurposing of space at the Telford campus.

The University may seek to acquire strategically located buildings and land, to relocate activities but will in general redevelop existing sites more intensively where property on those sites have reached the end of their physical and economic life.

All Health & Safety, statutory and regulatory requirements will be met through a programme of works which will be reviewed in the light of new legislation.

A planned programme of capital works, refurbishment and long term maintenance works will be drawn up and reviewed in the light of the Condition and Legislative Compliance Survey, prevailing economic circumstances and affordability.

The University will retain flexibility to respond to changes in academic, support and social facilities to support University plans and a changing Higher Education environment.

Emphasis will be placed on good space management with a view to reducing the overall buildings footprint and generating better space utilisation. The analysis of space will continue and the Space Assessment Model will be adopted to strategically manage space and its allocation, with a view to driving down operational costs.

The University will execute the Carbon Management Plan to meet ambitious carbon reduction targets.

Sustainability will be a key feature of estates developments in line with the University's goal on Environmental Sustainability.

The current economic climate will present challenging financial pressures and in the light the recent Government Comprehensive Spending Review (CSR) and uncertainty, an implementation programme of future projects under consideration must be supported by a robust business plan with a benefits programme. The University of Wolverhampton will need to remain agile and remain flexible and therefore the Estates Strategy will be refreshed and reviewed when the funding climate becomes clearer.

The key capital development recently completed is the Performance Hub on the Walsall Campus. This new building accommodates both performing arts and a learning resource centre. At a cost of £18M, the project was completed in September 2011 for the start of the current academic year.

Further capital developments completed in the last year include:

Walsall Campus:

- WS Building - Remodelling a former dance studio for the Students Union

Telford Campus:

- The Visualisation and Communication Centre has achieved practical completion, further testing and commissioning of remote nodes is in progress and a training has been drawn up for implementation in October 2011.
- Refurbishment of the existing dining facilities

City Campus:

- MG building demolition and formation of expanded temporary car park for the South Campus
- SAS Relocation from the Molineux (MM Building) to MA Building - the withdrawal from MM Building was actioned through the operation of a break clause in the lease on 3<sup>rd</sup> October 2011. The dilapidations on MM Building have been concluded through a Deed of Surrender.
- Science Centre Feasibility and Masterplanning Study has commenced.
- Harrison Learning Centre Ground Floor Remodelling, including Student Here2Help facilities and relocation of the Legal Practice Course resource rooms from Wolverhampton Science Park.
- Faith Facilities (ML Building) - design in progress.

Wolverhampton Science Park:

- Feasibility study for the second Visualisation and Communications Centre is being undertaken.

General:

- Improvements to teaching, computing facilities, social leaning spaces and catering facilities in MA, MB, MX and WP Buildings have all been completed.

- Security improvements around student residences and various landscaping improvements are nearing completion to enhance the student experience.
- City North CHP pipe work infrastructure in progress, CHP completion scheduled for 30th May 2012, which is part of the carbon management programme.

For each of these projects an options and appraisals report will be undertaken and subjected to the provision of a robust business case with particular reference to alignment with the institution's strategic objectives and plans, affordability and risk management. Consideration will be given to the condition of the existing building stock and maintaining the existing estate.

### **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.

### **Sustainability and 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 has developed a Sustainability and Environment Policy and an environmental management system that will embed the principles of sustainable and environmental development in its values, strategies, operations and organisational learning.

As part of this process, the University has developed a series of objectives and targets in the areas of energy and emissions, waste, construction, travel and behavioural change.

The University continues to successfully implement its Carbon Management Plan, set to achieve a 43% reduction in emissions by 2020 against a 2005 baseline figure. During the past year, the University has *exceeded* its carbon reduction targets through the delivery of its carbon management plan and continues to identify projects that will reduce its carbon emission, but also its annual spend on energy.

This year the University has completed a feasibility study on the installation of a Combined Heat and Power plant (CHP) on City South. The project has already been signed off and the energy and emission savings and benefits upon commissioning will show in 2012/13. A further feasibility study will now be undertaken for a CHP installation on City North.

As part of its awareness raising programme, the University have also joined the student switch off scheme which sets up competition between students in accommodation to compete to save the most energy. Typically these behaviour awareness programmes deliver an average saving of 8% energy usage within student accommodation. Additionally in association with the Students' Union, the University will be challenging students to take the 4 minute shower challenge by issuing Shower timers within accommodation and to install them within the sports centres.

The recent People and Planet Green League 2010 for Universities saw Wolverhampton jump up 46 places in the annual league table. This year, the University gained a 2:2 classification and was ranked in 80th place, compared to 126th in 2009.

The annual EMS return now includes the request for data on Environmental and Carbon Emissions including scope 1, 2 and 3, which reinforces HEFCE's commitment in respect of Sustainability and Environmental and alignment to the overall government agenda.

The University expects to strengthen its commitment to the Sustainability agenda through the development of its environmental profile by embedding sustainability into the curriculum and in all Estates Management projects. The proposed new Science Centre at City campus will be assessed for environmental impact with a view to being constructed as a demonstrator of sustainable excellence and what is achievable within the BREEAM standards, with a goal of excellent.

As the University embeds its commitment to sustainability and the environment into its operating culture, further budgetary commitment and investment from the university is necessary over the second five year period 2015/2020 and beyond.

### **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, 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 commitment to equality and diversity and its various policies and plans may be found at [www.wlv.ac.uk/edu](http://www.wlv.ac.uk/edu).

The University has an Equality and Diversity Unit to take forward its aims and objectives. The Unit's staff work closely with the Equality and Diversity Committee and other committees and schools and departments to encourage good practice and to deliver the outcomes of the University's current Strategic Objectives in the area of Equality and Diversity.

The University's new Strategic Plan will continue to incorporate consideration of equality and diversity issues.

## **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](http://www.wlv.ac.uk/edu).

It is the responsibility of the Board of Governors and the University Executive to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Committee that is responsible to the University Executive. 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 Schools 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 working 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 a comprehensive two-way communications strategy and employs a wide range of techniques to involve staff across the whole of the University.

Communications about policies, progress and events are delivered via both paper-based and electronic media. Open Meetings with the Vice-Chancellor and staff from each Campus also take place during the year. The University seeks views on a wide diversity of issues from its staff through participation on various committees and working groups.

The University has an extensive Corporate Staff Development Programme that provides and promotes a range of courses both at the University and at Partner Colleges.

The University held widespread consultations with disabled staff and students to comply with its duties under previous disability legislation and has continued to hold focus groups to review the progress of its policies and plans in respect of disability equality.

In addition the University has a disabled staff network, a Black and Minority Ethnic (BME) staff network, a Lesbian, Gay, Bisexual and Transgender (LGBT) staff network and a "Women in Research" network focussing on issues around these equality strands.

## Knowledge Transfer

The University of Wolverhampton is a major provider of Knowledge Transfer activities for business and the wider community, predominantly in the City and West Midlands but also nationally and internationally. It is at the forefront of the Higher Education sector in working with regional businesses securing first position in the West Midlands and first position in England for the number of Knowledge Transfer Partnerships it operates, often winning National and Regional awards for their impact to business. In addition, the University is engaged in promoting innovation and enterprise in the Black Country, Telford and Wrekin and Shropshire. It continues to lead the Wolverhampton Science Park as well as providing leadership for the other West Midlands Universities in the delivery of a range of regional collaborative projects such as the Classic Knowledge Transfer Partnership Programme and the West Midlands Centre for Constructing Excellence. The University also 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), a Creative Industries incubator (SP/ARK), a student placements programme for Entrepreneurs in Education (SPEED) and a Graduate Enterprise Department. The University's knowledge transfer and incubation activities are delivered primarily from the Wolverhampton Science Park and Telford Campus locations. This activity is being further strengthened through the creation of two Business Solution Centres, the first of which has already been established in Wolverhampton, with a second Centre at Telford due to open in early 2012. The Centres provide an opportunity for collaboration between local Councils, Colleges and business support agencies, providing a single point of access for business support.

In the past, the University of Wolverhampton has been particularly successful in attracting funding, both revenue and capital, from the Regional Development Agency and Government Office West Midlands (GOWM) to part fund many of these activities. These funding streams have reduced significantly or disappeared altogether over the past year, partly due to the recession and partly due to changing Government priorities. With the Regional Development Agency being abolished by spring 2012 and replaced by Local Enterprise Partnerships (LEPs), the University has been engaged in the creation of the LEPs in the Black Country and the Marches region and has representation on both Boards.

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. The major NHS contract for nursing education delivered in the School of Health and Wellbeing operated through the University of Wolverhampton Corporate Services Ltd in 2010/11, but will be handled through University from 2011/12.

Although the overall level of activity has continued to grow, all sectors are now beginning to show signs of slowdown. Although private sector activity has been slow for some time, the public sector and overseas activities have been compensating for it. However this is now likely to change as the UK public sector shows signs of the Government's funding cuts. National Health Service business has not yet been affected but is expected to slow down even in the Government's priority spending areas.

Whilst a number of existing projects will continue during 2011/12 as work-in-progress, it is expected that 2012/13 will see improving levels of private sector activity replacing reduced levels of public sector activity. In addition, the Higher Education sector will see traditional research income sources squeezed nationally providing an impetus to maximise the opportunity of research funding from Europe that is currently set to increase through established programmes. This includes significant elements of their Framework Programme (FP7/8) and niche areas associated with European Challenges that align with University expertise.

## Key Performance Indicators (KPIs)

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 22 KPIs as the means by which it monitors the overall health of the institution. These gauge performance in a range of areas including: student application, recruitment and retention; academic and research quality; financial health; 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

Following recommendations by auditors, the KPI Overview sheet summarising the status of the University KPIs now includes the direction of travel (improved, maintained or downgrading) of each KPI compared to the previous year.

Of the 22 KPIs, 9 have been reviewed and reported on during the year and a further 10 will be reported on to Governors in November. In general, the University has performed well on the majority of KPIs and has either improved or maintained good performance. Based upon the July Board of Governors agreed set of KPIs, of the 22 KPIs: 7 are high performing ("Good"); 6 are "satisfactory"; 4 are "room for improvement"; and 2 are "unsatisfactory".

From the KPIs presented at the July Board of Governors, 2 KPIs – Degree classifications and Retention and Progression - improved in their performance compared to the previous year. The University continues to invest significant effort in improving student retention and progression. There are a number of projects ongoing that aim to enhance the educational experience of students. The University Strategy for Learning & Teaching "aims to embed the quality, relevance, effectiveness and efficiency of our learning environments into the mainstream processes and procedures of University planning and implementation, so as to enhance the lives, the educational experience and employability of our students."

In those areas where less than satisfactory performance has been reported, the University is committed to taking action where possible to make the necessary improvements.

- The University continues to invest significant sums to improve the functional suitability and utilisation of the estate with funding being allocated through the Executive planning round in March 2011. 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 and functionally unsuitable teaching accommodation. Frequency and Occupancy Rates both increased each year between 2005/6 and 2008/09, remaining static between 2008/09 and 2009/10. Space utilisation remains a high priority for the University, with PVC Student Affairs chairing a regular Timetabling Group meeting to identify strategic and operational areas for improvement. The University is introducing space charging to encourage better utilisation of university 'bookable' space. The anticipated consolidation of the estate (through the sale of Compton campus) is also expected to have an impact in the long term upon the Space Utilisation KPI.
- The University is committed to maintaining and enhancing the diversity of student and staff populations. The University has an Equality and Diversity Unit that puts in place policies and plans to fulfill the positive duty to promote equal opportunities and to take active steps to prevent discrimination occurring. Equality and diversity issues are included in school and department plans that are produced annually.

## **Risk Management**

Following a review of the Risk Management process last year, the University has introduced a revised risk management process aligned to the submission of annual School/Department plans. The integration of the Risk Management process into the newly developed University Annual Planning process has been well received and further assists in embedding the Risk Management process within the organisation.

The University Risk Register has been maintained throughout the year, the risk register contains 21 high level risks which link to the corporate strategic objectives and KPIs. The risk areas cover: recruitment and retention of students and staff, changes in government policy, health and safety, business continuity and emergency planning, The Risk Register is updated regularly and reported to Executive and Audit Committee.

Key developments during the year have been in the following areas:

- The Strategic Planning Officer and Risk and Business Continuity Officer have conducted follow up meetings with Deans and Directors/Department Heads for the purpose of monitoring and continuous improvement of the risk and planning processes;
- The University Business Continuity Steering Group has developed and launched the University Major Incident Plan;
- A desk top exercise was conducted with the Gold team to test the plan;
- Work on business continuity planning is progressing;
- Schools and departments have submitted Annual Assurance Statements.

### **Current and Future Key Risks & Issues**

The Government White Paper 'Higher education: students at the heart of the system' set out proposals for reform of higher education in England. The Government's proposals on student funding will reduce direct Government funding for HE and replace this with student fees funded by subsidised Government loans. The overall fee level charged by institutions will rise to make up for the loss of grant funding. Coupled with these changes, some student numbers will be made available to direct competition, and the HE market will be opened up to new entrants such as further education colleges and private providers. There are a number of resulting areas of uncertainty going forward including:

- The level of core student numbers that the University will have allocated to it;
- To what extent overall student demand will be affected by the rise in tuition fees;
- To what extent price will be a determinant in dictating demand and whether students will look for lower price alternatives at home and abroad;
- The level of new entrants into the HE market for various subject areas, and what fee level will be sustainable.

There is also uncertainty surrounding the future direction of funding for teacher training, and the level of contract numbers on pre-registration NHS courses in the medium term.

The current difficult economic conditions increase pressure on the University in a number of key areas. The economy has moved out of recession but the recovery is fragile and it is possible that reduced economic activity and pressure on disposable incomes will adversely impact on demand from new and existing customers. Non-pay inflation is currently at high levels, and there are significant risks of cost increases for the supply of energy in the short to medium term.

Taken together, these risks could have a significant impact on the position of University finances. The balance sheet remains strong and the University's previous action to re-balance income and expenditure has resulted in a healthy surplus from 2010/11 trading. However, the proposed changes to HE funding will mean that controlling expenditure remains a key concern.

In the wake of the significant reduction in staffing levels following the repositioning exercise, University management are cognisant of the need to ensure resilience and maintain staff wellbeing. A number of initiatives are underway in this area.

## **Conclusion**

The results paint a picture of a financially successful year for the University of Wolverhampton. University income has increased slightly overall and student demand has remained buoyant for 2011/12. Furthermore, pay costs have fallen due to the full year impact of the recent repositioning exercise, and there was a decrease in the additional cost of FRS17 pension adjustments. The overall result moved from a small loss in 2009/10 to a significant surplus in 2010/11. Trading continues to generate significant positive cash balances.

The impact of the Government's changes to higher education funding is uncertain and the position from 2012/13 onwards will be challenging. 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 24<sup>th</sup> November 2011 and signed on its behalf by:

M.Elliott

Chairman of the Board of Governors

## **PUBLIC BENEFIT STATEMENT**

### **The University as a Charity**

From its incorporation in 1988, the University of Wolverhampton has been an Exempt Charity at Law and since its earliest days in the mid-19th Century, the University and its forebears have had a purpose to provide the benefits of further and higher education to as many people in the community having the motivation and academic ability to do well. The provision of such opportunities overall has public benefit in terms of contributing to the economic and social well-being of all the communities the University serves both regionally, nationally and internationally.

The Charities Act 2006 requires charities to include in their Financial Statements a report of the public benefits derived from its activities. The trustees of the University are the members of the Board of Governors shown on page 1. In setting and reviewing the University's objectives and activities, The Board has had due regard to the Charity Commission's guidance on the reporting of public benefit.

The University of Wolverhampton is a Higher Education Corporation incorporated under the provision of the Education Reform Act 1988. Section 124 of the Act confers the powers of the University to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of those powers. In setting the character and mission of the University of Wolverhampton within those powers, the Board of Governors has adopted the following mission statement.

"We are a learning community promoting excellence, innovation and creativity. We are committed to being:

- An agent for social inclusion and social change
- An arena for the development of ideas and critical thinking
- A strategic force driving educational and cultural strategy for the City and the region
- An educational hub supporting the economy through employment, entrepreneurship, creativity, knowledge transfer, research and development.

Through knowledge, innovation and enterprise we aim to transform the lives of those who engage with us."

The Public Benefit derived from the mission may be summarised as follows, although these are illustrative examples and not an exhaustive list. Readers who seek further information on any aspect of the University's mission are invited to visit the University of Wolverhampton website at [www.wlv.ac.uk](http://www.wlv.ac.uk).

### **Social Inclusion and Social Change**

The University aims to deliver this part of its mission through the development of a course portfolio that equips students with knowledge and skills that are not only relevant to their subject of study, but which provide Graduate Attributes (being digitally literate, knowledgeable, enterprising global citizens). The University aims to develop a lifelong relationship with its graduates, responding to their lifelong learning and professional development needs to the benefit of the Graduates themselves, as well as their employers and the community at large.

Students/Graduates and Staff are encouraged to become positive contributors to the communities in which they belong and an ethos of active volunteering is both encouraged and is an ever expanding facet of the University learning experience.

While the resources in terms of tuition fees and other sources of income listed in our accounts are vital to the delivery of our mission, the University is ever mindful that its mission of social inclusion must be based on providing an equality of opportunity for all those with a motivation and academic ability to make best use of the life enhancing opportunities the University offers, irrespective of the social, ethnic, cultural or economic background of applicants. Widening Participation is also central to the delivery of the mission, as are our schemes to provide bursary support towards the cost of studying at Wolverhampton for those of limited means as well as the emergency and hardship funds that are disbursed to address social inclusivity and hopefully assist students 'in necessitous circumstances' to achieve their study aspirations and vocational outcomes.

In terms of social change, the University conducts its research objectives in selected areas in a user-led collaborative way aimed at maximising the societal impact of our research outcomes.

We aim to contribute to economic development and wealth generation in the development and commercialisation of innovative products, processes and services, as well as making our advice and expertise accessible and affordable to the business community. We also aim to forge and develop firm and long-lasting business relationships.

The University plays a leading role in the economic prosperity of the region by encouraging the creation of graduate start-up businesses in the University's incubator facilities and elsewhere as well as assistance given to encourage entrepreneurship and enhance business competitiveness in the rapidly changing global economy.

### **Development of Ideas and Critical Thinking**

The University of Wolverhampton recognises that the intellectual capital it holds or has an interest in - whether vested in its staff, students, graduates or business associates - is of critical importance to the benefit of society as a whole. Its value however, is maintained only if there is a corporate encouragement and challenge to its members to constantly review, refresh and develop ideas and to be open to constructive critical thinking. The development of our course portfolios; the learning and teaching methods we employ and the learning resources and information and communication technologies we invest in are provided to students and others with a view to the constant development of ideas and critical thinking which can only be of benefit to society at large.

### **A force for driving educational and cultural strategy for the City and the Region.**

The University is committed to having a student body that is balanced and diverse in terms of background and experience drawn from the Region, nationally and internationally with all the educational and cultural benefits that such diversity brings.

As part of our strategy for widening participation, we have made a clear commitment to ensuring that, as fees increase, students with genuine financial need are in receipt of good advice and appropriate financial assistance. Our aim is to ensure that no student has legitimate reason to be deterred from applying to Wolverhampton because of the costs of living and studying here. In 2009/10, the University disbursed over £3.2M in financial support for students from low-income groups, scholarships and bursaries. The University has a well-established programme of outreach activities designed to raise level of attainment, aspirations and applications among under-represented groups.

Once they are at the University, we are committed to ensuring that all our students benefit from an excellent teaching and learning experience as well as extra-curricular opportunities, including a range of community volunteering programmes, that enable students to develop as individuals and enhance future employability. We provide a range of student services to ensure student welfare and a successful passage through University life and beyond, including health advice, counselling, specialist provision for disabled students, sport and exercise facilities, careers, financial advice and support via the University of Wolverhampton Students' Union and the University Faith's Centre.

In the wide cultural context, the University both collectively and through the encouragement of societies and individual initiative seeks to play a very active role in the community it serves. For example, we run a successful small scale Theatre - the Arena Theatre, which compliments larger arts venues in the City; the field, pitch and track facilities we own as well as the indoor sport and fitness facilities are open to wider community use as are our learning centres (libraries). Though both staff and student representation on civic, voluntary, faith and cultural bodies, the University remains a key participant in the diverse cultural and community life of the City and the Region.

### **An Educational Hub supporting the economy through employee entrepreneurship creativity Knowledge Transfer research and development**

The University of Wolverhampton is recognised as one of the most entrepreneurial, business-facing Institutions in the region providing business support, consultancy, skills development and research, which contributes significantly to the economic regeneration and prosperity of those living and working within the West Midlands communities. The University is at the forefront in Knowledge Transfer Programmes - providing businesses with the opportunity to make best use of the skills of our graduates. We view graduate employability as a vital part of what we do, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of our region. The University also aims to offer

continuing professional development to businesses and individuals to maintain the competitive edge for the region in an internationally competitive and ever changing economy – seeking to secure and optimise the skills and opportunities for the communities we serve.

## **CORPORATE GOVERNANCE STATEMENT**

The University is committed to exhibiting best practice in all aspects of corporate governance which relate to a Higher Education Corporation and an exempt charity. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued in June 2008 in so far as it is applicable to a Higher Education Corporation. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Board of Governors, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector and it has complied throughout the year ended 31 July 2011.

### **The Governing Body**

The membership of the University's Board of Governors, the majority of which is non-executive, comprises independent, co-opted, staff and student members together with the Vice-Chancellor appointed in accordance with the University's Instrument of Government. The roles of the Chairman and Deputy Chairman 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) and the Articles of Government of the University, and under the Financial Memorandum with the HEFCE and the Funding Agreement with the TDA. 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 Executive 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 and has several committees, which include Audit Committee, Employment Policy and Finance Committee, Senior Posts Review Committee and Nominations Committee. All of these committees are formally constituted with Terms of Reference and are chaired by an independent member of the Board. In addition, the Articles of Government provide for matters of academic policy to be determined by the Academic Board. Three members of the governing body are also Academic Board members and a report of Academic Board business is provided to the Board of Governors throughout the year.

### **Appointments to the Governing Body**

The Nominations Committee considers and recommends nominations to fill vacancies in the independent and co-opted categories of Board membership.

### **Audit Committee**

The Audit Committee meets regularly throughout the year and has been granted plenary powers from the Board of Governors. 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. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and once a year the Committee meets with External Auditors on their own for independent discussions. The Audit Committee submits a formal Annual Report to the Board and the Vice-Chancellor as Accountable Officer and this annual report, once approved, is one of the documents that is submitted to HEFCE annually.

### **Employment Policy and Finance Committee**

The Employment Policy and Finance Committee has plenary 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. This Committee meets no fewer than three times a

year. A consequence of the quinquennial governance effectiveness review undertaken in the financial year is that from 2011/2012 the functions of this Committee will be subsumed within a newly created Finance and General Purposes Committee of the Board that will meet 6 times per year.

### **Senior Posts Review Committee**

The Senior Posts Review Committee also has plenary powers to consider and approve the grading, appraisal, pay and conditions, and service of the Vice-Chancellor and other designated senior post holders in conformance with good management practice and the requirements of the Financial Memorandum between the HEFCE and the University.

### **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 2010/2011, namely:

- a. an approved Risk Management Policy;
- b. a Risk Committee, with appropriate terms of reference, which normally meets 3 times a year;
- c. a ranked University Risk Register and local risk registers within Academic Schools and Service Departments; and
- d. an annual assurance report.

The process has been developed further during the course of the year in the following ways:

- a. the further development of local risk registers for almost all Academic Schools and Service Departments across the University;
- b. the procurement and deployment of specific risk management software to assist with the analysis and ranking of risks; and
- c. the identification of key risks by Executive 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, TDA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2011 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 has actively pursued a programme of cost reduction during recent years in order to maintain its cost base within current and forecast income levels. The University is budgeting for a modest surplus in 2011/12, and will continue to maintain downward pressure on pay and non-pay expenditure. Financial forecasts covering a 5 year period are produced for the Board at least twice a year, the latest in September 2011. The Board believe that, despite changes to student funding, future recruitment uncertainty and the general economic outlook, 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.

It is appropriate to note that on 31 July 2011 the end of the financial year Professor Caroline Gipps Vice-Chancellor retired. Professor Geoff Layer took up office of Vice Chancellor and Accountable Officer on 1st August 2011 and in the early months following his appointment he has directed the formulation of a new five-year strategic plan for the University. This responds to the significant changes and impact that are the result of Government policy towards higher education provision in England. This new Strategic Plan will be adopted by the Board of Governors on 24 November 2011 and will come into effect immediately thereafter. 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 Financial Memorandum agreed between the Higher Education Funding Council for England 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 cash flows 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 the HEFCE and the TDA are used only for the purpose for which they have been provided and in accordance with the Financial Memorandum between the HEFCE and the University and any other conditions which the HEFCE and the TDA 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 School, 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 mis-statement or loss. In 17 March 2005 the Board resolved to adopt the CUC Governance Code of Practice <http://www.shef.ac.uk/cuc/pubs/CUC-Summary-Guide-HEFCEFinal.pdf> and further resolved to undertake a full review of Governance effectiveness in accordance with the Code every four years.

## **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 2011 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 23 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. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the University's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

### **A Argyle**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 24 November 2011

## 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 22.

In these financial statements the following new standards have been adopted for the first time:

- FRS 30 'Heritage Assets; and
- Amendment to FRS 25 Financial Instruments: Presentation (Classification of rights issues).

The implementation of FRS 25 and FRS 30 have had no material effect on these financial statements.

### 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 2011. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited, UOW Properties Limited and i-CD Limited. The University of Wolverhampton Enterprise Limited has a majority share holding (81%) in Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in Wolverhampton Science Park amounted to £51,570 in 2010/2011 (£40,852 in 2009/2010). This has not been separately disclosed in the University's Consolidated Financial Statements. Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University. The University has a 33.33% share in Unibyte Ltd a company spun out in August 2005, a 32% holding in Equiami Ltd and a 5% holding in Flyte Ltd. These companies have not been consolidated on the basis of materiality.

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 TDA 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 twenty 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 £5,000 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, i-CD 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, in accordance with FRS 21, 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, asset arising from a past event.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 July 2011**

	Notes	2010/11 £'000	2009/10 £'000
<b>INCOME</b>			
Funding Council Grants	1	63,996	64,199
Academic Fees and Support Grants	2	61,557	57,906
Research Grants and Contracts	3	2,709	3,102
Other Operating Income	4	34,997	37,093
Endowment Income and Interest Receivable	5	475	360
		<hr/>	<hr/>
<b>Total Income</b>		163,734	162,660
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff Costs	6	86,298	91,885
Restructuring Costs	6	924	5,151
Other Operating Expenses	7	53,445	53,989
Depreciation	10	8,032	7,967
Interest Payable	8	3,073	4,324
		<hr/>	<hr/>
<b>Total Expenditure</b>		151,772	163,316
		<hr/>	<hr/>
Surplus/(Deficit) on Continuing Operations after Depreciation of Fixed Assets at Valuation and Before Tax		11,962	(656)
Taxation		0	0
Surplus/(Deficit) before Disposal of Fixed Assets		<hr/> 11,962	<hr/> (656)
Profit on Disposal of Fixed Assets		0	0
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		<hr/> 11,962	<hr/> (656)
Deficit for the Year Transferred from Accumulated Income in Endowment Funds		23	32
		<hr/>	<hr/>
Surplus/(Deficit) for the Year Retained Within General Reserves		<hr/> 11,985	<hr/> (624)
		<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 2011**

	<b>Notes</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Surplus/(Deficit) on Continuing Operations		11,962	(656)
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	1,852	1,656
		_____	_____
Historical Cost Surplus for the Year before Taxation		13,814	1,000
		=====	=====

**STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES****For the year ended 31 July 2011**

	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Surplus/(Deficit) on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	11,962	(656)
Actuarial Gain on Local Government Pension Fund	1,120	2,487
Actuarial Loss on Enhanced Pensions	0	(401)
New Endowments	15	36
Impairment of Fixed Asset to Revaluation Reserve	(268)	(185)
	<hr/>	<hr/>
Total Recognised Gains Relating to the Year	12,829	1,281
Reconciliation:		
Opening Reserves and Endowments	73,763	72,482
Total Recognised Gains Relating to the Period	12,829	1,281
	<hr/>	<hr/>
Closing Reserves and Endowments	<u>86,592</u>	<u>73,763</u>

## BALANCE SHEETS AS AT 31 JULY 2011

	Notes	Consolidated		University	
		2011 £'000	2010 £'000	2011 £'000	2010 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10&11	178,799	170,412	167,340	158,621
Investments	12	36	36	36	36
		<hr/>	<hr/>	<hr/>	<hr/>
		178,835	170,448	167,376	158,657
		<hr/>	<hr/>	<hr/>	<hr/>
<b>ENDOWMENT ASSET INVESTMENTS</b>	13	157	164	157	164
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Stock and Stores in Hand	14	147	110	110	110
Debtors	15	11,574	13,405	17,130	10,715
Investments		48,924	26,047	48,924	26,047
Cash at Bank and in Hand		17,259	34,946	11,252	36,366
		<hr/>	<hr/>	<hr/>	<hr/>
		77,904	74,508	77,416	73,238
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	33,248	42,021	31,458	38,348
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		44,656	32,487	45,958	34,890
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		223,648	203,099	213,491	193,711
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	21,194	24,108	18,046	20,655
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	4,942	6,950	4,942	6,950
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS excluding pension liability</b>		197,512	172,041	190,503	166,106
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PENSION LIABILITY</b>		52,162	50,386	52,162	50,386
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS including pension liability</b>		145,350	121,655	138,341	115,720
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2011**

	<b>Notes</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	24	21,928	10,858
Returns on Investments and Servicing of Finance	25	(911)	(1,228)
Capital Expenditure and Financial Investment	26	(14,483)	(428)
Management of Liquid Resources	27	(22,877)	263
Financing	28	(1,351)	841
		<hr/>	<hr/>
<b>(DECREASE)/INCREASE IN CASH IN THE YEAR</b>	29	<b>(17,694)</b>	<b>10,306</b>
		<hr/> <hr/>	<hr/> <hr/>
 <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT</b>			
(Decrease)/Increase in Cash in the Year	29	(17,694)	10,306
Increase/(Decrease) in Short Term Deposits	27	22,877	(263)
Repayment/(Addition) of Debt	28	1,351	(841)
		<hr/>	<hr/>
<b>Movement in Net Funds in the Year</b>	29	<b>6,534</b>	<b>9,202</b>
<b>Net Funds as at 1 August</b>	29	<b>36,815</b>	<b>27,613</b>
		<hr/>	<hr/>
<b>Net Funds as at 31 July</b>	29	<b>43,349</b>	<b>36,815</b>
		<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
<b>1. FUNDING COUNCIL GRANTS</b>		
<b>Recurrent Grants</b>		
HEFCE	54,441	54,666
TDA	2,865	3,180
<b>Specific Grants</b>		
HEFCE:		
Special Initiatives	4,389	3,988
TDA:		
Graduate Teacher Scheme	733	789
Other Special Initiatives	621	734
<b>Deferred Capital Grants Released in the Year</b>		
HEFCE:		
Buildings	945	838
Equipment	2	4
	<hr/>	<hr/>
	63,996	64,199
	<hr/>	<hr/>
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>		
Full-time UK and EU Students	32,735	32,377
Full-time Students Charged Overseas Fees	8,269	7,176
Part-time UK and EU Students	3,673	3,240
Franchised Courses	1,977	1,781
Education Contracts	14,903	13,332
	<hr/>	<hr/>
	61,557	57,906
	<hr/>	<hr/>
<b>3. RESEARCH GRANTS AND CONTRACTS</b>		
Research Council	536	917
UK Based Charities	302	258
Other Research Grants and Contracts	1,871	1,927
	<hr/>	<hr/>
	2,709	3,102
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>
<b>4. OTHER OPERATING INCOME</b>		
Residences, Catering and Conferences	8,158	7,571
Other Services Rendered	20,874	25,563
Released from Deferred Capital Grants	522	585
Other Income	5,443	3,374
	<hr/>	<hr/>
	34,997	37,093
	<hr/>	<hr/>
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>		
Transferred from Endowments	0	0
Other Investment Income	475	360
	<hr/>	<hr/>
	475	360
	<hr/>	<hr/>
<b>6. STAFF</b>		
Staff Costs:		
Wages and Salaries	70,888	75,634
Social Security Costs	5,675	6,041
Other Pension Costs (Including FRS 17 Adjustment)	9,735	10,210
Restructuring Costs Excluding Pension	835	3,551
Restructuring Costs Pension Element	89	1,600
	<hr/>	<hr/>
	87,222	97,036
	<hr/>	<hr/>
Emoluments of the Vice-Chancellor for the year to 31 July	250	235
	<hr/>	<hr/>

The emoluments of the Vice-Chancellor are shown inclusive of employer's pension contribution. The University's pension contributions to the Universities Superannuation Scheme are paid at the rate of 16% and amount to £34,192 (2009/10 £33,176).

	<b>Number</b>	<b>Number</b>
The full time equivalent number of staff employed on 31 July by major category:		
Academic	791	807
Technical, Administrative and Clerical	910	973
Other, including Manual	274	284
	<hr/>	<hr/>
	1,975	2,064
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

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

	2010/11	2009/10
£100,000 - £109,999	2	5
£110,000 - £119,999	1	2
£120,000 - £129,999	2	5
£130,000 - £139,999	0	2
£140,000 - £149,999	1	1
£150,000 - £159,999	0	1
£190,000 - £199,999	0	1

These numbers include staff whose pay exceeded £100,000 in the year due to payments from voluntary redundancy.

	2010/11 £'000	2009/10 £'000
<b>7. OTHER OPERATING EXPENSES</b>		
Residences, Catering and Conferences	1,059	1,117
Books and Consumables	3,268	2,885
Equipment	3,990	3,178
Printing and Stationery	1,464	1,828
Heat, Light, Water and Power	2,535	2,703
Repairs and General Maintenance	3,666	2,560
Long Term Maintenance	1,030	986
Grants to University of Wolverhampton Students' Union	803	804
Rents	1,261	1,410
Rates	884	832
Auditors' Remuneration	132	124
Auditors' Remuneration in Respect of Non-Audit Services	54	9
Equipment Operating Lease Rentals	31	36
Franchise Payments to Colleges	4,333	4,735
Staff Travel and Subsistence	1,833	1,665
Staff Recruitment Costs	245	147
Staff Development	1,240	1,214
Student Bursaries, Placements and Travel Costs	5,131	5,053
Partners and Consultancy	12,374	13,366
Telecommunications and Postage	815	755
Provision for Bad Debts	1,182	1,039
Cleaning Costs	669	675
Legal, Professional and Other	2,093	2,123
Insurance	471	385
Aim Higher	568	554
Publicity	1,015	880
Subscriptions	565	581
Other	734	2,345
	<hr/>	<hr/>
	53,445	53,989
	<hr/>	<hr/>

	2010/11 £'000	2009/10 £'000
Auditors remuneration includes:		
Auditors remuneration:		
- Financial statements audit	50	47
- Internal audit	82	77
Auditors remuneration in respect of non-audit services includes:		
- Financial statements audit – other services	54	9

Fees paid to external auditors for the audit of the University were £29,822 (2009/10: £27,439) including irrecoverable VAT.



**NOTES TO THE ACCOUNTS****Trustees**

No trustee has received any remuneration/waived payments from the University Group during the year (2009/10 Nil)

The total expenses paid to or on behalf of trustees was £1,655 (2009/10 £8,428). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**8. INTEREST PAYABLE**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan Not Wholly Repayable Within Five Years	1,265	1,323
Net Pension Interest Cost in respect of FRS17	1,559	2,722
Net Pension Interest Cost in respect of Enhanced Pensions	249	279
	<hr/>	<hr/>
	3,073	4,324
	<hr/>	<hr/>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	<b>Staff</b>		<b>Other</b>	<b>Interest</b>	
	<b>Costs</b>	<b>Dep'n</b>	<b>Operating</b>	<b>Payable</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>Expenses</b>	<b>£'000</b>	<b>£'000</b>
			<b>£'000</b>		<b>£'000</b>
Academic Departments	45,435		10,571		56,006
Academic Services	6,177		3,218		9,395
Research Grants and Contracts	1,795		742		2,537
Residences, Catering and Conferences	2,582		2,920		5,502
Premises	6,017		6,765		12,782
Administration	17,286		14,775		32,061
Other Expenses	7,930	8,032	14,454	3,073	33,489
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	87,222	8,032	53,445	3,073	151,772
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Depreciation Charge has been funded by:

Deferred Capital Grant	1,469
Revaluation Reserve Released	1,852
General Income	4,711
	<hr/>
	8,032
	<hr/>

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

	<b>Consolidated</b>			
	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation/Cost</b>				
At 1 August 2010				
Valuation	78,233	0	0	78,233
Cost	140,176	38,150	5,254	183,580
Additions at Cost	2,961	335	13,391	16,687
Transfers at Cost	2,224	0	(2,224)	0
Disposals at Cost	0	(266)	0	(266)
Impairment through Reserves	(268)	0	0	(268)
	-----	-----	-----	-----
At 31 July 2011				
Valuation	78,233	0	0	78,233
Cost	145,093	38,219	16,421	199,733
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 August 2010	54,627	36,774	0	91,401
Charge for Year	7,357	675	0	8,032
Eliminated on Disposal	0	(266)	0	(266)
	-----	-----	-----	-----
At 31 July 2011	61,984	37,183	0	99,167
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2011	161,342	1,036	16,421	178,799
	-----	-----	-----	-----
At 1 August 2010	163,782	1,376	5,254	170,412
	-----	-----	-----	-----
Inherited	29,781	0	0	29,781
Financed by Capital Grant	58,484	274	0	58,758
Other	73,077	762	16,421	90,260
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2011	161,342	1,036	16,421	178,799
	=====	=====	=====	=====

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.

Asset value has been reduced in 2010/11 by £268,000 for the impairment of part of the Telford Residences. There has also been an increase in depreciation released to Income and Expenditure of £767,000 in respect of Telford Residences. The decision to impair these assets follows a review of the value in use of these assets compared to the carrying value in the accounts. The value in use was established by projecting the cashflows of the income generating unit over a 30 year period and discounting back at a 3.5%.

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

	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>University Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation/Cost</b>				
At 1 August 2010				
Valuation	70,848	0	0	70,848
Cost	131,894	36,698	5,254	173,846
Additions at Cost	2,961	335	13,391	16,687
Transfers at Cost	2,224	0	(2,224)	0
Impairment through Reserves	(268)	0	0	(268)
	-----	-----	-----	-----
At 31 July 2011				
Valuation	70,848	0	0	70,848
Cost	136,811	37,033	16,421	190,265
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 August 2010	50,751	35,322	0	86,073
Charge for Year	7,026	674	0	7,700
	-----	-----	-----	-----
At 31 July 2011	57,777	35,996	0	93,773
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2011	149,882	1,037	16,421	167,340
	=====	=====	=====	=====
At 1 August 2010	151,991	1,376	5,254	158,621
	=====	=====	=====	=====
Inherited	29,781	0	0	29,781
Financed by Capital Grant	50,684	274	0	50,958
Other	69,417	763	16,421	86,601
	-----	-----	-----	-----
<b>Net Book Value</b>				
At 31 July 2011	149,882	1,037	16,421	167,340
	=====	=====	=====	=====

**NOTES TO THE ACCOUNTS****12. INVESTMENTS**

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
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
i-CD Limited	100 fully paid up £1 shares
University of Wolverhampton Corporate Services Limited	100 fully paid up £1 shares
UoW Properties Limited	1000 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.

i-CD Limited engages in the provision of continuing personal and professional development activities in association with The University of Wolverhampton.

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

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

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

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

The University owns 33.33% of the Share Capital in Unibyte Ltd.

The University owns 5% of the share capital in Flyte Ltd.

The University owns 32% of the share capital in Equiami Ltd.

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

	<b>Consolidated and University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Balance as at 1 August	164	160
Net (Reduction)/Addition	(7)	4
	<hr/>	<hr/>
Balance as at 31 July	157	164
	<hr/>	<hr/>
Represented by:		
C.O.I.F. Charities Deposit	3	3
Cash Balances	154	161
	<hr/>	<hr/>
	157	164
	<hr/>	<hr/>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Catering Provisions	64	63	64	63
Print Unit Services	40	33	40	33
Consumables	6	5	6	5
Other Materials	37	9	0	9
	<hr/>	<hr/>	<hr/>	<hr/>
	147	110	110	110
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS****15. DEBTORS**

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Amounts Falling Due Within One Year:				
Debtors:				
Subsidiary Companies	0	0	8,079	0
Other	11,052	12,520	8,593	10,010
Prepayments and Accrued Income	522	885	458	705
	<u>11,574</u>	<u>13,405</u>	<u>17,130</u>	<u>10,715</u>

**16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Mortgages and Unsecured Loans	1,794	1,351	1,587	1,157
Amounts Owed to Subsidiary Undertakings	0	0	0	177
Payments Received on Account	9,718	20,959	8,565	18,389
Trade Creditors	19,355	17,145	18,931	16,069
Other Taxation & Social Security	2,381	2,566	2,375	2,556
	<u>33,248</u>	<u>42,021</u>	<u>31,458</u>	<u>38,348</u>

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

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Unsecured Loans	21,194	22,988	18,046	19,633
Other	0	1,120	0	1,022
	<u>21,194</u>	<u>24,108</u>	<u>18,046</u>	<u>20,655</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. The 2009/10 comparatives have been updated to reflect the reclassification of this receipt as a loan.

**NOTES TO THE ACCOUNTS****18. BORROWINGS**

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Bank Loans are repayable as follows:				
In one year or less	1,794	1,351	1,587	1,157
Between one and two years	1,878	2,294	1,659	2,087
Between two and five years	5,501	5,250	4,767	4,556
In five years or more	13,815	15,444	11,620	12,990
	—————	—————	—————	—————
	22,988	24,339	19,633	20,790
	—————	—————	—————	—————

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Consolidated and University</b>		
	<b>Enhanced Pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2010	4,607	2,343	6,950
Expenditure in the year	(324)	(275)	(599)
Unused Provision Released in Year	0	(1,800)	(1,800)
Transfer from Income and Expenditure Account	391	0	391
	—————	—————	—————
At 31 July 2011	4,674	268	4,942
	—————	—————	—————

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 2010						
Buildings	31,181	16,379	47,560	31,181	8,315	39,496
Equipment	276	57	333	276	80	356
	-----	-----	-----	-----	-----	-----
Total	31,457	16,436	47,893	31,457	8,395	39,852
	-----	-----	-----	-----	-----	-----
Cash Received/Receivable						
Buildings	12,334	0	12,334	12,334	0	12,334
Equipment	0	0	0	0	0	0
	-----	-----	-----	-----	-----	-----
Total	12,334	0	12,334	12,334	0	12,334
	=====	=====	=====	=====	=====	=====
Released to Income and Expenditure:						
Buildings	946	439	1,385	946	200	1,146
Equipment	2	82	84	2	80	82
	-----	-----	-----	-----	-----	-----
Total	948	521	1,469	948	280	1,228
	=====	=====	=====	=====	=====	=====
At 31 July 2011						
Buildings	42,569	15,915	58,484	42,569	8,115	50,684
Equipment	274	0	274	274	0	274
	-----	-----	-----	-----	-----	-----
Total	42,843	15,915	58,758	42,843	8,115	50,958
	=====	=====	=====	=====	=====	=====



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

	<b>Restricted Expendable &amp; Total £'000</b>
At 1 August 2010	164
Additions	15
Income for Year	0
Expenditure for Year	(22)
	—
At 31 July 2011	157
	—
Representing:	
Prize Funds	157
Accumulated Income	0
	—
	157
	—

Prior to 2008/09 endowments were analysed as general and specific endowments. The revised headings above reflect the requirements of the SORP and the University's accounting policies.

**22. REVALUATION RESERVE**

	<b>Consolidated</b>		<b>University</b>	
	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>	<b>2010/11 £'000</b>	<b>2009/10 £'000</b>
Balance b/fwd at 1 August	32,278	34,120	31,906	33,753
Impairment of Fixed Asset	(268)	(185)	(268)	(185)
Release to the Income and Expenditure Account	(1,852)	(1,657)	(1,857)	(1,662)
	—	—	—	—
At 31 July	30,158	32,278	29,781	31,906
	—	—	—	—

The Revaluation Reserve arose primarily as a result of the transfer of tangible fixed assets from Local Authorities and the Commission for New Towns. The reserve also takes account of subsequent professional revaluations of assets.

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

	Consolidated		University	
	2010/11 £'000	2009/10 £'000	2010/11 £'000	2009/10 £'000
As at 1 August	41,320	38,202	43,798	41,608
Surplus/(Deficit) for the Year	11,985	(624)	10,670	(1,558)
Transfer from Revaluation Reserve	1,852	1,657	1,857	1,662
Pension Gain FRS17	1,120	2,487	1,120	2,487
Pension Loss Enhanced Pensions	0	(401)	0	(401)
As at 31 July	<u>56,277</u>	<u>41,320</u>	<u>57,445</u>	<u>43,798</u>

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

	2010/11 £'000	2009/10 £'000
Surplus/(Deficit) before Tax	11,962	(656)
Depreciation (Note 10)	8,032	7,967
Deferred Capital Grants Released to Income (Note 20)	(1,469)	(1,427)
Interest Payable	3,073	4,324
Pension Cost less Contributions Payable	1,337	1,552
(Increase)/Decrease in Stock	(37)	57
Decrease/(Increase) in Debtors/Pre-payments	1,949	(2,800)
(Decrease)/Increase in Creditors/Receipts in Advance	(187)	2,532
Decrease in Provisions excl. enhanced pensions interest	(2,257)	(331)
Interest Receivable	(475)	(360)
<b>Net Cash Inflow from Operating Activities</b>	<u>21,928</u>	<u>10,858</u>

**25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

	2010/11 £'000	2009/10 £'000
Income from Endowments	0	4
Income from Short Term Investments	357	374
Interest Paid	(1,268)	(1,606)
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<u>(911)</u>	<u>(1,228)</u>

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

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Purchase of Tangible Fixed Assets	(15,061)	(5,274)
Deferred Capital Grants Received	563	4,810
New Endowment	15	36
	<hr/>	<hr/>
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>	<b>(14,483)</b>	<b>(428)</b>
	<hr/>	<hr/>

The Deferred Capital Grant Received comparator has been updated to reclassify a £2m receipt from HEFCE as a loan. This is also reflected in Note 28 below.

**27. MANAGEMENT OF LIQUID RESOURCES**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Withdrawals from Deposits	0	263
Placing of Deposits	(22,877)	0
	<hr/>	<hr/>
<b>Net Cash Inflow/(Outflow) from Management of Liquid Resources</b>	<b>(22,877)</b>	<b>263</b>
	<hr/>	<hr/>

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

**28. FINANCING**

	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Mortgages and Loans acquired	0	2000
Repayment of Amounts Borrowed	(1,351)	(1,159)
	<hr/>	<hr/>
<b>Net Cash (Outflow)/Inflow from Financing</b>	<b>(1,351)</b>	<b>841</b>
	<hr/>	<hr/>

**29. ANALYSIS OF CHANGES IN NET FUNDS**

	<b>At</b>	<b>Cash</b>	<b>Other</b>	<b>At</b>
	<b>1 August 2010</b>	<b>Flows</b>	<b>Changes</b>	<b>31 July 2011</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at Bank and in Hand	34,946	(17,687)	0	17,259
Endowment Asset Investments	161	(7)	0	154
	<hr/>	<hr/>	<hr/>	<hr/>
	35,107	(17,694)	0	17,413
Short Term Deposits	26,047	22,877	0	48,924
Debt Due within One Year	(1,351)	1,351	(1,794)	(1,794)
Debt Due after One Year	(22,988)	0	1,794	(21,194)
	<hr/>	<hr/>	<hr/>	<hr/>
	36,815	6,534	0	43,349
	<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 was as follows. There are twenty two members of staff in the Universities Superannuation Scheme (USS).

	2010/11 £'000	2009/10 £'000
TPS and USS – contributions	4,650	5,131
WMMAPF – contributions	3,695	5,399
WMMAPF – FRS 17 adjustment	1,337	1,552
	—————	—————
	9,682	12,082
Enhanced pensions	142	(272)
	—————	—————
Total per note 6	9,824	11,810
	—————	—————
Enhanced Pensions Interest Cost	249	279
Enhanced Pensions Actuarial Loss	0	401
Benefits Paid	(324)	(338)
	—————	—————
Total Movement on Enhanced Pension Provision (note 19)	67	70
	—————	—————

**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. Not less than every four years the Government Actuary conducts a formal review of the TPS, using normal actuarial principles, to specify the level of future contributions.

The latest actuarial valuation was carried out as at 31<sup>st</sup> 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 1<sup>st</sup> 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 cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

**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 latest actuarial valuation of the scheme was carried out as at 31<sup>st</sup> March 2010. This 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 2011/12, this equates to a total employer contribution rate of 13.6% compared to 13.3% in 2010/11.

**FRS 17**

The figures as at 31<sup>st</sup> July 2011 are based on projecting forward the results of the latest actuarial valuation as at 31<sup>st</sup> March 2010. The projection is based on cashflows (e.g. contribution income, pension payments, etc.) over the year to 31<sup>st</sup> March 2011.

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

	<b>At year-end 31/07/2011 £'000</b>	<b>At year-end 31/07/2010 £'000</b>
Present value of funded obligations	155,323	147,860
Fair value of plan assets	103,161	97,474
	<u>(52,162)</u>	<u>(50,386)</u>
Present value of unfunded obligations	-	-
	<u>(52,162)</u>	<u>(50,386)</u>
Related deferred tax assets	-	-
Net amount recognised	<u>(52,162)</u>	<u>(50,386)</u>
Amounts recognised as:		
Liabilities	(52,162)	(50,386)
Assets	<u>-</u>	<u>-</u>
Net amount recognised	<u>(52,162)</u>	<u>(50,386)</u>

**Components of pension cost**

	<b>Year to 31/07/2011 £'000</b>	<b>Year to 31/07/2010 £'000</b>
Current service cost	4,872	5,292
Interest cost	8,191	8,216
Expected return on plan assets	(6,632)	(5,494)
Past service cost	160	1,659
Effect of curtailments or settlements	-	-
Total pension cost recognised in the I&E account	<u>6,591</u>	<u>9,673</u>
Actuarial (gains)/losses immediately recognised	(1,120)	(2,487)
Change in surplus cap	<u>-</u>	<u>-</u>
Total pension cost recognised in STRGL	<u>(1,120)</u>	<u>(2,487)</u>
Actual return on plan assets	4,720	14,262

**Change in benefit obligation**

	<b>Year to 31/07/2011 £'000</b>	<b>Year to 31/07/2010 £'000</b>
Benefit obligation at beginning of year	147,860	129,133
Current service cost	4,872	5,292
Interest cost	8,191	8,216
Member contributions	1,754	1,944
Past service costs	160	1,659
Actuarial (gains)/losses	(3,032)	6,281
Benefits paid	(4,482)	(4,665)
Effect of exchange rate changes	<u>-</u>	<u>-</u>
Benefit obligation at end of year	<u>155,323</u>	<u>147,860</u>

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

Fair value of plan assets at beginning of year	97,474	80,534
Expected return on plan assets	6,632	5,494
Actuarial gains/(losses)	(1,912)	8,768
Employer contribution	3,695	5,399
Member contributions	1,754	1,944
Benefits paid	(4,482)	(4,665)
Effect of exchange rate changes	-	-
Fair value of plan assets at end of year	103,161	97,474

**Plan assets**

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

Asset Category	Expected rate of return	Plan assets at 31/07/2011	Expected rate of return	Plan assets at 31/07/2010
Equities	7.50%	70,253	7.50%	69,401
Government Bonds	3.90%	11,038	4.20%	8,773
Other Bonds	5.20%	7,840	5.10%	7,993
Property	6.50%	11,864	6.50%	9,358
Other	0.50%	2,166	0.50%	1,949
	6.68%	103,161	6.77%	97,474

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:**

	31/07/2011	31/07/2010
Discount rate	5.30%	5.50%
Rate of salary increase	4.75%	5.00%
Rate of pension increase	3.00%	3.00%
CPI Inflation assumption	3.00%	3.00%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	21.3	21.7
Females	24.2	24.9
Retiring in 20 years		
Males	22.8	23.5
Females	25.8	26.8

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

	31/07/2011	31/07/2010
Discount rate	5.50%	6.30%
Expected long-term return on plan assets	6.77%	6.71%
Rate of salary increase	5.00%	5.55%
Rate of pension increase	3.00%	3.80%
Inflation assumption (CPI 2011, RPI 2010)	3.00%	3.80%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	21.7	21.2
Females	24.9	24.0
Retiring in 20 years		
Males	23.5	22.2
Females	26.8	25.0

The government announced on 8 July 2010 that they will in future use the Consumer Prices Index ("CPI") for future increases in public sector pension schemes rather than, as previously, the Retail Price Index (RPI). For its 2009/10 accounts, the University considered the LGPS (West Midlands Metropolitan Authorities Pension Fund) scheme rules and associated members' literature and concluded that a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). For the 2011 year end, the assumption for future pension increases continues to be based on assumed CPI inflation.

The Urgent Issues Task Force (UITF) has considered the accounting treatment of this change and has produced UITF Abstract 48 "accounting implications of the replacement of the retail prices index with the consumer prices index for retirement benefits". They conclude that "the presentation of a reduction in Scheme liabilities is dependent on whether the obligation is to pay benefits with increases based on RPI, or more generally with inflation-linked increases". The University has reviewed this UITF Abstract together with Scheme rules and communications issued to Scheme members. The University has concluded that no valid expectation of RPI-based increases existed in the minds of members, and that no constructive obligation therefore existed. On this basis, no change has been made to 2009/10 figures.

**Five year history**

	Financial year ending in				
	2011	2010	2009	2008	2007
Benefit obligation at end of year	155,323	147,860	129,133	132,137	103,802
Fair value of plan assets at end of year	103,161	97,474	80,534	84,547	84,461
Deficit	(52,162)	(50,386)	(48,599)	(47,590)	(19,341)
Difference between expected and actual return on scheme assets					
Amount (£'000)	(1,912)	8,768	(13,284)	(9,197)	3,823
Percentage of scheme assets	-1.9%	9.0%	-16.5%	-10.9%	4.5%
Experience gains and losses on scheme liabilities					
Amount (£'000)	4,368	-	-	7,340	-
Percentage of scheme liabilities	2.8%	0.0%	0.0%	5.6%	0.0%
Total amount recognised in STRGL					
Amount (£'000)	1,120	2,487	3,329	(25,157)	7,336
Percentage of scheme liabilities	0.7%	1.7%	2.6%	-19.0%	7.1%



**NOTES TO THE ACCOUNTS****Contributions**

The University expects to contribute £3,797,000 in the year to 31<sup>st</sup> July 2012.

**31. CAPITAL COMMITMENTS****Consolidated and University**

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>	<b>2008/09</b> <b>£'000</b>
Commitments Contracted at 31 July	413	1,065	1,251
Authorised but not Contracted at 31 July	3,887	14,963	0
	<hr/>	<hr/>	<hr/>
	4,300	16,028	1,251
	<hr/>	<hr/>	<hr/>

**32. FINANCIAL COMMITMENTS****Consolidated and University**

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>
Operating Lease Commitments in Respect of Land, Buildings and Equipment on Leases Expiring:		
Within One Year	102	0
Between Two and Five Years	409	163
Over Five Years	159	0
	<hr/>	<hr/>
	670	163
	<hr/>	<hr/>

**33. ACCESS FUNDS****Consolidated and University**

	<b>2010/11</b> <b>£'000</b>	<b>2009/10</b> <b>£'000</b>
Balance Unspent as at 1 August	54	34
Funding Council Grants	640	714
Interest Earned	1	1
	<hr/>	<hr/>
	695	749
Disbursed to Students	(681)	(695)
	<hr/>	<hr/>
Balance Unspent as at 31 July	14	54
	<hr/>	<hr/>

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.

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

	<b>Consolidated and University</b>	
	<b>2010/11</b>	<b>2009/10</b>
	<b>£'000</b>	<b>£'000</b>
Balance (Owed)/Unspent as at 1 August	(270)	131
Funding Council/Agency Grants	2,386	2,373
Adjustment from 2008/09	0	(52)
	<hr/>	<hr/>
Disbursed to Students	2,116 (1,985)	2,452 (2,722)
	<hr/>	<hr/>
Balance Unspent/(Owed) as at 31 July	131	(270)
	<hr/>	<hr/>

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

**35. LINKED CHARITIES**

On 1<sup>st</sup> 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 (w) of Schedule 2 of the Charities Act 1993. HEFCE's accounts direction 2010/11 requires disclosure of details of linked charities within the accounts of the parent HEI.

During 2010/11 the University of Wolverhampton had no linked charities which fell within paragraph (w) of Schedule 2 of the Charities Act 1993.