



Leeds Trinity
University

Annual Report and Financial Statements

31st July 2014

LEEDS TRINITY UNIVERSITY

Annual Report and Financial Statements

For the year ended

31 July 2014

**Registered Company Number
6305220**

**Deloitte LLP
Leeds**

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DIRECTORS AND ADVISORS

Directors and Governing Body Members serving during the year and up to the date of approval of these statements were:

Ms Justine Andrew	Ms Carolyn Lord
Dr Julie Brunton (appointed 1 August 2014)	Mr Richard Marchant
Mr Ian Burrell (nominated Chair, also Chair of Governance and Nominations Committee and Remuneration Committee)	Mr Mark McGreevy
Ms Margaret Coutts	Mr Andrew Micklethwaite (appointed 1 October 2014, Chair of Audit Committee)
Dr Colin Forrest	Sr. Moya O'Cleary (ex officio Vice Chair, resigned 31 July 2014)
Mr Andrew Gilliland (retired 31 July 2014)	Mr James Poskitt
Mr Aidan Grills (appointed 28 March 2014)	Mr Rob Pritchard (resigned 6 February 2014)
Prof Margaret House (Vice-Chancellor)	Mrs Sue Rix (appointed 1 August 2014)
Prof Vivien Jones	Mr Paul Rogerson CBE DL
Mr James Kennedy	Rt Reverend Marcus Stock (appointed 13 November 2014)
Mr Philip King	Mr John Sykes
Mr Will Lifford (Chair of Audit Committee, retired 31 July 2014)	Mr John Taylor
Mr Mark Lister (Chair Finance and Employment Committee)	Ms Michaela Vyse

Clerk to the Governors and Company Secretary

Mr Howard Nelson

Chancellor

Ms Gabby Logan

Pro Chancellor

Mr Ed Anderson

Auditor

Deloitte LLP
1 City Square
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LS1 2AL

Solicitors

Eversheds LLP
Bridgewater Place
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LS11 5DR

Registered Office

Leeds Trinity University
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Company and Charity Numbers

Registered Company Number	6305220
Registered Charity Number	1120102

INTRODUCTION, STRUCTURE AND NATURE OF THE UNIVERSITY

Introduction

The Governors present their annual report, including the strategic report and the directors' report, and the audited financial statements for the year ended 31 July 2014. The financial statements comprise the results for the year for the University. It has no subsidiaries.

The strategic report has been prepared solely to provide additional information to funders, financial supporters and other stakeholders to assess the University's strategies and the potential for those strategies to succeed, and should not be used for any other purpose. The strategic report contains forward looking statements. These statements are based on the information available to the Governors up to the time of their approval of this report.

Structure of the University

The University is a company limited by guarantee and was incorporated on 1 August 2007 under the Companies Act. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation.

The University is also a registered charity under the Charities Act 2011 and is regulated by the Charity Commission.

Each Governor is both a director of the Company and also a trustee of the Charity.

The names of the persons who were Governors during the period are given in the directors and advisors section of the annual report.

The Governors deem the principal activity of the University, in both the current and prior year, to be the advancement of education.

Nature of the University

Leeds Trinity University ("Leeds Trinity" or the "University") is an autonomous, teaching-led and research-informed higher education institution, inspired by Catholic values and based in Horsforth, Leeds with over 3,000 students.

The origins of Leeds Trinity can be traced back to two Catholic teacher training colleges, Trinity College and All Saints College, founded by the Passionist Sisters and the Catholic Education Service in 1966. Their mission was to provide the best educational opportunities possible for the children of the poor and to actively support social justice – aspirations that Leeds Trinity still maintains.

Over the last 50 years, the institution has evolved and developed, culminating in the award of university title in December 2012, but its Catholic faith foundation remains central to its activities and is enshrined within its legal objects which 'shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefit of the public'.

Leeds Trinity is relatively small compared with other higher education institutions in the region and is located on a single campus site, giving it a strong community identity and spirit. This makes it attractive to students who wish to study in a more personal and supportive environment. The majority of the academic portfolio is professionally focussed and vocationally orientated with all courses providing professional placements. As a result Leeds Trinity has a history of high levels of employability for its graduates.

CHARITABLE PURPOSE AND PUBLIC BENEFIT

Charitable Purpose and Public Benefit

The University's charitable purpose is 'the advancement of education for the benefit of the public' as set out in its Articles of Association. It does this through the teaching of a diverse curriculum and by educating a broad range of students. Its students and potential students are the principal beneficiaries.

The Board of Governors has complied with its duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant.

It is important to Leeds Trinity that access to education is offered in an open and affordable way to all who may benefit. Widening access and improving participation to higher education is actively promoted and this is reflected in the student profile, with 98% of students coming from state schools, 44% from low socio-economic classes (SECs 4,5,6,7) and 23% from low participation neighbourhoods (POLAR 2). All of these figures consistently exceed the relevant benchmarks from the Higher Education Statistics Agency (HESA).

Leeds Trinity has an excellent track record in terms of the extent and success of its outreach and aspiration raising strategy. Notable points include extensive reach with schools and colleges in West Yorkshire with relationships with over 160 institutions, together with a highly-targeted approach to prioritise schools with high ratios of under-represented pupils; an intensive and structured school partnership programme, including formalised partnership agreements with over 36 schools and colleges; a menu of activities including pupil talks and workshops with over 250 events in the year; a residential summer school for up to 90 learners who meet defined widening participation and academic criteria, with successful completion resulting in a reward of 20 UCAS credits for subsequent applicants to Leeds Trinity; and effective use of current students acting as student ambassadors and mentors to under-represented pupils in schools and colleges.

During the year the University set up the Leeds Children's University in collaboration with the Children's University Trust. Commencing with a pilot scheme in 2014/15, it will aim to promote social mobility by offering exciting and innovative learning activities and experiences outside normal school hours to children aged 7 to 14. Its ambition is to raise aspirations and foster a love of learning at a young age in an environment that is intentionally something other than school. Each child will own a passport in which learning is recorded, with certificates received when targets are reached. Certificates will be formally presented at special events including one large scale graduation ceremony held each year at the University.

The University is also committed to collaborative working with both further and higher education institutions to raise aspirations and attainment in under-represented groups. It is a member of the Higher Education Access Rewarding Transforming (HEART) partnership established by twelve higher education providers in West Yorkshire to work in partnership to improve access to and achievement in higher education. HEART seeks to support its partners in encouraging underrepresented groups to aspire, apply, enter and succeed in higher education. In relation to traditional younger learners this includes those who are care experienced, disabled, from areas with indices of multiple deprivation and from families with no direct experience of higher education. Whilst individual partners work on all these themes, as a consortium HEART concentrates on the first two groups, namely care experienced and disabled, together with working on collaborative measures relating to adult learners where a significant decline on entrants has occurred since 2009.

The University's access agreement, approved by the Office for Fair Access (OFFA), contains a range of financial support arrangements to help ensure that the opportunity to benefit from higher education is not restricted by the ability to afford fees or living costs. These arrangements are intended to complement the government's provision of loans and maintenance grants and are targeted at those identified as being most in need. During 2013/14, a total of £820k was provided in support in the form of cash, institutional services and fee waivers.

The University has a number of support mechanisms in place to support students, including a student support centre offering counselling, financial advice, academic and study skills, careers advice, placement and volunteering services, health services, specialist dyslexia and disability assessment and support services. The University also offers care leavers an enhanced package of advice, guidance and support during both the application phase and during their time here.

A principle of public benefit is that benefits must be balanced against any detriment or harm. The Governors consider that none of the University's activities causes detriment or harm.

STRATEGIC REPORT

Strategy and Priorities

A new strategic plan for the period 2014 – 2019 was approved in June 2014 and is aspirational and forward looking, building upon the University's successes and looking forward to opportunities for future growth. We will distinguish ourselves in the market and demonstrate that we are providing first class education and career opportunities. In the new higher education landscape we will cultivate our reputation as a university by exceeding our benchmarks for student satisfaction, attainment, progression, completion and employability, while enhancing our international, research and knowledge transfer activities, in order to achieve our research and enterprise ambitions. We will continue to develop sustainable partnerships with strategic providers in the UK and overseas, work even more closely with businesses and the voluntary sector to develop additional opportunities for our staff and students and develop additional income streams to ensure financial sustainability. We will take opportunities for growth where this is sustainable.

Vision

Renowned for developing socially impactful, highly employable individuals through pioneering, research-led learning and teaching.

Mission

Guided by our Catholic faith foundation, we provide an exceptional educational experience in a diverse community committed to the promotion of dignity, respect, social justice and equality in order to deliver social and economic impacts.

Values

Our values of dignity, respect, social justice and equality are lived out and evidenced by: striving for excellence in all that we do; being a compassionate, respectful and inclusive community embracing diversity; acting with integrity and transparency; and encouraging dialogue and collaboration.

Strategic Goals

The University's strategic goals are to:

- Consolidate its position as a provider of outstanding education, developed and delivered in partnership with our students, business and industry, led by research and advanced practice
- Lead, through strategic partnerships with schools, colleges, businesses and voluntary organisations, the raising of educational aspirations in the region and provide a variety of routes to, and modes of accessing, higher education
- Create a strong, vibrant and sustainable research culture that guides our teaching, enables research excellence and enhances our academic reputation and credibility
- Establish business partnerships and collaborations for the delivery of knowledge exchange, consultancy and professional services to drive economic growth in the region
- Internationalise the campus, curriculum, outlook and experience of our students and staff

Each of these goals is underpinned by a set of priorities. Achievement will be measured against a refreshed KPI suite mapped against each goal and with targets for each KPI over the period of the plan. Performance against the main KPIs will be reported on an ongoing basis.

Operating Environment

The current higher education landscape is a challenging one and has changed significantly over recent years as the new funding regime from 2012 onwards substantially shifted public funding from funding council grants to loan-funded student tuition fees. Tuition fee income varies precisely by student whereas the HEFCE funding grant could remain the same across a relatively wide range of recruitment outcomes.

STRATEGIC REPORT

The government's policy direction to introduce increasing elements of competition between institutions for students means that intake numbers are much more unpredictable than previously with a consequent increased uncertainty around income levels. This will be enhanced from 2015 onwards as the government has indicated that it will abolish student number controls completely as far as they relate to HEFCE recruitment. This will in theory introduce unrestrained competition into the sector, allowing more scope for growth but also the potential to lose market share to competitors. Uncertainty exists however, as to whether this abolition of controls will actually come into place given the possibility of a different government following the May 2015 general election.

Initial teacher training continues to be a significant part of the University's portfolio. Whilst university providers continue to play a significant role, more schools are being encouraged to take the lead in teacher training via the School Direct route and Leeds Trinity is deploying its outstanding partnering links to build up a significant portfolio of partnerships in this area. This transition between models of delivery will continue to introduce further challenges and uncertainty to the sector over the next few years.

Highlights and Achievements in the Year

The 2013/14 year was the first full year following the award of university title in December 2012 and Leeds Trinity's profile in the higher education sector has continued to increase both domestically and internationally.

Together with a number of new programmes being introduced to enhance the University's competitive position, this increased profile contributed to a record recruitment for the 2013/14 year's entry intake with an increase of 18% in home undergraduate UCAS acceptances placing the University among the highest increases in the sector. Applications for September 2014 entry showed a further 9% increase against a 4% sector increase. Student numbers in 2014/15 will be the highest on record.

The attractiveness of Leeds Trinity to potential students is enhanced by its reputation for high quality learning and teaching, which is the product of a commitment to providing personalised, one-to-one support for students. This is reflected in high levels of student satisfaction, with the National Student Survey (NSS) results showing a further increase to 88% of students satisfied with their course and Leeds Trinity being ranked 8th out of all higher education institutions for assessment and feedback. The 2015 Guardian University Guide also placed Leeds Trinity in the top 10 of all UK universities for satisfaction with assessment and feedback.

Leeds Trinity has also long been attractive for its employability record and the latest figures from the Higher Education Statistics Agency (HESA) showed an increase to 94% of graduates in work or further study six months after graduation. This result places Leeds Trinity first among all universities in the Yorkshire and Humber region. Leeds Trinity was one of the first universities to include compulsory professional placements with every degree and now has a business network of over 2,000 businesses across all sectors, both regionally and nationally, who offer students placements that are relevant to their degrees.

Achievement continues to show year on year improvement with 67% of graduates in 2014 achieving a First or 2:1 classification, a figure which is now close to the sector average. When combined with an entry tariff profile that reflects the University's commitment to widening participation, this reflects the University's success in enabling students to achieve their potential.

The University also remains true to its foundations by maintaining an excellent reputation in teacher training. This reputation led during the year to its selection as one of a select few providers that will deliver the new Early Years Teacher Status (EYTS) programme. The University now has 12 School Direct partnerships and student numbers via this route have increased year on year. During the coming year, the University will pool the expertise of its acclaimed departments of Primary Education, Secondary Education and Children Young People & Families to create an Institute for Childhood and Education. The institute will enhance the University's reputation in pedagogic research by collaborating with sector agencies operating in children's services and education to develop innovative, research-based approaches to practice in this challenging area.

STRATEGIC REPORT

Financial Overview

Financial performance for the year ended 31 July 2014, together with the corresponding figures for the previous year, is summarised in the financial highlights shown below.

	2014 £000s	2013 £000s	Change %
Funding body grants	4,026	6,233	(35.4)
Tuition fees and education contracts	17,365	13,498	28.7
Other income	4,376	3,914	11.8
Total income	25,767	23,645	9.0
Total expenditure	23,976	22,552	6.3
Operating surplus for the year	1,791	1,093	63.8
Transfers from revaluation reserve	224	224	-
Historical cost surplus for the year	2,015	1,317	53.0
Capital expenditure	938	830	13.1
Operating cash flow	3,575	2,901	23.2
Cash and short term investments	9,112	6,549	39.1
Borrowings	(4,000)	(4,000)	-
Net funds	5,112	2,549	100.6
Net assets including pension liability	25,771	23,400	10.1

Total income increased under the effect of a large increase in recruitment, with a fall in funding council grants being compensated for by an increase in tuition fee income as the second cohort of students commenced under the new fee regime. Tuition fee income now represents 67% of income and is forecast to rise further to 77% by 2014/15.

Expenditure increased by 6% overall, with increases of 8% on staff costs and 5% on other operating costs and depreciation. The increase in staff costs was driven by the 5% increase in staff numbers, as student numbers rose, and a 3% increase in cost per employee largely arising from the combined impact of the national pay rise and grade progression. As the percentage increase in staff costs was less than that of income, staff costs as a percentage of income declined slightly to 54.4%. Academic costs were the area of biggest increase at 11%, which pushed its share of overall expenditure up from 35% to 37%.

Capital expenditure was fairly level with the prior year and a strong cash flow allowed cash and short term investment balances to continue to be built up with liquidity days increasing from 116 to 152 days.

Borrowings remained at £4m during the year. This was drawn down during 2009-11 in the form of a term loan with a fixed rate of interest of 7.27%. Repayment commenced in August 2014 with the final payment currently expected to be in May 2034.

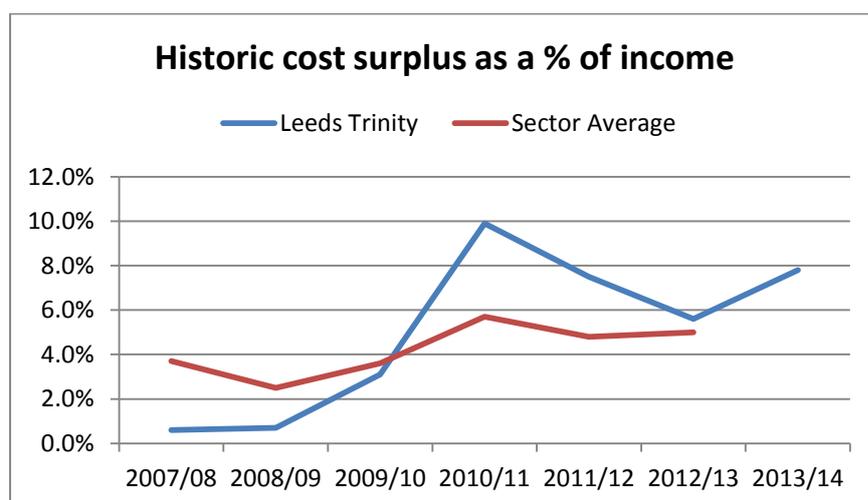
STRATEGIC REPORT

Financial Sustainability

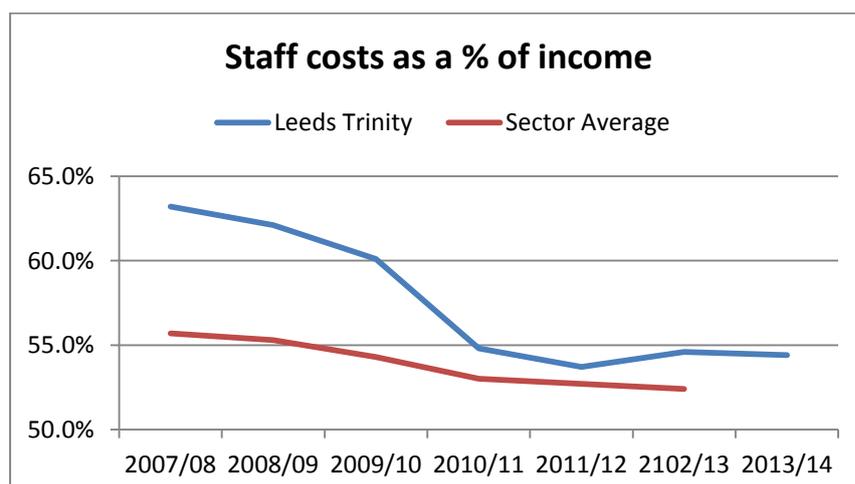
Leeds Trinity has three main financial key performance indicators (KPIs):

	Target	Sector 12/13	Actual 13/14	Actual 12/13
Historic cost surplus as a % of income	Above sector average	5.0%	7.8%	5.6%
Staff costs as a % of income	Sector Average	52.4%	54.4%	54.6%
Liquidity days	Sector upper quartile	170	152	116

Historic cost surplus as a % of income is both a main criteria used by the Higher Education Funding Council for England (HEFCE) for judging financial performance and also a key figure for measuring the generation of available funds for future investment. The target is to be better than the sector average and this has been consistently achieved over the last few years.

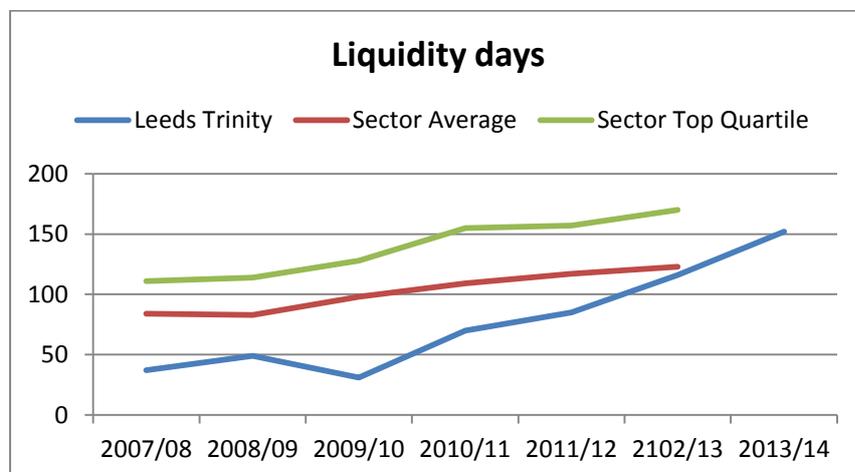


Staff costs as a % of income is used as the balance between staffing and other costs is a key indicator of the flexibility within the cost base to be able to respond to events. Although the diversity of the sector makes direct comparisons of this measure difficult, it is felt that targeting a position around the sector average, whilst challenging, will provide the necessary flexibility. Whilst the ratio is short of the sector average it has reduced significantly over the last few years from well over 60% prior to 2010.



STRATEGIC REPORT

Liquidity days, at the balance sheet date and as per the HEFCE definition, is the key measure within Leeds Trinity's Treasury Management Strategy. The increased recruitment uncertainty in the new higher education environment, together with the cash flow disadvantage of moving from funding council grant to loan-funded tuition fees, is placing a higher premium on liquidity balances than previously. Leeds Trinity has continued to improve this measure over the past couple of years to close to the challenging target of the sector upper quartile point.



Sector figures in table and graphs on previous page and above from HEFCE.

Principal Risks and Uncertainties

The major strategic and financial risks facing the University and its response to those risks are:

Student Recruitment:

As a teaching focussed University which derives the majority of its income from tuition fees and funding grant, the ability to recruit and retain planned student numbers, in an increasingly competitive market and at a time of increased uncertainty within the higher education sector, is fundamental to the University's success. The University is managing these risks by ensuring the continued attractiveness of its portfolio through regular planning and review, including the potential extension of the portfolio into new areas; by the development of international partnerships; by continuing and evolving the successful marketing approach of recent years; and by close attention to our management of the recruitment process.

Teacher Education:

Given its continuing significance within the portfolio, the potential for continuing changes in government policy towards teacher education has led the University to regard this area as a specific and significant area of risk and uncertainty beyond the wider student recruitment risk. The University is managing this risk by developing new school-partnered business models for both initial teacher training and for continuing professional development for teachers, and by actively and successfully increasing the number of school partnerships delivering these models.

Financial Sustainability:

Failure to adequately address the changeable environment brought about by the risks and uncertainties around student recruitment and teacher education would mean the ability to respond to changes is restricted and financial sustainability is threatened. The University is managing these risks by careful management of the cost base to ensure value for money and retain flexibility, by the approval of a new financial strategy prioritising levels of surplus which would provide a contingency reserve, and by robust scenario planning and consideration of available options.

STRATEGIC REPORT

Plans for Future Periods

The outlook over the next few years will remain a challenging one as outlined in the Operating Environment and Principal Risks & Uncertainties sections. The newly approved strategic plan for 2014-19 sets out how Leeds Trinity will distinguish itself in the market and the Governors believe that achievement of the strategic goals will enable Leeds Trinity to be able to compete successfully and thrive in this more uncertain higher education environment. The Governors believe that Leeds Trinity will achieve its strategic goals by retaining its commitment to academic excellence, maintaining a financially sustainable business model and by developing and investing in its students, employees and infrastructure.

Leeds Trinity set a fee level of £8,000 for 2012/13 and 2013/14 undergraduate entrants, which will increase to £8,500 for 2014/15 entrants and £9,000 for 2015/16 entrants. This will lead to the average fee increasing each year through to 2017/18. The significant rises in recruitment over the last two years will continue to lead to student numbers increasing as these cohorts work their way through. Taken together, these two factors will provide an increasing income stream over the next few years.

The financial strategy is to control support costs so as to enable the economies of scale from growth to feed through to levels of surplus sufficient to substantially fund the planned continued investment in learning and teaching, the campus and facilities, so that future students benefit from a first-class experience and there continues to be high levels of student satisfaction and graduate employment. Over the strategic plan period, the estates strategy includes plans for £27m of capital investment including a new teaching and learning building and a new hall of residence. It is envisaged that some new borrowing will be required, particularly to facilitate timing over the period, but that this will be more short and medium term in nature than the current long term loan nature of current borrowings. The financial strategy includes parameters around borrowings and liquidity to ensure that an appropriate balance is maintained between investing for the future and maintaining sustainability.

DIRECTORS' REPORT

Risk Management

The HEFCE Accounts Directive requires that the University embeds risk management within the organisation. The Board of Governors and its Audit Committee have carefully considered the risk management process within the institution and are of the opinion that this requirement has been met.

The University reviews its risks and updates its corporate risk register on a regular basis. Key risk indicators and early warning mechanisms are highlighted and control arrangements established. If necessary, action plans to reduce the major risks are designed and implemented. The most significant risks are outlined in the Principal Risks and Uncertainties section of the Strategic Report.

Going Concern

The University's activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Operating Environment, Principal Risks and Uncertainties, and Plan for Future Periods sections of the Strategic Report. The financial position of the University is described in the Financial Overview and Financial Sustainability sections of the Strategic Report and in more detail within the financial statements and accompanying notes.

As a consequence, the Board of Governors believes that the University is well placed to manage its risks successfully. Consideration has been given to government policies and their potential impact. The current forecasts and projections, including reasonable downside sensitivities, show that the University should be able to operate within its current facilities and available headroom and maintain compliance with covenants.

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

Employment Policy

The University is committed to ensuring that its workplaces are free from discrimination of any kind. Recruitment and employment decisions are made on the basis of fair and objective criteria. A major review of pay and grading structures within a national pay framework was completed in 2006. This agreement was designed to modernise pay structures to support the recruitment and retention of staff and to ensure equal pay for work of equal value.

Remuneration Committee and Policy

The aim of the remuneration policy is to attract, retain and continue to motivate talented Executives within an overall remuneration strategy for the Institution that supports the achievement of the Strategic Plan.

The Board has an established Remuneration Committee which comprises five independent members of the Board. The Vice Chancellor and HR Director attend meetings to provide advice to the Committee and the Clerk to the Board also attends the meetings. Executives are not in attendance when their own remuneration is being considered.

The Committee operates under Terms of Reference agreed by the Board. The programme of work for the Committee in the year ahead includes a review of the Terms of Reference to ensure that they remain appropriate and to make amendments that will improve governance.

Staff and Student Involvement

Leeds Trinity believes good communication with staff and students to be very important. There is an effective communication strategy which includes staff meetings and regular updates. Staff are encouraged to participate through formal and informal consultations at various levels and through membership of formal committees. There is also a bi-annual staff perceptions survey that is considered by senior management, the Finance and Employment Committee and the Joint Consultative Committee.

DIRECTORS' REPORT

The President of the Students' Union is an ex-officio member of the Board of Governors and the Academic Board and also attends meetings of the Senior Management Group. Students are also represented on departmental committees and their views are sought through various means including student surveys. The deliberative structures allow for both academic and support staff and for students to be represented throughout. Both staff and students were involved in the strategic plan consultation process.

Equal Opportunities

The University is an equal opportunities organisation and is committed to an environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The University operates an Equal Opportunities Policy and is committed to equal opportunities for both staff and students, ensuring that all individuals are treated with respect at all times and are given equality of opportunity in all activities.

The policy of the University is that applications from disabled persons should receive full and fair consideration for posts for which they are suitable applicants. Where an existing employee becomes disabled they will be retained in employment wherever reasonably possible and will be given help with any necessary rehabilitation and training. Disabled employees are provided with the same opportunities for promotion, career development and training as other employees.

Conclusion

The Governors believe that the University has a sound base from which to meet the likely challenges that will face the higher education sector over the short to medium term. The Governors are confident that the University, through sustainable investment in the future and very careful management of the risks, has the necessary plans and strategies in place to help ensure that the targets set for the coming years can be achieved.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approval

The Strategic Report and the Directors Report have been approved by the Board and are signed below on its behalf.

Mr I Burrell
On behalf of the Board of Governors and Board of Directors
21 November 2014

CORPORATE GOVERNANCE

Responsibilities of the Board of Governors

In accordance with the Articles of Association, the Board of Governors of Leeds Trinity University 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 adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time, the financial position of the University and to enable it to ensure that the financial report and accounts are prepared in accordance with the Instrument of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the Companies Act 2006.

In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of Leeds Trinity University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of the surplus or deficit of the University for the year.

In causing the financial statements 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; and
- the 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 funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds from the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the NCTL and any other conditions which the NCTL 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; and
- 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, heads of departments;
- a comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and timely reviews of financial results involving variance reporting 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 Finance and Employment Committee and Board of Governors; and

CORPORATE GOVERNANCE

- a professional Internal Audit process with an annual programme approved by the Audit Committee and whose head provides the Board of Governors, through the Audit Committee, with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, control, governance processes and the arrangements in place to secure economy, efficiency, and effectiveness.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Statement on Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the Articles of Association and the financial memorandum with the Higher Education Funding Council for England (HEFCE). The system of internal control covers business, operational and compliance risks as well as financial risks.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process 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 Board of Governors is of the opinion that this process has been in place for the year ended 31 July 2014 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board receives periodic reports from the Chair of the Audit Committee concerning internal control and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Board of Governors formally approves the risk register at least annually.
- The Executive acts as the Risk Management Group. The Risk Management Co-ordinator reports regularly, on behalf of the group, to the Audit Committee who oversees the risk management process on behalf of the Board of Governors.
- Risk management training has been held throughout the institution.
- A robust risk prioritisation methodology based on likelihood and significance has been established.
- An organisation wide risk register is maintained and reviewed periodically.

The University has an internal audit service which operates to standards defined in Accountability and Audit: HEFCE Code of Practice. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The review of the effectiveness of the system of internal control by the Board of Governors is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors in their management letter and by other reports.

CORPORATE GOVERNANCE

Governors' Statement on Corporate Governance

The following statement is provided to enable readers of the annual report and financial statements to obtain a better understanding of the governance and legal structure of Leeds Trinity University.

Leeds Trinity University is a company limited by guarantee, formally established on 1 August 2007 as an incorporated body. It is a registered charity. Its objects, powers and framework of governance are set out in its Memorandum and Articles of Association. Members of the Board of Governors are Directors of the Company and Trustees of the Charity. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation in 2007. The current Memorandum and Articles of Association of Leeds Trinity University state: 'The objects of Leeds Trinity University shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefits of the public.' The Board of Governors approves the Strategic Plan of the institution. The Articles of Association require the University to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee its activities.

The Board of Governors

The Board of Governors is the governing body and comprises external independent members, together with staff and students of the University, appointed in accordance with the Articles of Association. There is a majority of independent, non-executive members.

The Board of Governors is responsible for the direction and management of Leeds Trinity University; its specific powers and responsibilities are set out in the Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Chair of the Board of Governors is separate from the role of the Vice-Chancellor and Chief Executive. The Roman Catholic Bishop of Leeds is ex-officio Chair of the Board of Governors, but the Articles of Association contain provision for another member to act as nominated Chair of the Board and this arrangement has been in operation since incorporation on 1 December 2007.

The Academic Board

The Board of Governors has established an Academic Board, which is responsible for the oversight of the academic work and activities of the institution, and for safeguarding and enhancing academic standards and which plays a significant leadership role in the strategic academic development of the University. The Vice-Chancellor chairs the Academic Board, which comprises ex-officio and elected staff and students.

The Vice-Chancellor

The Vice-Chancellor is Chief Executive of the institution and has general responsibility for the organisation, direction and management of Leeds Trinity University. Under the terms of the Financial Memorandum with HEFCE, the Vice-Chancellor is the designated officer and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons. The Vice-Chancellor makes reports to Board of Governors meetings on developments in the higher education sector and their potential impact on Leeds Trinity University.

The Secretary and Clerk to the Governors

The Clerk to the Governors is appointed by the Board of Governors under the Articles of Association to act as Secretary to the Board and its committees. All Governors have access to the advice and services of the Clerk to the Governors and may seek independent advice if they wish. Some company secretarial work is undertaken for the Directors by an external firm.

CORPORATE GOVERNANCE

The Structure of Governance

Leeds Trinity University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with best practice derived from advice from the Committee of University Chairmen (CUC) and from the corporate sector. The University complies in all material respects with the CUC Governance Code of Practice. The exception to this is the role of the Chair, which is ex-officio rather than appointed by the governing body from amongst its independent members. However as noted above, the Board has appointed one of its members to act as nominated Chair. The Board has in place a Statement of Primary Responsibilities. The University maintains a Register of Interests of members of the Board and senior officers which is updated annually and whenever new interests occur. The Register of Interests may be consulted by arrangement with the Clerk.

The Articles of Association do not permit the Board of Governors to delegate any matter relating to:

- The determination of the educational and Roman Catholic character and objects of the University;
- The approval of annual estimates of income and expenditure;
- Ensuring the solvency of the University, and ensuring the safeguarding of its assets;
- The appointment of senior post-holders, including the Vice-Chancellor; and
- The termination of the membership of any Governor.

The Board receives regular reports from the Vice-Chancellor and other senior officers on the work of the University. In line with good practice and CUC guidance, the Board conducts rigorous reviews of its effectiveness, and of the effectiveness of the University's structure of corporate and academic governance. These reviews include the use of independent external expertise. The most recent such review took place during 2013/14 and the recommendations arising from that review have been considered and are currently being implemented by the Board.

The Board of Governors meets at least three times each year (five scheduled meetings from January 2015) with a further away day meeting to consider strategy. The Board has established committees to support its work. All of these committees are formally constituted with terms of reference and membership approved by the Board. Their membership comprises independent members of the Board and in some cases staff and students. Following the recent effectiveness review of governance, the terms of reference and working arrangements of the committees have been reviewed. The standing committees from January 2015 will be as follows:

Audit Committee

Finance and Resources Committee

Governance and Nominations Committee

Remuneration Committee

All of these committees, together with the Academic Board, report and make recommendations to the Board of Governors, either in the form of a written report or their minutes. The Audit Committee also provides an annual report, which is submitted to the HEFCE.

Statement of Primary Responsibilities

The Board of Governors adopts the following Statement of Primary Responsibilities, which are based upon the Memorandum and Articles of Association and recommended good practice. This statement is based on the Model Statement contained in the Governance Code of Practice published by the Committee of University Chairmen, adapted to reflect the powers and responsibilities that the Board of Governors of Leeds Trinity University has that derives from the University Statutes. The Board of Governors is the governing body of the University. The Board of Governors has ultimate responsibility for the affairs of the University. It is responsible for reviewing the work of the University and taking such steps as it thinks proper for the purpose of advancing the interests of the University, maintaining its efficiency, encouraging teaching, the pursuit of learning and research and providing for the recreation and wellbeing of students.

CORPORATE GOVERNANCE

Consistent with the University's constitution, the primary responsibilities of the Board of Governors are:

- a) The determination of the educational and Roman Catholic character and objectives of Leeds Trinity and for the supervision of its activities. This is achieved by the approval of the University's mission, values and vision as part of the approval and ongoing monitoring of the strategic plan;
- b) To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to monitor these on an ongoing basis to ensure that these meet the interests of stakeholders;
- c) To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and personnel 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;
- d) 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;
- e) To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;
- f) To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself;
- g) 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;
- h) To safeguard the good name and values of the institution;
- i) To appoint the head of the institution as Vice-Chancellor and Chief Executive, and to put in place suitable arrangements for monitoring her/his performance;
- j) 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;
- k) To be the employing authority for all staff in the institution and to be responsible for approving a human resources strategy;
- l) To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate;
- m) 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;
- n) To make such provision as it thinks fit for the general welfare of students, in consultation with the academic board;
- o) To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution; and
- p) To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

This Statement shall be published widely, including on the internet and in the annual report, along with identification of key individuals (that is, chair, deputy chair, head of the institution, and chairs of key committees).

The description of the responsibilities that the governing body delegates to the Vice-Chancellor is that outlined in Article 14 of the Articles of Association.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEEDS TRINITY UNIVERSITY

We have audited the financial statements of Leeds Trinity University for the year ended 31 July 2014 which comprise the Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement, the Statement of Principal Accounting Policies and the related notes 1 to 28. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the University's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the University's members those matters we are required to state to them 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 University and the University's members as a body, 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 Responsibilities of the Board of Governors, the Board of Governors is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEEDS TRINITY UNIVERSITY (continued)

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

In our opinion:

- in all material respects, income from the Funding Council and the National College for Teaching and Leadership, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2014 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2014 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the Funding Council and the funding agreement with the National College for Teaching and Leadership.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Higher Education Funding Council for England Audit Code of Practice we are required to report to you if, in our opinion:

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

David Johnson BA FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, UK

2014

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2014

1. Basis of preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable United Kingdom laws and Accounting Standards. The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings for which a cost is not readily ascertainable.

The accounts have been prepared on the going concern basis.

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior years.

2. Going concern

The University's academic activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The financial position of the University, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report and in more detail within the Statement of Principal Accounting Policies and Notes to the Financial Statements.

As a consequence, the Board of Governors believes that the University is well placed to manage its risks successfully. Consideration has been given to government policies and their potential impact. The current forecasts and projections, including reasonable downside sensitivities, show that the University should be able to operate within its current facilities and available headroom and maintain compliance with covenants.

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

3. Basis of consolidation

The financial statements do not include those of Leeds Trinity Students' Union as it is a separate organisation over which the University does not have control or significant influence.

The University holds a £1 guarantee in respect of YHUA Ltd ("Yorkshire Universities"), a company limited by guarantee. As the University does not have control or significant influence and holds less than 10% of the total guarantee the results have not been included in these financial statements.

4. Recognition of income

Funding Council block grants are accounted for in the period to which they relate.

Fee income is credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred for specific purposes. Donations which are to be retained for the benefit of the University are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by the University as other income in the income and expenditure account.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 July 2014

4. Recognition of income (continued)

Non-recurrent grants from the Higher Education Funding Council for England, the National College for Teaching and Leadership or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

5. Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

6. Accounting for retirement benefits

The University contributes to the Teachers' Pension Scheme (TPS) for academic staff (lecturing staff and holders of some senior posts) and to the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for other staff. Both schemes are defined benefit schemes.

The TPS is a multi employer scheme and it is not possible to identify the assets of the scheme which are attributable to the University. In accordance with FRS17, this scheme is accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable.

For WYPF the University is able to identify its share of assets and liabilities and thus the University fully adopts the recognition and disclosure requirements of FRS17 "Retirement Benefits".

For WYPF the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Income and Expenditure Account and presented in the Statement of Total Recognised Gains and Losses.

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

The pensions deficit / surplus recognised in the Balance Sheet represents the present value of the defined benefit obligation adjusted for unrecognised past service cost, and the pension asset represents the fair value of the scheme assets.

7. Land and buildings

Land and buildings are stated at valuation or cost; the basis of valuation is depreciated replacement cost. Valuations are carried out by independent Chartered Surveyors.

On adoption of FRS15, the Institution followed the transitional provision to retain the book value of land and buildings, which were valued on 31 July 1995 by Gerald Eve, Chartered Surveyors, but not to adopt a policy of revaluations of these properties in the future.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years and extensions to buildings over 20 years on the amount at which the tangible fixed asset is included in the balance sheet. Depreciation is on a straight line basis.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated. The related grants are credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the buildings on a basis consistent with the depreciation policy.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 July 2014

8. Equipment, furniture, vehicles, fixtures and fittings

Equipment, including computers, software and furniture costing less than £5,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other tangible assets are capitalised at cost.

All assets are depreciated on a straight line basis over their useful economic life as follows:

Equipment, furniture and fittings	3-10 years
Motor vehicles	4-6 years

Where equipment has been acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the policy set out above, with the related grant credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

9. Investments

Listed investments held as endowment assets are shown at market value as determined by published share prices. Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

10. Stock

Stock is stated at the lower of their cost and net realisable value.

11. Maintenance of premises

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The University has a planned maintenance programme, which is reviewed on an annual basis.

12. Taxation status

The University is registered under the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

For the year ended 31 July 2014

13. Provisions

Provisions are recognised in the financial statements when the University 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 obligation.

14. Cash flows and liquid resources

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

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

15. Accounting for charitable donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. The University's endowments are restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

LEEDS TRINITY UNIVERSITY

INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 July 2014

	Note	Year ended 31 July 2014 £	Year ended 31 July 2013 £
INCOME			
Funding body grants	1	4,026,273	6,232,550
Tuition fees and education contracts	2	17,365,186	13,498,018
Other income	3	4,315,351	3,862,008
Endowment and investment income	4	59,801	52,551
Total income		<u>25,766,611</u>	<u>23,645,127</u>
EXPENDITURE			
Staff costs	5,7	14,025,210	12,918,883
Other operating expenses	7	7,720,051	7,380,482
Depreciation	7,8	2,123,762	2,015,049
Interest and other finance costs	7	107,060	237,716
Total expenditure	7	<u>23,976,083</u>	<u>22,552,130</u>
Surplus on continuing operations after depreciation of tangible assets at valuation		1,790,528	1,092,997
Transfer from accumulated income in endowment funds	16	3,414	2,629
Surplus for the year retained within general reserves	18	<u>1,793,942</u>	<u>1,095,626</u>

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

LEEDS TRINITY UNIVERSITY

STATEMENT OF HISTORICAL COST SURPLUSES AND DEFICITS

For the year ended 31 July 2014

	Note	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Surplus on continuing operations after depreciation of tangible assets at valuation		1,790,528	1,092,997
Difference between historical cost depreciation and the actual charge for the year calculated using the revalued amount	17	224,363	224,363
HISTORICAL COST SURPLUS		<u>2,014,891</u>	<u>1,317,360</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31 July 2014

	Note	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Surplus for the financial year		1,793,942	1,095,626
Actuarial gain in respect of pension schemes	27	781,000	2,126,000
Transfer from accumulated income in endowment funds	16	(3,414)	(2,629)
New endowments	16	2,350	250
Total recognised gains relating to the year		<u>2,573,878</u>	<u>3,219,247</u>
Reconciliation of reserves and endowments			
Opening reserves and endowments		19,549,372	16,330,125
Total recognised gains for the year		<u>2,573,878</u>	<u>3,219,247</u>
Closing reserves and endowments		<u>22,123,250</u>	<u>19,549,372</u>

BALANCE SHEET
31 July 2014

	Note	31 July 2014 £	31 July 2013 £
FIXED ASSETS			
Tangible assets	8	29,193,622	30,432,352
ENDOWMENT ASSETS			
	9	27,535	28,599
CURRENT ASSETS			
Stock		19,567	20,290
Debtors	10	953,468	813,877
Investments	11	8,034,116	5,019,261
Cash at bank and in hand		1,050,569	1,501,611
		10,057,720	7,355,039
CREDITORS: amounts falling due within one year	12	(3,249,575)	(2,327,636)
NET CURRENT ASSETS		6,808,145	5,027,403
Total assets less current liabilities		36,029,302	35,488,354
CREDITORS: amounts falling due after more than one year	13	(2,900,000)	(4,050,000)
Provisions for liabilities	14	(612,663)	(709,228)
Total net assets excluding pension deficit		32,516,639	30,729,126
Pension deficit	27	(6,746,000)	(7,329,000)
NET ASSETS		25,770,639	23,400,126
Deferred capital grants			
	15	3,647,389	3,850,754
Expendable endowments			
	16	27,535	28,599
		3,674,924	3,879,353
Reserves			
Revaluation reserve	17	6,289,517	6,513,880
Income and expenditure account excluding pension reserve		22,552,198	20,335,893
Pension reserve	27	(6,746,000)	(7,329,000)
Income and expenditure account including pension reserve	18	15,806,198	13,006,893
		22,095,715	19,520,773
TOTAL FUNDS		25,770,639	23,400,126

The financial statements of the University (registered company number 6305220) on pages 19 to 43 were approved by the Board of Governors on 21 November 2014 and were signed on its behalf by:

Mr I Burrell
Chair of the Board of Governors

Prof M House
Vice-Chancellor and Chief Executive

CASH FLOW STATEMENT

For the year ended 31 July 2014

	Note	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Net cash inflow from operating activities	19	3,574,868	2,901,117
Returns on investment and servicing of finance	20	(230,259)	(235,416)
Capital expenditure and financial investment	21	(781,860)	(767,786)
Net cash inflow before management of liquid resources		2,562,749	1,897,915
Management of liquid resources	22	(3,014,855)	(2,984,182)
Decrease in cash in the year	23	(452,106)	(1,086,267)
Reconciliation of net cash flow to movement in net funds			
Decrease in cash in the year	23	(452,106)	(1,086,267)
Change in liquid resources	23	3,014,855	2,984,182
Change in net funds from cash flows		2,562,749	1,897,915
Movement in net funds in year		2,562,749	1,897,915
Net funds at 1 August		2,549,471	651,556
Net funds at 31 July		5,112,220	2,549,471

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

1. FUNDING BODY GRANTS

	Year ended 31 July 2014		Year ended 31 July 2013	
	HEFCE	NCTL	Total	Total
	£	£	£	£
Recurrent grant	2,286,046	1,216,350	3,502,396	5,650,630
Specific grants	29,828	136,442	166,270	187,554
Releases of deferred capital grants				
Equipment	-	-	-	786
Buildings	357,607	-	357,607	393,580
Total	2,673,481	1,352,792	4,026,273	6,232,550

2. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Full-time home and EU students	16,819,469	12,487,619
Full-time international students	223,687	456,083
Part-time home and EU students	313,613	540,396
Part-time international students	8,417	13,920
	17,365,186	13,498,018

3. OTHER INCOME

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Residences, catering and conferences	3,199,180	2,940,954
Other income	1,116,171	921,054
	4,315,351	3,862,008

4. ENDOWMENT AND INVESTMENT INCOME

	Note	Year ended 31 July 2014	Year ended 31 July 2013
		£	£
Income from expendable endowments	16	226	295
Income from short term investments		59,575	52,256
		59,801	52,551

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

5. STAFF

	Year ended 31 July 2014	Year ended 31 July 2013
	No	No
The average number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:		
Lecturing staff, holders of senior posts, staff paid on academic scales and part-time lecturers	129	121
Administrative, professional and technical staff	137	131
Other	71	69
	<u>337</u>	<u>321</u>

	Note	Year ended 31 July 2014	Year ended 31 July 2013
		£	£
Staff costs for the above persons:			
Wages and salaries		11,307,540	10,386,032
Social security costs		852,148	785,564
Contributions to pension schemes	27	1,476,974	1,304,546
Pension enhancement costs	27	(27,102)	52,741
Restructuring costs		34,650	9,000
Current service cost in excess of contributions	27	381,000	381,000
		<u>14,025,210</u>	<u>12,918,883</u>

The numbers of staff, including senior post-holders and the Vice-Chancellor, who received emoluments (excluding pension contributions) in the following ranges were:

	Year ended 31 July 2014	Year ended 31 July 2013
	No	No
£120,001 to £130,000	-	1
£140,001 to £150,000	1	-
	<u>1</u>	<u>1</u>

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Directors' remuneration		
Emoluments	219,925	210,318
Pension contributions	31,171	29,775
	<u>251,096</u>	<u>240,093</u>

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Remuneration of Vice Chancellor (being the highest paid director)		
Emoluments	147,833	81,667
Pension contributions	20,841	11,515
	<u>168,674</u>	<u>93,182</u>

Due to the change in Vice-Chancellor during the year ended 31 July 2013, the amount shown for that year represents 7 months remuneration for the current Vice Chancellor. Remuneration for the previous Vice Chancellor in that year was £65,917 including pension contributions.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

5. STAFF (CONTINUED)

The amount shown for Directors' remuneration represents amounts paid to three directors in respect of their employment by Leeds Trinity (the Vice Chancellor and two elected staff governors). No amounts were paid to act as directors.

The Vice Chancellor is a member of a defined benefit scheme and had accrued entitlements (including service from employment prior to Leeds Trinity University) of £46,127 under the scheme at the end of the year.

The number of directors who:	Year ended	Year ended
	31 July 2014	31 July 2013
	No	No
Are members of a defined benefit pension scheme	3	4

6. SENIOR POST-HOLDERS

	Year ended	Year ended
	31 July 2014	31 July 2013
	No	No
The number of senior post-holders including the Vice-Chancellor:	4	4

The Vice-Chancellor is the highest paid senior post-holder and the highest paid director (see Note 5).

Senior post-holders are the members of the University's Executive.

7. ANALYSIS OF 2013/2014 EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Interest and other finance costs	Total Year ended 31 July 2014	Total Year ended 31 July 2013
	£	£	£	£	£	£
Academic departments	7,526,324	36,279	1,234,873		8,797,476	7,929,020
Academic services	1,340,960	444,634	1,082,843		2,868,437	2,831,330
Residences and catering	871,707	391,102	960,180		2,222,989	2,150,329
Premises	510,016	1,192,148	1,100,030		2,802,194	2,835,012
Administration and other	3,395,203	59,599	3,342,125	290,060	7,086,987	6,476,439
Current service cost in excess of contributions	381,000				381,000	381,000
Net interest on pension liabilities				(183,000)	(183,000)	(51,000)
Total per income and expenditure account	14,025,210	2,123,762	7,720,051	107,060	23,976,083	22,552,130

Other operating expenses include:

	Year ended 31 July 2014	Year ended 31 July 2013
External auditor's remuneration for audit services	16,500	16,050
External auditor's remuneration for non-audit services	-	6,750
Payments under operating leases in respect of equipment	174,606	109,482

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

8. TANGIBLE FIXED ASSETS

	Assets in the course of construction	Freehold land and buildings	Furniture, equipment, fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost/valuation					
At 1 August 2013 at cost	59,595	29,348,065	4,983,332	45,855	34,436,847
At 1 August 2013 at valuation	-	12,355,612	-	-	12,355,612
Additions during the year	-	248,315	690,137	-	938,452
Completed during the year	(59,595)	59,595	-	-	-
Disposals during the year	-	(48,399)	(226,508)	-	(274,907)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	-	41,963,188	5,446,961	45,855	47,456,004
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At cost	-	29,607,576	5,446,961	45,855	35,100,392
At valuation	-	12,355,612	-	-	12,355,612
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	-	41,963,188	5,446,961	45,855	47,456,004
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Accumulated depreciation					
At 1 August 2013	-	13,310,215	3,006,274	43,618	16,360,107
Charge for the year	-	1,517,111	604,414	2,237	2,123,762
Disposals	-	-	(221,487)	-	(221,487)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	-	14,827,326	3,389,201	45,855	18,262,382
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 July 2014	-	27,135,862	2,057,760	-	29,193,622
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2013	59,595	28,393,462	1,977,058	2,237	30,432,352
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Land and Buildings

The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS 15. Accordingly, the book values at implementation were retained. Land and buildings were last valued in 1995 at depreciated replacement cost by a firm of independent chartered surveyors.

A legal agreement was signed between the University and the HEFCE that valued the exchequer interest in the University. This value is adjusted by HEFCE each year by the writing off over 10 years of the existing exchequer interest, the addition of any new interest, and the writing off of that new interest over 15 years. The exchequer interest may crystallise for repayment, but only in unusual circumstances such as insolvency of the University or significant downsizing (by at least 50 per cent). As at 31 July 2014, the value of the exchequer interest in the University was £2,651,839 (2013: £3,005,972).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2014

9. ENDOWMENT ASSET INVESTMENTS

	2014	2013
	£	£
Balance at 1 August	28,599	30,978
Disposals	(1,064)	(2,379)
At 31 July	<u>27,535</u>	<u>28,599</u>
Represented by		
Cash at bank held for endowment funds	<u>27,535</u>	<u>28,599</u>

10. DEBTORS

	31 July 2014	31 July 2013
	£	£
Amounts falling due within one year:		
Trade debtors	286,443	377,296
Amounts due from funding councils	54,870	-
Prepayments and accrued income	612,155	436,581
	<u>953,468</u>	<u>813,877</u>

11. INVESTMENTS

	31 July 2014	31 July 2013
	£	£
Deposits maturing:		
In one year or less	<u>8,034,116</u>	<u>5,019,261</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2014	31 July 2013
	£	£
Trade creditors	655,467	518,176
Bank loan repayable in less than one year	1,150,000	-
Payments received in advance	105,422	237,135
Social security and other taxation payable	263,511	241,310
Pensions and similar obligations	218,353	183,307
Accruals	599,895	749,233
Amounts owing to funding councils	251,679	397,010
Access funds	5,248	1,465
	<u>3,249,575</u>	<u>2,327,636</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

13. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	31 July 2014	31 July 2013
	£	£
Bank loan	2,850,000	4,000,000
Revolving Green Fund long term loan	50,000	50,000
	<u>2,900,000</u>	<u>4,050,000</u>

The bank loan is repayable as follows:

	31 July 2014	31 July 2013
	£	£
Between two and five years	600,000	1,600,000
After five years	2,250,000	2,400,000
	<u>2,850,000</u>	<u>4,000,000</u>

The bank loan is split into four equal portions, each with a fixed repayment period of between 5 years and 20 years. Repayments are by quarterly instalments commencing August 2014 supplemented by lump sum repayments at the end of each loan period. The loan is on a fixed interest rate of 7.27% with interest payable on a quarterly basis.

The Revolving Green Fund loan is a long term grant from HEFCE / Salix Finance to invest in energy efficiency and carbon management projects. Savings generated from these projects are reinvested back into this ring fenced fund to help resource other projects. It is repayable only once reinvestment ceases. It is considered that there are sufficient projects in which to reinvest the funds for at least one year from the balance sheet date.

14. PROVISIONS FOR LIABILITIES

	Pension Enhancement £
At 1 August 2013	709,228
Utilised in year	(48,610)
Transfer from income and expenditure account	(47,955)
	<u>612,663</u>
At 31 July 2014	<u>612,663</u>

Pension enhancement provision relates to pension enhancements which the University has awarded to former staff members. The provision will be utilised over the period to which these individuals are entitled to their pensions, which is estimated to be over the next 25 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2014**15. DEFERRED CAPITAL GRANTS**

	Note	2014 £	2013 £
At 1 August			
Equipment		-	786
Buildings		3,850,754	4,181,895
Total		<u>3,850,754</u>	<u>4,182,681</u>
Received:			
Equipment		-	-
Buildings		154,242	62,439
Total		<u>154,242</u>	<u>62,439</u>
Released to income and expenditure account:			
Equipment	1	-	786
Buildings	1	357,607	393,580
Total		<u>357,607</u>	<u>394,366</u>
At 31 July			
Equipment		-	-
Buildings		3,647,389	3,850,754
Total		<u><u>3,647,389</u></u>	<u><u>3,850,754</u></u>

All deferred capital grants have been received from funding councils.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2014

16. ENDOWMENTS

	2014	2013
	£	£
Restricted Expendable Endowments		
At 1 August		
Capital	28,527	30,738
Accumulated Income	72	240
	<u>28,599</u>	<u>30,978</u>
New endowments	2,350	250
Investment income	226	295
Expenditure	(3,640)	(2,924)
	<u>(3,414)</u>	<u>(2,629)</u>
At 31 July	<u>27,535</u>	<u>28,599</u>
Represented by		
Capital	27,424	28,527
Accumulated income	111	72
	<u>27,535</u>	<u>28,599</u>

17. REVALUATION RESERVE

	2014	2013
	£	£
At 1 August	6,513,880	6,738,243
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(224,363)	(224,363)
At 31 July	<u>6,289,517</u>	<u>6,513,880</u>

18. MOVEMENT ON GENERAL RESERVES

	2014	2013
	£	£
Income and Expenditure Account Reserve		
At 1 August	13,006,893	9,560,904
Surplus for the year retained within general reserves	1,793,942	1,095,626
Transfer from revaluation reserve	224,363	224,363
Actuarial gain	781,000	2,126,000
At 31 July	<u>15,806,198</u>	<u>13,006,893</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

19. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Surplus after depreciation of tangible fixed assets at valuation	1,790,528	1,092,997
Depreciation (note 8)	2,123,762	2,015,049
Deferred capital grants released to income (note 1)	(357,607)	(394,366)
Investment income (note 4)	(59,801)	(52,551)
Interest and other finance costs (note 7)	107,060	237,716
Decrease/(Increase) in stock	723	(4,916)
Increase in debtors	(139,591)	(290,194)
Decrease in creditors	(228,059)	(89,773)
Decrease in provisions	(96,565)	(15,561)
Current service cost in excess of contributions (note 7)	381,000	381,000
Loss on disposal of fixed assets	53,418	21,716
	<u>3,574,868</u>	<u>2,901,117</u>
Net cash inflow from operating activities	<u>3,574,868</u>	<u>2,901,117</u>

20. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Income from endowments	226	295
Other interest received	59,575	52,256
Interest paid	(290,060)	(287,967)
	<u>(230,259)</u>	<u>(235,416)</u>
Net cash flow from returns on investments and servicing of finance	<u>(230,259)</u>	<u>(235,416)</u>

21. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Payments made to acquire fixed assets	(938,452)	(830,475)
Deferred capital grant received	154,242	62,439
New endowments received	2,350	250
	<u>(781,860)</u>	<u>(767,786)</u>
Net cash outflow from capital expenditure and financial investment	<u>(781,860)</u>	<u>(767,786)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

22. MANAGEMENT OF LIQUID RESOURCES

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Movement on deposits	(3,014,855)	(2,984,182)
	<u>(3,014,855)</u>	<u>(2,984,182)</u>

23. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 July 2013	Cash flows	Non-cash changes	At 31 July 2014
	£	£	£	£
Endowment assets	28,599	(1,064)	-	27,535
Cash at bank and in hand	1,501,611	(451,042)	-	1,050,569
	<u>1,530,210</u>	<u>(452,106)</u>	<u>-</u>	<u>1,078,104</u>
Current asset investments	5,019,261	3,014,855	-	8,034,116
	<u>6,549,471</u>	<u>2,562,749</u>	<u>-</u>	<u>9,112,220</u>
Debts due within one year	-	-	(1,150,000)	(1,150,000)
Debts due after one year	(4,000,000)	-	1,150,000	(2,850,000)
	<u>-</u>	<u>-</u>	<u>1,150,000</u>	<u>(2,850,000)</u>
Total	<u>2,549,471</u>	<u>2,562,749</u>	<u>-</u>	<u>5,112,220</u>

24. ACCESS FUNDS

	2014	2013
	£	£
Balance unspent at 1 August	1,465	2,332
Funding council grant	79,060	71,168
Interest earned	293	306
	<u>80,818</u>	<u>73,806</u>
Disbursed to students	(73,199)	(70,206)
Training and publicity	(2,372)	(2,135)
	<u>(75,571)</u>	<u>(72,341)</u>
Balance unspent at 31 July	<u>5,247</u>	<u>1,465</u>

Funding council grants are available solely for students, the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account. Within the cash flow they appear within the movement on creditors.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

25. TRAINING BURSARIES

	31 July 2014	31 July 2013
	£	£
Funding council grant	1,032,717	1,331,087
Disbursed to students	(911,970)	(1,196,940)
	<u>120,747</u>	<u>134,147</u>
Balance unspent at 31 July	<u>120,747</u>	<u>134,147</u>

Training bursaries are available solely for PGCE students, the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the University's income and expenditure account. Within the cash flow they appear within the movement on creditors/debtors.

26. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments:

	31 July 2014	31 July 2013
	£	£
Commitments contracted for	<u>702,703</u>	<u>148,644</u>

This represents commitments entered into by 31 July for expenditure as part of the following year's capital programme.

Annual commitments under operating leases in respect of equipment at 31 July 2014 were £92,381 (2013: £156,556).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

27. PENSION SCHEMES

The two pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) for academic staff (lecturers and holders of senior posts) and the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for support staff.

The total pension cost for the University was:

	Year ended 31 July 2014	Year ended 31 July 2013
	£	£
Contributions to TPS	764,369	688,833
Contributions to WYPF	712,605	615,713
	<hr/>	<hr/>
Pension enhancement costs	1,476,974	1,304,546
	(27,103)	52,741
Current service cost in excess of contributions	381,000	381,000
Net interest on pension liabilities	(183,000)	(51,000)
	<hr/>	<hr/>
Total pension cost	<u>1,647,871</u>	<u>1,687,287</u>

Teachers Pension Scheme

TPS is valued not less than every four years by the Government Actuary. Contributions are paid by the Institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is currently 14.1% of pensionable salaries. This will increase to 16.4% from September 2015.

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

The estimate for the contribution to the TPS for the 2014/15 year is £820,000.

West Yorkshire Pension Fund

WYPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the WYPF actuary reviews the progress of the WYPF scheme.

For WYPF, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the WYPF Regulations. Following the latest valuation, the contribution payable by the employer from April 2014 increased from 14.6% to 15.1% of pensionable salaries and will step up over a further two years to 15.7%.

Under the definitions set out in FRS 17, the WYPF is a multi-employer defined benefit pension scheme. In the case of the WYPF, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2014.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

The FRS17 disclosures below relate only to the University's pension costs in respect of the WYPF.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

27. PENSION SCHEMES (continued)

The material assumptions used by the actuary for FRS17 at 31 July 2014 were:

	31 July 2014	31 July 2013
Rate of increase in salaries	3.7%	4.6%
Liability discount rate	4.1%	4.5%
Inflation assumption	2.2%	2.7%

The assumed life expectations on retirement at age 65 are:

	31 July 2014	31 July 2013
<i>Retiring today</i>		
Males	22.5	22.1
Females	25.4	24.3
<i>Retiring in 20 years</i>		
Males	24.7	23.9
Females	27.7	26.2

The assets and liabilities of the defined benefit scheme with the expected rates of return on Scheme assets are shown below:

Value	31 July 2014 £'000s	31 July 2013 £'000s	31 July 2012 £'000s
Equities	17,702	16,944	13,590
Property	778	696	700
Government bonds	2,428	2,646	2,586
Other bonds	1,226	1,323	1,108
Cash/liquidity	919	882	544
Other	518	720	914
	<hr/>	<hr/>	<hr/>
Total	23,571	23,211	19,442
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expected Rate of Return	31 July 2014	31 July 2013	31 July 2012
Equities	7.5%	7.8%	7.5%
Property	6.8%	7.3%	7.0%
Government bonds	3.2%	3.3%	2.5%
Other bonds	3.7%	4.0%	3.2%
Cash/liquidity	1.1%	0.9%	1.4%
Other	7.5%	7.8%	7.5%

The following amounts at 31 July 2014 were measured in accordance with the requirements of FRS17.

Analysis of the amount shown in the balance sheet	31 July 2014 £'000	31 July 2013 £'000
The University's estimated asset share	23,571	23,211
Present value of the University's Scheme liabilities	(30,317)	(30,540)
	<hr/>	<hr/>
Deficit in the Scheme - Net pension liability	(6,746)	(7,329)
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

27. PENSION SCHEMES (continued)

Analysis of the amount charged to staff costs within operating surplus	2014 £'000	2013 £'000
Current service cost	(1,094)	(997)
Total operating charge	<u>(1,094)</u>	<u>(997)</u>
Analysis of amount that is credited/(charged) to other finance costs:	2014 £'000	2013 £'000
Expected return on pension scheme assets	1,572	1,236
Interest on pension scheme liabilities	(1,389)	(1,185)
Net credit	<u>183</u>	<u>51</u>
Analysis of amount recognisable in statement of total recognised gains and losses (STRGL)	2014 £'000	2013 £'000
Actuarial gain recognised in STRGL	781	2,126
Net gain	<u>781</u>	<u>2,126</u>
Analysis of the movement in the present value of the scheme liabilities	2014 £'000	2013 £'000
At beginning of year	30,540	28,567
Current service cost	1,094	997
Interest cost	1,389	1,185
Contributions by scheme participants	332	290
Actuarial (gains) and losses	(2,290)	125
Benefits paid	(748)	(624)
At end of year	<u>30,317</u>	<u>30,540</u>
Analysis of the movement in the market value of the scheme assets	2014 £'000	2013 £'000
At beginning of year	23,211	19,442
Expected rate of return on scheme assets	1,572	1,236
Actuarial (losses) and gains	(1,509)	2,251
Contribution by the employer	713	616
Contribution by scheme participants	332	290
Benefits paid	(748)	(624)
At end of year	<u>23,571</u>	<u>23,211</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

27. PENSION SCHEMES (continued)**History of experience gains and losses:**

	Year ended 31 July				
	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Present value of defined benefit obligations					
Funded	(30,251)	(30,445)	(28,472)	(24,123)	(24,115)
Unfunded	(66)	(95)	(95)	(95)	(121)
Fair value of scheme assets	23,571	23,211	19,442	19,067	16,027
Deficit in the scheme	(6,746)	(7,329)	(9,125)	(5,151)	(8,209)
Difference between expected and actual return on Scheme assets:					
Amount (£'000)	(1,509)	2,251	(1,031)	1,335	1,114
Percentage of Scheme assets	6.4%	9.7%	5.3%	7.0%	7.0%
Experience gains/(losses) on scheme liabilities:					
Amount (£'000)	611	(8)	(122)	1,874	165
Percentage of the present value of the scheme liabilities	2.0%	0.0%	0.4%	7.7%	0.7%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	781	2,126	(3,807)	3,427	2,107
Percentage of present value of scheme liabilities	2.6%	7.0%	13.3%	14.1%	8.7%

The cumulative actuarial loss which has been posted through the STRGL since FRS17 was adopted is £5,814,000 (2013: £6,595,000).

In accordance with Paragraph 77(o) of FRS17 (as revised), the assets for the current period and previous two periods are measured at current bid price. Asset values previously measured at mid-market value for periods ending 2013 and 2012 have been re-measured for this purpose. Asset values for periods ending 2011 and 2010 are shown at mid-market value and have not been re-measured as permitted by FRS17 (as revised).

The expected return on assets is determined with regard to various factors impacting each class of asset. The bond return is based on the prevailing return available on bonds. The return on equities, property and other assets is based on a number of factors including the income yield at the measurement date, the long term growth prospects for the economy in general, the long term relationship between each asset class and the bond returns and the movement in the market indices since the previous measurement date.

The actual return on scheme assets in the year was £63,000 (2013: £3,487,000).

Defined benefit scheme assets do not include any of the University's own financial instruments, or any property occupied by the University.

The estimate for the contribution for the defined benefit scheme for the year 2014/15 is £752,000.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2014

28. RELATED PARTY TRANSACTIONS

During the year the University's transactions with Yorkshire Universities, a company limited by guarantee in which the University holds a £1 guarantee were as summarised below:

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Purchases from Yorkshire Universities	9,310	10,060

The above transactions were undertaken on normal trading terms. At 31 July 2014 the amount owed to Yorkshire Universities was £Nil (2013: £1,000). The results of Yorkshire Universities have not been included in the results of the University.

During the year the University's transactions with Leeds Trinity Students' Union (LTSU) were as summarised below:

	Year ended 31 July 2014 £	Year ended 31 July 2013 £
Subvention paid to LTSU	144,126	126,527
Supply of casual staff by LTSU	110,389	78,497

At 31 July 2014 the amount owed to LTSU was £Nil (2013: £4,124). The results of Leeds Trinity Students' Union have not been included in the results of the University.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. An annual declaration of interests is made by members of the Board of Governors enabling any transactions to be identified and there were no related party transactions of a material nature during the year.