

**LEEDS TRINITY UNIVERSITY**

**Annual Report and Financial Statements**

**For the year ended**

**31 July 2015**

**Registered Company Number  
6305220**

**Deloitte LLP  
Leeds**

ANNUAL REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 July 2015

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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 (Senior Independent Governor)	Ms Carolyn Lord
Dr Julie Brunton	Mr Richard Marchant
Mr Ian Burrell (Chair, also Chair of Governance and Nominations Committee)	Mr Mark McGreevy OBE
Ms Margaret Coutts (resigned 31 July 2015)	Mr Andrew Micklethwaite (appointed 1 October 2014, Chair of Audit Committee)
Dr Colin Forrest	Mr James Poskitt
Mr Aidan Grills	Ms Sue Rix
Prof Margaret House (Vice-Chancellor)	Mr Paul Rogerson CBE DL (Vice Chair)
Prof Vivien Jones	Rt Reverend Marcus Stock (appointed 13 November 2014)
Mr James Kennedy	Mr John Sykes (Chair of Remuneration Committee)
Mr Philip King	Mr John Taylor
Mr Mark Lister (Chair of Finance and Resources Committee)	Ms Michaela Vyse (resigned 31 July 2015)
Ms Stephanie Little (appointed 1 August 2015)	

**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  
Leeds  
LS1 2AL

**Solicitors**

Eversheds LLP  
Bridgewater Place  
Water lane  
Leeds  
LS11 5DR

**Registered Office**

Leeds Trinity University  
Brownberrie Lane  
Leeds  
LS18 5HD

**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 2015. 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 in 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 year 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. 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.

The University has a successful history and strong track record in the recruitment of students from under-represented groups. The Catholic social mission of the University is played out in our desire to empower individuals, regardless of their background or route into higher education, to achieve their true potential and reach the highest standards possible. 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 99% of students coming from state schools, 41% from low socio-economic classes (SECs 4,5,6,7) and 21% from low participation neighbourhoods (POLAR 2). All of these figures consistently exceed the relevant benchmarks from the Higher Education Statistics Agency (HESA).

### Outreach

Leeds Trinity has an excellent track record in terms of the extent and success of its outreach work. Notable investment, activities and interventions include:

- Extensive reach with schools and colleges in West Yorkshire, with relationships with over 180 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 33 schools and colleges.
- A comprehensive menu of activity including pupil talks and workshops on topics such as "why go to university", "making the most of your personal statement", "student finance", and "preparing for your interview", with over 280 events held every year.
- A structured programme of HE "taster days", academic focus days and a residential summer school which offers underrepresented students 20 additional UCAS points if they graduate.
- Effective use of current students acting as Student Ambassadors and mentors to under-represented pupils in schools and colleges.
- Running of the Leeds Children's University in collaboration with the Children's University Trust, offering exciting and innovative learning activities and experiences for 7 to 14 year olds outside normal school hours. Research shows that engagement with the Children's University has a measurable, positive impact in a range of key areas including attendance, attitudes and attainment.
- Care Leavers are offered an enhanced package of advice and guidance in both the pre and post application process and once they arrive. This includes a single point of contact. Adult learners are also offered a dedicated package of advice and guidance, as well as tailored financial advice, a dedicated 'return to learn' programme prior to induction and an Adult Learners officer who runs events throughout the year.

## CHARITABLE PURPOSE AND PUBLIC BENEFIT

Leeds Trinity is committed to the Higher Education Access Rewarding Transforming (HEART) partnership established by twelve providers of higher education in West Yorkshire. It is also committed to the Single Point of Contact (SPoC) secured by HEART which operates to December 2016. HEART's mission is to work in partnership to improve access to, and achievement in, Higher Education to enhance individual and economic development.

Strategic target groups for core HEART activity are established as Looked After Young People (LAYP) and Care Leavers and further strengthening relationships with Leeds City Region (LCR) Local Enterprise Partnership (LEP) and through this addressing issues relating to higher level skills required for economic growth and therefore including mature and part-time learners.

HEART acts as the Single Point of Contact (SPoC) and coordinates the collaborative outreach being provided by partners and contributing to the National Network for Collaborative Outreach (NNCO). A proportion of formula funding is utilised to engage schools in HEFCE Cold Spot areas with targeted collaborative outreach activity.

### Student Success

Leeds Trinity is committed to enabling all students to reach their full potential and succeed. Our model for widening participation is based upon the student's decision line through from thinking, applying, starting, progressing and succeeding. Notable investment, activities and interventions in place to support student success include:

- Student Support Centre – This brings together a range of support services with a central Student Information Desk. Students benefit from a Student Health Centre, Dyslexia and Disability Support Services, Counselling Service and Student Advisors.
- Learning Support – The dedicated Learning Hub offers personalised, one-to-one academic skills support to all students, including help with time management, essay writing, revision strategies, critical thinking, note-taking, and the research process. The Student Achievement Advisors who work in the Learning Hub work closely with academic departments to support and assist students who have been identified by progress and module tutors as being in danger of withdrawing or failing. Students are contacted and offered regular tutorial appointments.
- Development Tutors – When student enrol on their course, a member of the lecturing staff will become their development tutor, offering students personalised academic support. Students have the same development tutor throughout the whole of their programme of study.
- Resident Mentors – Experienced and trained students live in all of our halls of residence on campus as Resident Mentors. They are available to support students as they make the transition to student life, they also play a crucial role in maintaining the community feel that the University is renowned for.
- Peer Learning Mentors (PLMs) – PLMs are level 5 and 6 students on track to achieve a 1st or 2:1 degree in each academic department and offer students advice on all aspects of academic work through one-to-one or group sessions.

The latest outcomes for student success across achievement, satisfaction and employability are covered in the Highlights and Achievements in the Year section of the Strategic Report.

### Financial Support

The University's access agreement, approved by the Office for Fair Access (OFFA), covers its outreach and student success activities and also 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 the year ended 31 July 2015, a total of £1.1m was provided in support in the form of cash, institutional services and fee waivers.

## STRATEGIC REPORT

### **Strategy and Priorities**

The strategic plan for the period 2014 – 2019 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.

## Progress against the Strategic Plan

Progress against the strategic plan is measured against a Key Performance Indicator (KPI) suite mapped against each goal and with targets for each KPI over the period of the plan. Progress is monitored by the Board of Governors at each meeting and strategies put in place to address areas where progress is not in line with targets.

A summary of these indicators is provided below together with an overview of performance in 2014/15:

- **Student Numbers:** This indicator measures the growth in student numbers (expressed as FTEs) over the period of the strategic plan and against the growth path set out as the University seeks to grow. Student numbers exceeded 3,000 FTEs in 2014/15 and were in line with the targeted growth path.
- **Student Satisfaction:** Two indicators measure performance in the National Student Survey (NSS) where the University aspires to be in the top quartile for teaching excellence by 2016 and in the top quartile for overall satisfaction by 2017. Performance fell short of target in 2015 with 88% for teaching excellence (against a target of 90%) and 85% for overall satisfaction (89% target).
- **Achievement:** This indicator measures the proportion of First Class and Upper Second Class degrees out of all undergraduate degrees awarded, with a target of year on year improvement. A significant increase in 2015 to 73% means that the original target for the end of the plan period has already been achieved.
- **Employability:** Two indicators measure employability of graduates six months after graduation as reported in the DLHE survey from HESA. The overall employability figure for 2015 of 95.1% met the target of exceeding the HESA benchmark. Graduate level employability dipped slightly to 65.8% after a large increase the previous year and was short of the sector average target of 69.1%.
- **Widening Participation:** This indicator reflects Leeds Trinity's long history of commitment to widening access to higher education and seeks to ensure that the % of students from low socio-economic classes (SECs 4,5,6,7) continues to exceed the HESA benchmark (target achieved).
- **Research:** Two indicators measure the creation of a vibrant and sustainable research culture as the University seeks to build on the award of university status. Both REFable research outputs and the value of research grant funding achieved increases over prior year and exceeded the targets set.
- **Knowledge Exchange:** This indicator measures seeks year on year increases in income in this area (achieved in 2014/15) as the University seeks to diversify its sources of income and improve the historically relatively low activity in this area.
- **Internationalisation:** Two indicators measure the internationalisation of the campus, curriculum and experience at Leeds Trinity. Just as important as increases in the relatively small number of international students to 300 over the period of the plan (target not achieved in year) are year on year increases in the number of staff and students participating in study abroad or exchange activities (target achieved).
- **Financial Sustainability:** Two indicators to ensure financial sustainability were both achieved in 2014/15, with historic surplus as a % of income at 10.2% against the 8% target and staff costs as a % of income on target at 54.5%.



STRATEGIC REPORT

## **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.

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 abolished 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.

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**

Following the award of university title in December 2012 Leeds Trinity's profile and reputation in the higher education sector has continued to increase. Leeds Trinity was the highest climber in the 2016 Guardian University Guide and was ranked 28<sup>th</sup> in Whatuni's compilation of the top UK universities. In September 2015 it was announced that Leeds Trinity had been shortlisted in the Outstanding Support for Students category of the Times Higher Education Awards.

### **Student Recruitment**

This increased profile has contributed to increases in recruitment in recent years, with September 2015 enrolments showing a further significant rise. Student numbers in 2015/16 will be the highest on record.

### **Student Experience**

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 2016 Guardian University Guide placing Leeds Trinity second out of all UK universities for satisfaction with assessment and feedback whilst the Times & Sunday Times Good University Guide 2016 placed Leeds Trinity 19<sup>th</sup> for satisfaction with teaching quality.

### **Student Attainment**

Attainment continues to show year on year improvement with 73% of graduates in 2015 achieving a First or 2:1 classification (up from 67% and following a significant rise the previous year). The Times & Sunday Times Good University Guide 2016 (using 2014 degree outcomes) demonstrated Leeds Trinity's improving position within the sector for attainment with a rise from 109<sup>th</sup> to 66<sup>th</sup> place. 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.

### **Student Employability**

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 95% of graduates in work or further study six months after graduation. This result places Leeds Trinity in the top 25% of all UK universities. 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 who offer students placements that are relevant to their degrees.

## STRATEGIC REPORT

### Learning and Teaching

The University also remains true to its foundations by maintaining an excellent reputation in teacher education. During the year, the University pooled the expertise of its acclaimed departments of Primary Education, Secondary Education and Children Young People & Families to create an Institute for Childhood and Education. During the coming year, the University will launch a Centre for Higher Education Pedagogic Research to further enhance the University's reputation as one of the leaders in pedagogic practice in the country.

### Research and Enterprise

Following the award of university status in 2012, the University is pursuing an ambitious research strategy laying out a development path towards Research Degree Awarding Powers (RDAP). During the year, the Research Excellence Framework (REF) results confirmed 4\* world-leading research in the area of Communication, Cultural & Media Studies, Library & Information Management (20% of outputs) and in the area of English Language & Literature (10% of outputs).

The University launched an Enterprise Centre during the year based on campus and providing facilities and support for students and alumni to help them develop their ideas for business start-ups. Supporting students in launching their own business is in line with the aspirations of the Local Enterprise Partnership (LEP) to enhance the potential of the Leeds City Region by supporting growing businesses.

### Widening Participation

In November 2014, the University set up the Leeds Children's University in collaboration with the Children's University Trust. The aim is to promote social mobility by offering exciting and innovative learning activities and experiences outside normal school hours to children aged 7 to 14 in order to raise aspirations at a young age.

### Quality

During the year the University had its Higher Education Review from the Quality Assurance Agency (QAA), following which the QAA confirmed that the University had met UK expectations in all four areas of assessment: the setting and maintenance of the academic standards of awards; the quality of student learning outcomes; the quality of the information about learning opportunities; and the enhancement of student learning opportunities.

The QAA also identified the following features of good practice: the comprehensive Programme Design and Approval Handbook, which provides extensive and useful guidance for programme design teams and approval panel members; the work of the Learning Hub, which provides extensive and valued professional, academic and pastoral support for students; the work of the peer learning mentors, which provides structured and accessible support for undergraduate students and has a positive impact on students' academic development; the provision of extended and relevant work-placement opportunities across all taught programmes, which promotes students' employability; and the strong and extensive partnerships with employers, which inform curriculum design and assessment, and promotes students' progression into employment.

### People

During the year, Leeds Trinity maintained its Investors in People accreditation which stretches back to 2000 and retained the Gold status achieved in 2012. Leeds Trinity is one of less than 8% of Investors in People accredited organisations that hold Gold status. The assessment drew particular attention to the clear and shared understanding of the future vision and priorities for the institution demonstrated by staff at all levels.

### Estates

The estates strategy includes an indicative £27m of capital expenditure across the strategic plan period and plans were progressed during the year to deliver the two largest projects. Planning permission was obtained for a new 228 bed £9.5m hall of residence on campus and construction commenced in August 2015 for occupation in September 2016. Plans were also developed for additional learning and teaching space and a £5m extension to the learning centre is expected to commence construction in May 2016. Capital expenditure during the year also included significant investment in IT and sporting facilities.

## STRATEGIC REPORT

**Financial Overview**

Financial performance for the year ended 31 July 2015, together with the corresponding figures for the previous year, is summarised in the financial highlights shown below.

	2015 £000s	2014 £000s	Change %
Funding body grants	2,334	4,026	(42.0)
Tuition fees and education contracts	21,230	17,365	22.3
Other income	4,598	4,376	5.1
<b>Total income</b>	<b>28,162</b>	<b>25,767</b>	<b>9.3</b>
Total expenditure	25,520	23,976	6.4
<b>Operating surplus for the year</b>	<b>2,642</b>	<b>1,791</b>	<b>47.5</b>
Transfers from revaluation reserve	224	224	-
<b>Historical cost surplus for the year</b>	<b>2,866</b>	<b>2,015</b>	<b>42.2</b>
<b>Capital expenditure</b>	<b>2,234</b>	<b>938</b>	<b>138.1</b>
<b>Operating cash flow</b>	<b>5,023</b>	<b>3,575</b>	<b>40.5</b>
Cash and short term investments	11,982	9,112	31.5
Borrowings	(3,800)	(4,000)	(5.0)
<b>Net funds</b>	<b>8,182</b>	<b>5,112</b>	<b>60.0</b>
<b>Net assets including pension liability</b>	<b>26,586</b>	<b>25,771</b>	<b>3.2</b>

Total income increased under the effect of a continued rise in student numbers, together with a rise in fee income per student as fees increased from £8,000 to £8,500 for 2014/15 entrants. A fall in funding council grants was compensated for by an increase in tuition fee income as the third and final cohort of students commenced under the new fee regime. Tuition fee income now represents 75% of income and is forecast to rise closer to 80%.

Expenditure increased by 6% overall, with increases of 9.5% on staff costs and 5% on other operating costs. The increase in staff costs was driven by the 11% increase in staff numbers, as student numbers rose, certain IT and marketing functions were brought back in-house and the University developed its own intern scheme. The increase in staffing altered the distribution profile leading to a 1.2% decrease in cost per employee. Staff costs as a percentage of income was almost unchanged at 54.5%. In line with prioritising student facing areas, academic costs were up 13% and academic services up 18%, whilst both premises and support costs declined slightly.

Capital expenditure increased from prior year, but a strong cash flow allowed cash and short term investment balances to continue to be built up with liquidity days increasing from 152 to 187 days. Net assets increased by £0.8m, with the retained surplus in the year being partly offset by a £1.8m increase in the pension liability arising from an actuarial loss.

Borrowings declined to £3.8m during the year as repayments commenced on the 25 year term loan drawn down during 2009-11. Repayments commenced in August 2014 with quarterly payments over a 20 year period through to the final payment currently expected to be in May 2034.

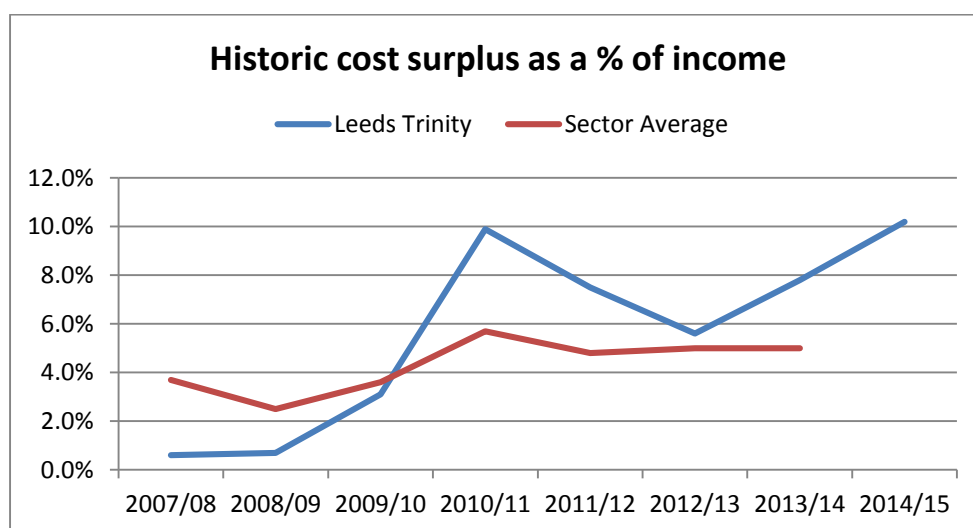
STRATEGIC REPORT

**Financial Sustainability**

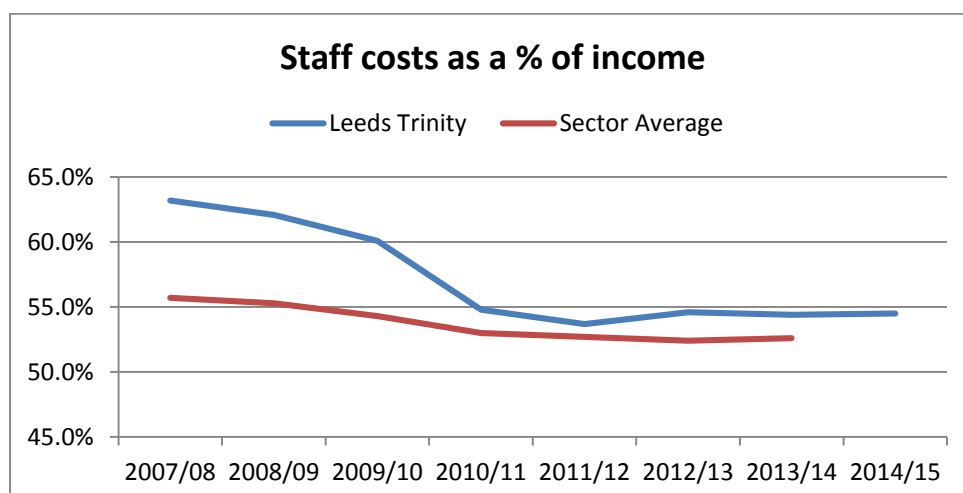
Leeds Trinity has three main financial key performance indicators (KPIs):

	Target	Sector 13/14	Actual 13/14	Actual 14/15
Historic cost surplus as a % of income	Above sector average	5.0%	7.8%	10.2%
Staff costs as a % of income	Sector Average	52.6%	54.4%	54.5%
Liquidity days	Sector upper quartile	167	152	187

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 recent years.

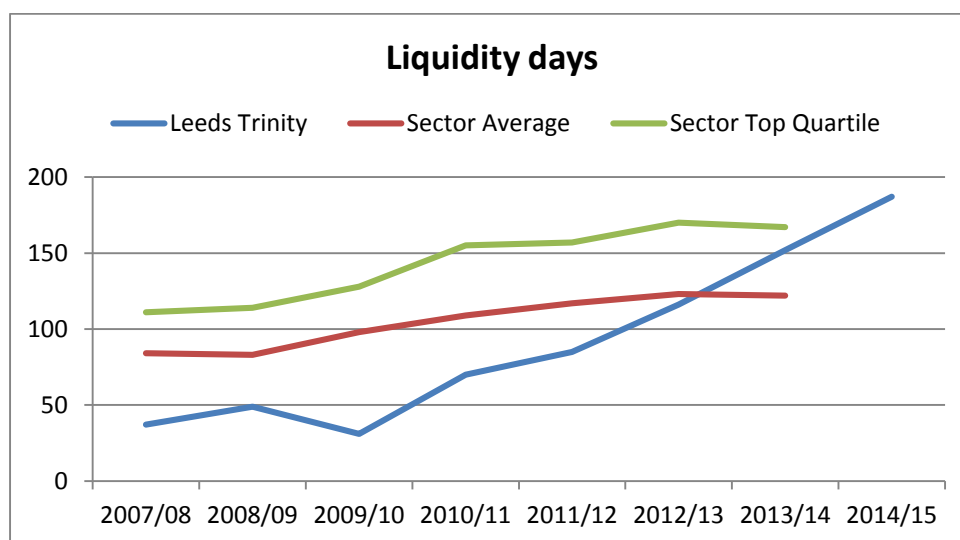


Staff costs as a % of income is used as the balance between staffing and other costs is a key indicator of the flexibility within the cost base to be able to respond to events. Although the diversity of the sector makes direct comparisons of this measure difficult, it is felt that targeting a position 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 the challenging target of the sector upper quartile point. The Treasury Management Strategy allows this target to be varied over the next few years as cash balances are used to part fund the large capital investment associated with the strategic plan.



*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, 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; by close attention to our management of the recruitment process; and by an enhanced focus on improvements in retention and progression.

### 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 to 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.

### **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 current 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, increasing 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. Significant rises in recruitment over recent 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 additional teaching and learning space and a new hall of residence, both of which will be under construction during 2015/16.

To enable this investment, including facilitating timing over the period, a new borrowing facility was agreed in June 2015. The £8m facility comprises a three year revolving credit facility followed by the option to term out for a further five years, on a 25 year amortisation profile. The facility is on a floating rate at 1.1% above LIBOR, with a £2m term out committed to at a fixed rate of 3.92% as part of the hedging strategy.

The financial strategy includes parameters around total borrowings, liquidity levels and debt service cover 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. Pay and grading structures operate within a national pay framework designed 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 newsletters, 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 Resources 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 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. Staff, students and governors 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  
20 November 2015



### **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 Memorandum of Assurance and Accountability 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 Memorandum of Assurance and Accountability 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 Resources 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 Memorandum of Assurance and Accountability 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 2015 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 in 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 Memorandum of Assurance and Accountability 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 in 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 Board of Governors receives reports from Academic Board.

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 Memorandum of Assurance and Accountability 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. If the Clerk to the Governors also has managerial responsibilities in the University then an appropriate separation in the lines of accountability will be ensured.

## 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.

The Board of Governors meets five times each year 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. The standing committees are:

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. All committees provide an annual report to the Board and the Audit Committee report is also submitted to 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, Vice Chair, Senior Independent Governor, Vice-Chancellor, 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 2015 which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement, the Reconciliation of Movements in Shareholders' Funds and the related notes 1 to 30. 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 governing body; 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 2015 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, 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 2015 have been applied for the purposes for which they were received;
- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council National College for Teaching and Leadership; and
- the requirements of HEFCE's accounts direction have been met.

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

We have nothing to report in respect of the following where the Companies Act 2006 requires us 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.

Paul Thompson BA FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, UK

2015

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2015

**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 financial statements 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 Financial Statements.

**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

For the year ended 31 July 2015

**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

For the year ended 31 July 2015

**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

Assets under construction are not depreciated until completed and brought into use.

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

For the year ended 31 July 2015

**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 financial statements 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 2015

	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
<b>INCOME</b>			
Funding body grants	1	2,333,912	4,026,273
Tuition fees and education contracts	2	21,229,562	17,365,186
Research grants and contracts	3	15,600	-
Other income	4	4,518,258	4,315,351
Endowment and investment income	5	65,097	59,801
<b>Total income</b>		<u>28,162,429</u>	<u>25,766,611</u>
<b>EXPENDITURE</b>			
Staff costs	6,8	15,359,059	14,025,210
Other operating expenses	8	8,097,944	7,720,051
Depreciation	8,9	2,083,144	2,123,762
Interest and other finance costs	8	(19,417)	107,060
<b>Total expenditure</b>	8	<u>25,520,730</u>	<u>23,976,083</u>
<b>Surplus on continuing operations after depreciation of tangible assets at valuation</b>		2,641,699	1,790,528
Transfer from accumulated income in endowment funds	17	3,607	3,414
<b>Surplus for the year retained within general reserves</b>	19	<u>2,645,306</u>	<u>1,793,942</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 2015

	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Surplus on continuing operations after depreciation of tangible assets at valuation		2,641,699	1,790,528
Difference between historical cost depreciation and the actual charge for the year calculated using the revalued amount	18	224,363	224,363
<b>HISTORICAL COST SURPLUS</b>		<u>2,866,062</u>	<u>2,014,891</u>

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

	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Surplus for the financial year		2,645,306	1,793,942
Actuarial (loss)/gain in respect of pension schemes	29	(1,821,000)	781,000
Transfer from accumulated income in endowment funds	17	(3,607)	(3,414)
New endowments	17	750	2,350
<b>Total recognised gains relating to the year</b>		<u>821,449</u>	<u>2,573,878</u>
 <b>Reconciliation of reserves and endowments</b>			
Opening reserves and endowments		22,123,250	19,549,372
Total recognised gains for the year		<u>821,449</u>	<u>2,573,878</u>
<b>Closing reserves and endowments</b>		<u>22,944,699</u>	<u>22,123,250</u>

BALANCE SHEET  
As at 31 July 2015

	Note	31 July 2015 £	31 July 2014 £
<b>FIXED ASSETS</b>			
Tangible assets	9	29,250,405	29,193,622
<b>ENDOWMENT ASSETS</b>			
	10	24,678	27,535
<b>CURRENT ASSETS</b>			
Stock		18,879	19,567
Debtors	11	1,007,969	953,468
Investments	12	10,061,502	8,034,116
Cash at bank and in hand		1,895,397	1,050,569
		12,983,747	10,057,720
<b>CREDITORS: amounts falling due within one year</b>	13	(2,869,419)	(3,249,575)
<b>NET CURRENT ASSETS</b>			
		10,114,328	6,808,145
<b>Total assets less current liabilities</b>		39,389,411	36,029,302
<b>CREDITORS: amounts falling due after more than one year</b>	14	(3,650,000)	(2,900,000)
<b>Provisions for liabilities</b>	15	(588,349)	(612,663)
<b>Total net assets excluding pension deficit</b>		35,151,062	32,516,639
<b>Pension deficit</b>	29	(8,565,000)	(6,746,000)
<b>NET ASSETS</b>			
		26,586,062	25,770,639
<b>Deferred capital grants</b>			
	16	3,641,363	3,647,389
<b>Expendable endowments</b>			
	17	24,678	27,535
		3,666,041	3,674,924
<b>Reserves</b>			
Revaluation reserve	18	6,065,154	6,289,517
Income and expenditure account excluding pension reserve		25,419,867	22,552,198
Pension reserve	29	(8,565,000)	(6,746,000)
Income and expenditure account including pension reserve	19	16,854,867	15,806,198
		22,920,021	22,095,715
<b>TOTAL FUNDS</b>			
		26,586,062	25,770,639

The financial statements of the University (registered company number 6305220) on pages 22 to 47 were approved by the Board of Governors on 20 November 2015 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 2015

	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
<b>Net cash inflow from operating activities</b>	20	5,022,716	3,574,868
<b>Returns on investment and servicing of finance</b>	21	(227,047)	(230,259)
<b>Capital expenditure and financial investment</b>	22	(1,726,312)	(781,860)
Net cash inflow before management of liquid resources		<u>3,069,357</u>	<u>2,562,749</u>
<b>Management of liquid resources</b>	23	(2,027,386)	(3,014,855)
<b>Financing</b>	24	(200,000)	-
<b>Increase/(Decrease) in cash in the year</b>	25	<u>841,971</u>	<u>(452,106)</u>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Increase/(Decrease) in cash in the year	25	841,971	(452,106)
Change in liquid resources	25	2,027,386	3,014,855
Cash outflow from financing		200,000	-
Change in net funds from cash flows		<u>3,069,357</u>	<u>2,562,749</u>
Movement in net funds in year		3,069,357	2,562,749
Net funds at 1 August		<u>5,112,220</u>	<u>2,549,471</u>
Net funds at 31 July		<u>8,181,577</u>	<u>5,112,220</u>



NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015**1. FUNDING BODY GRANTS**

	<b>Year ended 31 July 2015</b>		<b>Year ended 31 July 2014</b>	
	<b>HEFCE</b>	<b>NCTL</b>	<b>Total</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Recurrent grant	1,207,604	610,469	1,818,073	3,502,396
Specific grants	26,923	198,743	225,666	166,270
Releases of deferred capital grants				
Buildings	290,173	-	290,173	357,607
<b>Total</b>	<b>1,524,700</b>	<b>809,212</b>	<b>2,333,912</b>	<b>4,026,273</b>

**2. TUITION FEES AND EDUCATION CONTRACTS**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Full-time home and EU students	20,669,619	16,819,469
Full-time international students	134,650	223,687
Part-time home and EU students	412,393	313,613
Part-time international students	12,900	8,417
	<b>21,229,562</b>	<b>17,365,186</b>

**3. RESEARCH GRANTS AND CONTRACTS**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Research councils and charities	1,927	-
Government	13,673	-
	<b>15,600</b>	<b>-</b>

**4. OTHER INCOME**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Residences, catering and conferences	3,440,833	3,199,180
Other income	1,077,425	1,116,171
	<b>4,518,258</b>	<b>4,315,351</b>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015

**5. ENDOWMENT AND INVESTMENT INCOME**

	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
Income from expendable endowments	17	171	226
Income from short term investments		64,926	59,575
		<u>65,097</u>	<u>59,801</u>

**6. STAFF COSTS**

		Year ended 31 July 2015 No	Year ended 31 July 2014 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		144	129
Administrative, professional and technical staff		153	137
Other		77	71
		<u>374</u>	<u>337</u>
	Note	Year ended 31 July 2015 £	Year ended 31 July 2014 £
<b>Staff costs for the above persons:</b>			
Wages and salaries		12,384,935	11,307,540
Social security costs		937,449	852,148
Contributions to pension schemes	29	1,680,157	1,476,974
Pension enhancement costs	29	49,018	(27,102)
Restructuring costs		14,500	34,650
Current service cost in excess of contributions	29	293,000	381,000
		<u>15,359,059</u>	<u>14,025,210</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 2015 No	Year ended 31 July 2014 No
£100,001 to £110,000	2	-
£140,001 to £150,000	-	1
£150,001 to £160,000	1	-
	<u>3</u>	<u>1</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015**6. STAFF COSTS (CONTINUED)**

<b>Directors' remuneration</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Emoluments	236,823	219,925
Pension contributions	33,673	31,171
	<u>270,496</u>	<u>251,096</u>

<b>Remuneration of Vice Chancellor (being the highest paid director)</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Salary	153,000	147,833
Pension contributions	21,573	20,841
	<u>174,573</u>	<u>168,674</u>

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 £48,447 under the scheme at the end of the year.

<b>The number of directors who:</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>No</b>	<b>No</b>
Are members of a defined benefit pension scheme	<u>3</u>	<u>3</u>

**7. SENIOR POST-HOLDERS**

<b>The number of senior post-holders including the Vice-Chancellor:</b>	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>No</b>	<b>No</b>
	<u>4</u>	<u>4</u>

The Vice-Chancellor is the highest paid senior post-holder and the highest paid director (see Note 6).

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**8. ANALYSIS OF 2014/2015 EXPENDITURE BY ACTIVITY**

	<b>Staff costs</b>	<b>Depreciation</b>	<b>Other operating expenses</b>	<b>Interest and other finance costs</b>	<b>Total Year ended 31 July 2015</b>	<b>Total Year ended 31 July 2014</b>
	£	£	£	£	£	£
Academic departments	8,169,030	37,255	1,744,807	-	9,951,092	8,797,476
Academic services	1,711,182	589,693	1,073,156	-	3,374,031	2,868,437
Residences and catering	938,848	330,615	1,012,104	-	2,281,567	2,222,989
Research grants and contracts	7,692	-	4,372	-	12,064	-
Premises	530,000	1,076,401	1,149,633	-	2,756,034	2,802,194
Administration and other	3,709,307	49,180	3,019,992	275,583	7,054,062	7,086,987
Loss on w/off of fixed assets			93,880		93,880	-
Current service cost in excess of contributions	293,000	-	-	-	293,000	381,000
Net interest received on pension liabilities	-	-	-	(295,000)	(295,000)	(183,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total per income and expenditure account	15,359,059	2,083,144	8,097,944	(19,417)	25,520,730	23,976,083
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Other operating expenses include:

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
External auditor's remuneration for audit services	16,650	16,500
External auditor's remuneration for non-audit services	-	-
Payments under operating leases in respect of equipment	185,465	174,606
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**9. TANGIBLE FIXED ASSETS**

	Assets in the course of construction £	Freehold land and buildings £	Furniture, equipment, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost/valuation</b>					
At 1 August 2014 at cost	-	29,607,576	5,446,961	45,855	35,100,392
At 1 August 2014 at valuation	-	12,355,612	-	-	12,355,612
Additions during the year	759,033	416,118	1,031,502	27,154	2,233,807
Completed during the year	-	-	-	-	-
Written off during year	-	(375,505)	-	-	(375,505)
Disposals during the year	-	-	(133,480)	-	(133,480)
At 31 July 2015	<u>759,033</u>	<u>42,003,801</u>	<u>6,344,983</u>	<u>73,009</u>	<u>49,180,826</u>
At cost	759,033	29,648,189	6,344,983	73,009	36,825,214
At valuation	-	12,355,612	-	-	12,355,612
At 31 July 2015	<u>759,033</u>	<u>42,003,801</u>	<u>6,344,983</u>	<u>73,009</u>	<u>49,180,826</u>
<b>Accumulated depreciation</b>					
At 1 August 2014	-	14,827,326	3,389,201	45,855	18,262,382
Charge for the year	-	1,349,832	726,524	6,788	2,083,144
Written off during year	-	(281,625)	-	-	(281,625)
Disposals	-	-	(133,480)	-	(133,480)
At 31 July 2015	<u>-</u>	<u>15,895,533</u>	<u>3,982,245</u>	<u>52,643</u>	<u>19,930,421</u>
<b>Net book value</b>					
At 31 July 2015	<u>759,033</u>	<u>26,108,268</u>	<u>2,362,738</u>	<u>20,366</u>	<u>29,250,405</u>
At 31 July 2014	<u>-</u>	<u>27,135,862</u>	<u>2,057,760</u>	<u>-</u>	<u>29,193,622</u>

**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 2015, the value of the exchequer interest in the University was £2,379,258 (2014: £2,651,839).

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015**10. ENDOWMENT ASSETS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance at 1 August	27,535	28,599
Disposals	(2,857)	(1,064)
	<u>24,678</u>	<u>27,535</u>
At 31 July	<u>24,678</u>	<u>27,535</u>
Represented by		
Cash at bank held for endowment funds	<u>24,678</u>	<u>27,535</u>

**11. DEBTORS**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
<b>Amounts falling due within one year:</b>		
Trade debtors	237,831	286,443
Amounts due from funding councils	21,010	54,870
Prepayments and accrued income	749,128	612,155
	<u>1,007,969</u>	<u>953,468</u>

**12. INVESTMENTS**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Deposits maturing:		
In one year or less	<u>10,061,502</u>	<u>8,034,116</u>

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

	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Trade creditors	796,868	655,467
Bank loan repayable in less than one year	200,000	1,150,000
Payments received in advance	233,167	105,422
Social security and other taxation payable	302,215	263,511
Pensions and similar obligations	241,332	218,353
Accruals	786,388	599,895
Amounts owing to funding councils	308,349	251,679
Access funds	1,100	5,248
	<u>2,869,419</u>	<u>3,249,575</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**14. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Bank loan	3,600,000	2,850,000
Revolving Green Fund long term loan	50,000	50,000
	<u>3,650,000</u>	<u>2,900,000</u>

The bank loan is repayable as follows:

	<b>31 July 2015</b>	<b>31 July 2014</b>
	£	£
Between two and five years	800,000	600,000
After five years	2,800,000	2,250,000
	<u>3,600,000</u>	<u>2,850,000</u>

The bank loan is a 25 year term loan split into four equal portions, each with a fixed interest rate period of between 5 years and 20 years before reverting to a floating rate. Repayments are by quarterly instalments which commenced August 2014. A quarter of the loan has now reverted to the floating rate of 1.7% above LIBOR, with three quarters of the loan remaining on the fixed interest rate of 7.27%. Interest is 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.

**15. PROVISIONS FOR LIABILITIES**

	<b>Pension Enhancement</b>
	£
At 1 August 2014	612,663
Utilised in year	(45,757)
Transfer from income and expenditure account	21,443
	<u>588,349</u>
At 31 July 2015	<u>588,349</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 2015

**16. DEFERRED CAPITAL GRANTS**

	Note	2015 £	2014 £
<b>At 1 August</b>			
Buildings		3,647,389	3,850,754
<b>Received:</b>			
Buildings		284,147	154,242
<b>Released to income and expenditure account:</b>			
Buildings	1	(290,173)	(357,607)
<b>At 31 July</b>			
Buildings		<u>3,641,363</u>	<u>3,647,389</u>

All deferred capital grants have been received from funding councils.

**17. ENDOWMENTS**

	2015 £	2014 £
<b>Restricted Expendable Endowments</b>		
At 1 August		
Capital	27,424	28,527
Accumulated Income	111	72
	<u>27,535</u>	<u>28,599</u>
New endowments	750	2,350
Investment income	171	226
Expenditure	(3,778)	(3,640)
	<u>(3,607)</u>	<u>(3,414)</u>
At 31 July	<u>24,678</u>	<u>27,535</u>
Represented by		
Capital	24,599	27,424
Accumulated income	79	111
	<u>24,678</u>	<u>27,535</u>



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**18. REVALUATION RESERVE**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>At 1 August</b>	6,289,517	6,513,880
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(224,363)	(224,363)
	<hr/>	<hr/>
<b>At 31 July</b>	<u>6,065,154</u>	<u>6,289,517</u>

**19. MOVEMENT ON GENERAL RESERVES**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Income and Expenditure Account Reserve</b>		
<b>At 1 August</b>	15,806,198	13,006,893
Surplus for the year retained within general reserves	2,645,306	1,793,942
Transfer from revaluation reserve	224,363	224,363
Actuarial (loss)/gain	(1,821,000)	781,000
	<hr/>	<hr/>
<b>At 31 July</b>	<u>16,854,867</u>	<u>15,806,198</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**20. RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	£	£
Surplus after depreciation of tangible fixed assets at valuation	2,641,699	1,790,528
Depreciation (note 9)	2,083,144	2,123,762
Deferred capital grants released to income (note 1)	(290,173)	(357,607)
Investment income (note 5)	(65,097)	(59,801)
Interest and other finance costs (note 8)	(19,417)	107,060
Decrease in stock	688	723
Increase in debtors	(54,501)	(139,591)
Increase/(Decrease) in creditors	363,807	(228,059)
Decrease in provisions	(24,314)	(96,565)
Current service cost in excess of contributions (note 8)	293,000	381,000
Loss on w/off and disposal of fixed assets	93,880	53,418
	<u>5,022,716</u>	<u>3,574,868</u>

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

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	£	£
Income from endowments	171	226
Other interest received	61,595	59,575
Interest paid	(288,813)	(290,060)
	<u>(227,047)</u>	<u>(230,259)</u>

**22. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	£	£
Payments made to acquire fixed assets	(2,011,209)	(938,452)
Deferred capital grant received	284,147	154,242
New endowments received	750	2,350
	<u>(1,726,312)</u>	<u>(781,860)</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015**23. MANAGEMENT OF LIQUID RESOURCES**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Movement on deposits	(2,027,386)	(3,014,855)
	<u>(2,027,386)</u>	<u>(3,014,855)</u>

**24. FINANCING**

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Repayments of amounts borrowed	(200,000)	-
	<u>(200,000)</u>	<u>-</u>

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

	<b>At 31 July 2014</b>	<b>Cash flows</b>	<b>Non-cash changes</b>	<b>At 31 July 2015</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Endowment assets	27,535	(2,857)	-	24,678
Cash at bank and in hand	1,050,569	844,828	-	1,895,397
	<u>1,078,104</u>	<u>841,971</u>	<u>-</u>	<u>1,920,075</u>
Current asset investments	8,034,116	2,027,386	-	10,061,502
	<u>9,112,220</u>	<u>2,869,357</u>	<u>-</u>	<u>11,981,577</u>
Total short term funds	9,112,220	2,869,357	-	11,981,577
Debts due within one year	(1,150,000)	200,000	750,000	(200,000)
Debts due after one year	(2,850,000)	-	(750,000)	(3,600,000)
	<u>(4,000,000)</u>	<u>200,000</u>	<u>(750,000)</u>	<u>(4,550,000)</u>
<b>Total</b>	<u><u>5,112,220</u></u>	<u><u>3,069,357</u></u>	<u><u>-</u></u>	<u><u>8,181,577</u></u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**26. ACCESS FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
Balance unspent at 1 August	5,247	1,465
Funding council grant	-	79,060
Interest earned	-	293
	<u>5,247</u>	<u>80,818</u>
Disbursed to students	(5,247)	(73,199)
Training and publicity	-	(2,372)
	<u>-</u>	<u>-</u>
Balance unspent at 31 July	<u><u>-</u></u>	<u><u>5,247</u></u>

From 1 August 2014, the funding councils stopped paying access funds to universities for reimbursement to students. For 2014/15 all payments have been made directly by the university, and are charged to the income and expenditure account.

**27. TRAINING BURSARIES**

	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Funding council grant	1,387,500	1,032,717
Disbursed to students	(1,229,910)	(911,970)
	<u>157,590</u>	<u>120,747</u>
Balance unspent at 31 July	<u><u>157,590</u></u>	<u><u>120,747</u></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.

**28. CAPITAL COMMITMENTS**

Provision has not been made for the following capital commitments:

	<b>31 July 2015</b>	<b>31 July 2014</b>
	<b>£</b>	<b>£</b>
Commitments contracted for	<u><u>9,813,319</u></u>	<u><u>702,703</u></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 2015 were £92,381 (2014: £92,381).

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**29. PENSION SCHEMES**

The two pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) for academic staff 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:

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Contributions to TPS	830,905	764,369
Contributions to WYPF	849,252	712,605
	<u>1,680,157</u>	<u>1,476,974</u>
Pension enhancements costs	49,018	(27,103)
Current service cost in excess of contributions	293,000	381,000
Net interest on pension liabilities	(295,000)	(183,000)
	<u>1,727,175</u>	<u>1,647,871</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 2015/16 year is £910,000.

**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 2015.

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 2015

**29. PENSION SCHEMES (continued)**

The material assumptions used by the actuary for FRS17 at 31 July 2015 were:

	<b>31 July 2015</b>	<b>31 July 2014</b>
Rate of increase in salaries	3.5%	3.7%
Liability discount rate	3.5%	4.1%
Inflation assumption	2.0%	2.2%

The assumed life expectations on retirement at age 65 are:

	<b>31 July 2015</b>	<b>31 July 2014</b>
<i>Retiring today</i>		
Males	22.6	22.5
Females	25.5	25.4
<i>Retiring in 20 years</i>		
Males	24.8	24.7
Females	27.8	27.7

The asset allocation of the defined benefit scheme is shown below:

<b>Value</b>	<b>31 July 2015 £'000</b>	<b>31 July 2014 £'000</b>
Equities	20,057	17,702
Property	1,189	778
Government Bonds	2,748	2,428
Other Bonds	1,216	1,226
Cash/liquidity	396	919
Other	820	518
Total	<u>26,426</u>	<u>23,571</u>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS17.

<b>Analysis of the amount shown in the balance sheet</b>	<b>31 July 2015 £'000</b>	<b>31 July 2014 £'000</b>
The University's estimated asset share	26,426	23,571
Present value of the University's Scheme liabilities	(34,991)	(30,317)
Deficit in the Scheme - Net pension liability	<u>(8,565)</u>	<u>(6,746)</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 31 July 2015

**29. PENSION SCHEMES (continued)**

<b>Analysis of the amount charged to staff costs within operating surplus</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Current service cost	(1,150)	(1,094)
Total operating charge	<u>(1,150)</u>	<u>(1,094)</u>
<b>Analysis of amount that is credited/(charged) to other finance costs</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Expected return on pension scheme assets	1,557	1,572
Interest on pension scheme liabilities	(1,262)	(1,389)
Net credit	<u>295</u>	<u>183</u>
<b>Analysis of the amount recognisable in statement of total recognised gains and losses (STRGL)</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial (loss)/gain recognised in STRGL	(1,821)	781
Net (loss)/gain	<u>(1,821)</u>	<u>781</u>
<b>Analysis of the movement in the present value of the scheme liabilities</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of year	30,317	30,540
Current service cost	1,150	1,094
Interest cost	1,262	1,389
Contributions by scheme participants	385	332
Actuarial losses and (gains)	2,474	(2,290)
Benefits paid	(597)	(748)
At end of year	<u>34,991</u>	<u>30,317</u>
<b>Analysis of the movement in the market value of the scheme assets</b>	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At beginning of year	23,571	23,211
Expected rate of return on scheme assets	1,557	1,572
Actuarial gains and (losses)	653	(1,509)
Contribution by employer	857	713
Contribution by scheme participants	385	332
Benefits paid	(597)	(748)
At end of year	<u>26,426</u>	<u>23,571</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

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

	Year ended 31 July				
	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligations					
Funded	(34,929)	(30,251)	(30,445)	(28,472)	(24,123)
Unfunded	(62)	(66)	(95)	(95)	(95)
Fair value of scheme assets	26,426	23,571	23,211	19,442	19,067
Deficit in the scheme	(8,565)	(6,746)	(7,329)	(9,125)	(5,151)
Difference between expected and actual return on Scheme assets:					
Amount (£'000)	653	(1,509)	2,251	(1,031)	1,335
Percentage of Scheme assets	2.5%	6.4%	9.7%	5.3%	7.0%
Experience gains/(losses) on scheme liabilities:					
Amount (£'000)	137	611	(8)	(122)	1,874
Percentage of the present value of the scheme liabilities	0.4%	2.0%	0.0%	0.4%	7.7%
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(1,821)	781	2,126	(3,807)	3,427
Percentage of present value of scheme liabilities	5.2%	2.6%	7.0%	13.3%	14.1%

The cumulative actuarial loss which has been posted through the STRGL since FRS17 was adopted is £7,635,000 (2014: £5,814,000).

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 2014 and 2013 have been re-measured for this purpose. Asset values for periods ending 2012 and 2011 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 £2,210,000 (2014: £63,000).

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 2015/16 is £930,000.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2015

**30. 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:

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Purchases from Yorkshire Universities	9,310	9,310
	<u>9,310</u>	<u>9,310</u>

The above transactions were undertaken on normal trading terms. At 31 July 2015 the amount owed to Yorkshire Universities was £Nil (2014: £Nil). 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:

	<b>Year ended 31 July 2015</b>	<b>Year ended 31 July 2014</b>
	<b>£</b>	<b>£</b>
Subvention paid to LTSU	150,000	144,126
Supply of casual staff by LTSU	130,118	110,389
	<u>280,118</u>	<u>254,515</u>

At 31 July 2015 the amount owed to LTSU was £Nil (2014: £Nil). 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.