

LEEDS TRINITY UNIVERSITY

Annual Report and Financial Statements

For the year ended

31 July 2016

**Registered Company Number
6305220**

**Deloitte LLP
Leeds**

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 July 2016

CONTENTS	page
Directors and Advisors	1
Introduction, Structure and Nature of the University	2
Charitable Purpose and Public Benefit	3
Strategic Report	5
Directors' Report	14
Corporate Governance	16
Independent Auditor's Report	21
Statement of Principal Accounting Policies	23
Statement of Comprehensive Income and Expenditure	27
Statement of Changes in Reserves	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Financial Statements	31

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 Stephanie Little
Dr Julie Brunton (resigned 31 July 2016)	Ms Carolyn Lord
Mr Ian Burrell (Chair, also Chair of Governance and Nominations Committee)	Mr Richard Marchant
Dr Colin Forrest	Mr Mark McGreevy OBE (resigned 1 February 2016)
Mr Andrew Gilliland (appointed 13 October 2016)	Mr Andrew Micklethwaite (Chair of Audit Committee)
Mr Aidan Grills	Mr James Poskitt
Prof Margaret House (Vice-Chancellor)	Ms Elizabeth Richards (appointed 13 October 2016)
Prof Vivien Jones	Ms Susan Rix
Mr James Kennedy	Mr Paul Rogerson CBE DL (Vice Chair)
Mr Philip King (retired 31 July 2016)	Rt Reverend Marcus Stock
Mr Mark Lister (Chair of Finance and Resources Committee)	Mr John Sykes (Chair of Remuneration Committee)
	Mr John Taylor

Clerk to the Governors and Company Secretary

Mr Howard Nelson

Chancellor

Ms Gabby Logan

Pro Chancellor

Mr Ed Anderson

Auditor

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Company and Charity Numbers

Registered Company Number 6305220
Registered Charity Number 1120102

INTRODUCTION, STRUCTURE AND NATURE OF THE UNIVERSITY

Introduction

The Governors present their annual report, including the Strategic Report and the Directors' Report, and the audited financial statements for the year ended 31 July 2016. 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.

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 98% of students coming from state schools, 42% from low socio-economic classes (SECs 4,5,6,7) and 23% from low participation neighbourhoods (POLAR 2). All of these figures consistently exceed the relevant benchmarks from the Higher Education Statistics Agency (HESA).

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 190 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 40 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 300 events held every year.
- A structured programme of HE "taster days", academic focus days and a residential summer school which offers under-represented 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. There is also a strategy to further strengthen relationships with Leeds City Region (LCR) Local Enterprise Partnership (LEP) and through this address issues relating to higher level skills required for economic growth including those relating to 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. HEART has been allocated £1.7m for 2016-17 and £3.4m for 2017-18 by HEFCE via the National Collaborative Outreach Programme.

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 students 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 first or upper second class 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.

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, action plans and performance indicators.

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 2015/16:

- **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 3,200 FTEs in 2015/16 and were in line with the targeted growth path.
- **Student Satisfaction:** Two indicators measure performance in the National Student Survey (NSS) where the University aspired 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 2016 with 84% for teaching excellence (against a target of 90%) and 81% for overall satisfaction (90% target). A task and finish group has been established to learn lessons, agree actions and monitor implementation.
- **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. The original target for the end of the plan period had already been achieved in 2015 and there was a further increase to 78% in 2016.
- **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%, whilst comparable to the prior year, was slightly under the increased HESA benchmark target. Graduate level employability increased to 70.6% but was just short of the sector average target of 71.6%.
- **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 in line with targeted growth.
- **Knowledge Exchange:** This indicator measures year on year increases in income in this area (achieved in 2015/16) 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 of students and staff at Leeds Trinity. Just as important as increases in the relatively small number of international students 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 are historic surplus as a % of income with an 8% target and staff costs as a % of income with a target of below 54.5%. These were both missed in 2015/16 due to higher than usual non-cash pension actuarial adjustments, but adjusting for these variances both indicators would have met target.

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 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 was enhanced as the government abolished student number controls completely in 2015 as far as they relate to HEFCE recruitment allowing more scope for growth but also the potential to lose market share to competitors. The 2016 HE Bill aims to encourage further entry from alternative providers alongside significant changes to the sector's regulatory architecture and the introduction of a Teaching Excellence Framework (TEF).

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. The government has announced proposals for universities to play a greater role in improving both school quality and pupil attainment, with the potential sponsorship of academies or establishment of new schools. Leeds Trinity is ideally placed to respond to this objective and will be looking at the possible options through 2016/17.

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. During 2015/16 Leeds Trinity was shortlisted for a Times Higher Education Award for the first time in the Outstanding Support for Students category.

Student Recruitment

This increased profile has contributed to increases in recruitment in recent years, with September 2015 enrolments at their highest ever level and maintained for September 2016. Student numbers in 2016/17 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 traditionally high levels of student satisfaction, with the Guardian University Guide 2017 placing Leeds Trinity 10th nationally for satisfaction with assessment and feedback.

Student Attainment

Attainment continues to show year on year improvement with 77% of graduates in 2015 achieving a first or upper second class. 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 and the Guardian University Guide 2017 ranked Leeds Trinity 6th for its 'value-added' score – which compares student's individual degree results with their entry qualifications to show how effective the teaching and support at an institution is.

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 95% of graduates in work or further study six months after graduation. Leeds Trinity was one of the first universities to include compulsory professional placements with every degree and now has a business network of over 3,000 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. Following the recent pooling of the expertise of its acclaimed departments of Primary Education, Secondary Education and Children Young People & Families to create an Institute for Childhood and Education, the University launched a Centre for Higher Education Pedagogic Research during 2015/16 to further enhance the University's reputation as one of the leaders in pedagogic practice in the country.

Research and Knowledge Exchange

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). From a minimal base in 2012, the University now has a thriving PhD population and during the year launched its first Masters by Research programme.

The University appointed its first Director of Knowledge Exchange and Business Development during the year in a demonstration of its determination to stimulate progress in this area. The University sees the government's push for more apprenticeships as an opportunity for those institutions which can respond quickly and is bringing its traditionally strong employer links to bear in this area. The University was one of only 18 successful bids to HEFCE's Degree Apprenticeship Development Fund and is now working with employers to create a new degree standard for supply chain managers. The University was also awarded funding from the European Social and Investment Fund (ESIF) as part of the Leeds City Region wide partnership supporting early stage high growth companies, with a role to provide management and leadership development to local SMEs from early 2017.

Widening Participation

The University runs 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. The first graduation ceremony was held during the year at the same venue and with the same formality as the University's own graduation ceremonies, presided over by the University's Vice-Chancellor and the newly installed Leeds Children's University Chancellor, the England footballer James Milner.

Partnerships

The University has begun to make progress in developing partnerships both regionally and internationally that help it reach its aim of providing wider access to higher education. Developments with FE colleges include the delivery of top up programmes at FE colleges to meet the needs of students who want to stay in that environment to further their study, the validation of provision and the development of joint provision.

People

During the year, Leeds Trinity concluded negotiations on changes to the grading structure and associated aspects of the academic framework agreement which will bring it into closer alignment with the rest of the sector. This included the introduction of new academic career pathways and promotion opportunities, new academic role profiles, revised criteria for academic progression and changes to the grading structure.

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. A new 228 bed £9.5m hall of residence on campus was constructed during the year and opened in September 2016, whilst a £5m extension to the learning centre commenced construction in May 2016 to provide additional learning and teaching space.

STRATEGIC REPORT

Financial Overview

Financial performance for the year ended 31 July 2016, together with the corresponding figures for the previous year as restated for the new SORP, is summarised in the financial highlights shown below.

	2016 £000s	2015 £000s	Change %
Funding body grants	1,523	2,333	(34.7)
Tuition fees and education contracts	25,214	21,230	18.8
Other income	4,230	4,617	(8.4)
Total income	30,967	28,180	9.9
Total expenditure	28,848	26,128	10.4
Operating surplus for the year	2,120	2,052	3.3
Transfers from revaluation reserve	224	224	-
Historical cost surplus for the year	2,344	2,276	3.0
Capital expenditure	9,533	2,234	326.8
Operating cash flow	4,893	5,023	(2.6)
Cash and short term investments	7,221	11,982	(39.7)
Borrowings	(3,600)	(3,800)	(5.3)
Net funds	3,621	8,182	(55.7)
Net assets including pension liability	19,484	22,316	(12.7)

Total income increased by 9.9% under the effect of a continued rise in student numbers, together with a rise in fee income per student as fees increased from £8,500 to £9,000 for 2015/16 entrants. Tuition fee income now represents 81% of income.

Expenditure increased by 10.4% overall, with increases of 12% on staff costs and 9% on other operating costs. The increase in staff costs was driven by the 8% increase in staff numbers as student numbers rose, together with increased pension costs (both contributions and higher actuarial adjustment) and a 2.5% pay rise and grade progression effect. Staff costs as a percentage of income rose from a restated 54.7% to 55.8%, but without the increased pension adjustment and one-off restructuring costs it would have declined to 54.3%. In line with prioritising student facing areas, academic costs and academic services were up more than the average at 11.4% and 13.6% respectively.

Capital expenditure increased significantly from prior year and cash and short term investment balances were allowed to decline in order to minimise use of the borrowing facilities, leading to liquidity days decreasing from 182 to 99 days. Net assets decreased by £2.8m, under the influence of £5m actuarial loss as the discount rate used by the actuaries fell again and gilt yields suffered a further fall just before year end after the EU referendum vote.

Borrowings declined to £3.6m during the year as £200k per annum repayments continued on the 25 year term loan drawn down during 2009-11. The £8m revolving credit facility put in place in June 2015 was not used during the year.

STRATEGIC REPORT

Transition to New Financial Reporting Standards

The University is preparing its financial statements in accordance with FRS102 for the first time and they have also been prepared in accordance with the new 2015 SORP for Further and Higher Education.

A summary of how the restatement has affected the reported performance for 2014/15 is shown below for key lines in the financial statements and for the University's three main financial key performance indicators.

	2015 Restated	2015 Original	Change
Total Income	28,180	28,162	18
Total Expenditure	26,128	25,520	608
Surplus for the year	2,052	2,642	-590
Net Assets	22,316	26,586	-4,270
Historic cost surplus as a % of income	8.1%	10.2%	-2.1%
Staff costs as a % of income	54.7%	54.5%	-0.2%
Liquidity days	182	187	-5

The impacts on the income and expenditure performance are relatively few, with the only significant change being a £594k increase in the pension actuarial adjustment for interest which is within expenditure and a corresponding decrease in the actuarial loss. The large amount was due to the interest adjustment being a credit under the old SORP.

The University has decided to continue to defer government capital grants and the presentational change for these in moving from reserves to long term creditors accounts for £3.6m of the £4.3m reduction in net assets. The remainder is primarily due to the establishment of a £0.7m holiday pay accrual.

The historic surplus % declined due to the expenditure effect of the pension actuarial change, whilst the staff costs and liquidity days indicators are almost unchanged.

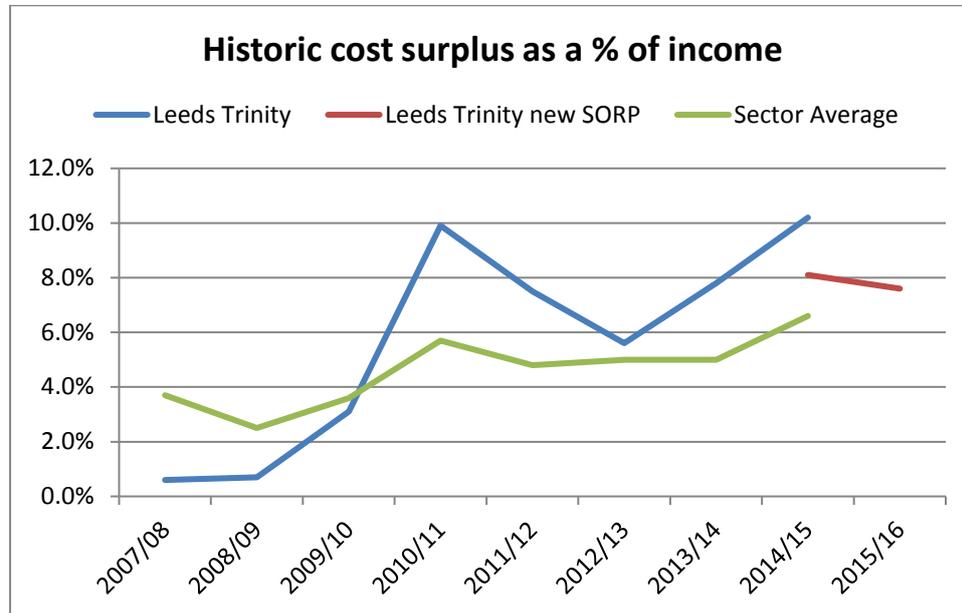
Financial Sustainability

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

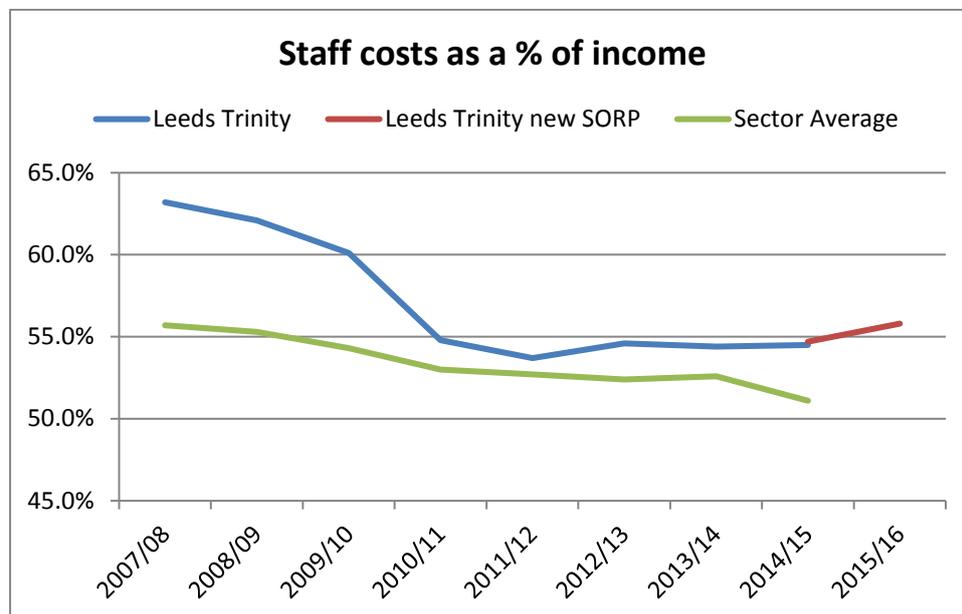
	Target	Sector 14/15	Actual 14/15	Actual 14/15 restated	Actual 15/16
Historic cost surplus as a % of income	Above sector average	6.6%	10.2%	8.1%	7.6%
Staff costs as a % of income	Sector Average	51.1%	54.5%	54.7%	55.8%
Liquidity days	Sector upper quartile	175	187	182	99

STRATEGIC REPORT

Historic cost surplus as a % of income has been 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. The continued usefulness of this particular measure under the new SORP will be reviewed over the next 12 months.

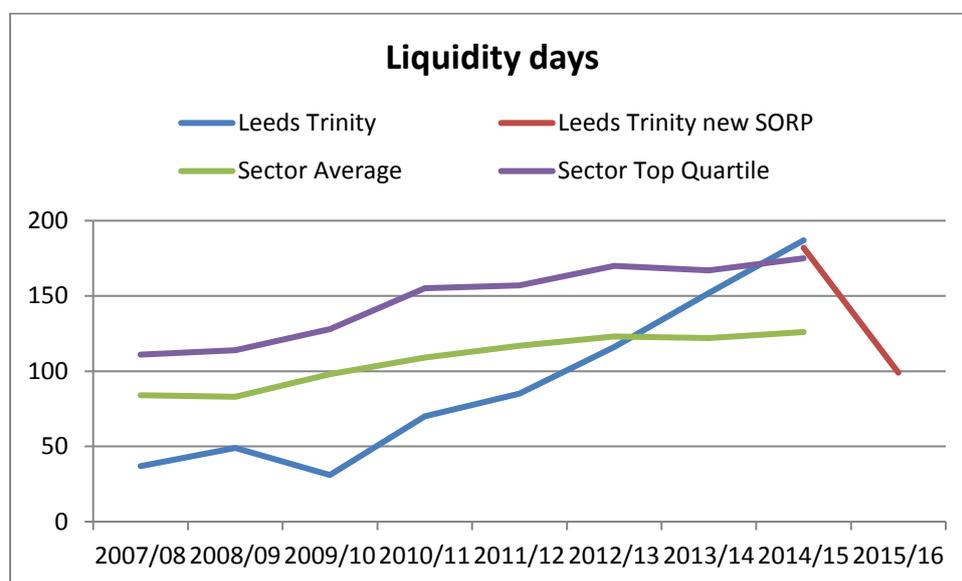


Staff costs as a % of income is used as the balance between staffing and other costs is a key indicator of the flexibility within the cost base to be able to respond to events. Although the diversity of the sector makes direct comparisons of this measure difficult, it is felt that targeting a position 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 recent years to the challenging target of the sector upper quartile point. The Treasury Management Strategy allows this target to be varied during the current plan period 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 is fundamental to the University's success. The introduction of the Teaching Excellence Framework (TEF) is likely to further intensify competitive pressures. The University is managing these risks by ensuring the continued attractiveness of its portfolio through regular planning and review, including extension into new areas; 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 included £27m of capital investment including a new hall of residence and additional teaching and learning space.

To enable this investment, including facilitating timing over the period, a new borrowing facility has been in place since 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, and equality impact assessments are conducted as appropriate.

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.

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, governors and the Joint Consultative Committee.

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 and at least one annual student forum. 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.

DIRECTORS' REPORT

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.

Strategic Report

Further information on the University and its activities can be found in the Strategic Report, including its strategy and progress against the strategy, its operating environment and principal risks, likely future plans and developments and significant research and development activities.

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
25 November 2016

CORPORATE GOVERNANCE

Responsibilities of the Board of Governors

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

In addition, within the terms and conditions of the 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 2016 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 University.
- A robust risk prioritisation methodology based on likelihood and significance has been established.
- An organisation wide risk register is maintained and reviewed regularly.

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 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 Chairs (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 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 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 2016 which comprise the Comprehensive Statement of Income and Expenditure, the Statement of Changes in Reserves, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 25. 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) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland, 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 Statement, 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 2016 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.

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

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.

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 2016 have been applied for the purposes for which they were received;
- income during the year ended 31 July 2016 has been applied in accordance with the University's statutes and, where appropriate, with the memorandum of assurance and accountability, with the funding agreement with the 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 by the University, or returns adequate for our audit have not been received from branches not visited by us; or
- the University's 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 ACA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Leeds, UK

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2016

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 2015 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 statement of comprehensive income and expenditure 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.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2016

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.

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 FRS102, 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 FRS102 "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 in the Statement of Comprehensive Income and Expenditure.

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 2016

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 represents goods held for resale and is stated at the lower of purchase cost and net realisable value as valued by an independent stock-taker.

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 2016

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.

16. Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the SORP has affected the reported financial position and financial performance of the University is provided in note 23.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2016

	Note	Year ended 31 July 2016 £	Year ended 31 July 2015 (Restated) £
INCOME			
Tuition fees and education contracts	1	25,214,373	21,229,562
Funding body grants	2	1,523,227	2,333,412
Research grants and contracts	3	52,943	24,528
Other income	4	4,127,695	4,526,881
Investment income	5	48,481	64,926
Donations and Endowments	6	750	921
Total income		<u>30,967,469</u>	<u>28,180,230</u>
EXPENDITURE			
Staff costs	7,8	17,276,183	15,412,845
Other operating expenses	8	8,794,238	8,097,944
Depreciation	8,9	2,234,485	2,083,144
Interest and other finance costs	8	542,679	534,583
Total expenditure	8	<u>28,847,585</u>	<u>26,128,516</u>
Surplus for the year		<u>2,119,884</u>	<u>2,051,714</u>
Actuarial loss in respect of pension schemes	14	(4,952,000)	(1,227,000)
Total Comprehensive income / (expense) for the year		<u>(2,832,116)</u>	<u>824,714</u>
Represented by:			
Endowment comprehensive income / (expense) for the year		50	(582)
Restricted comprehensive income / (expense) for the year		(500)	(493)
Unrestricted comprehensive income / (expense) for the year		(2,831,666)	825,789
		<u>(2,832,116)</u>	<u>824,714</u>

The Statement of Comprehensive Income and Expenditure is in respect of continuing operations.

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2016

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
	£	£	£	£	£
Balance at 1 August 2014 (restated)	6,804	1,311	15,194,104	6,289,517	21,491,736
Surplus from income and expenditure statement (restated)	(582)	(493)	2,052,789	-	2,051,714
Other comprehensive income	-	-	(1,227,000)	-	(1,227,000)
Transfer between revaluation and income and expenditure reserve	-	-	224,363	(224,363)	-
	_____	_____	_____	_____	_____
Total comprehensive income / (expense) for the year	(582)	(493)	1,050,152	(224,363)	824,714
	_____	_____	_____	_____	_____
Balance at 1 August 2015 (restated)	6,222	818	16,244,256	6,065,154	22,316,450
Surplus from income and expenditure statement	50	(500)	2,120,334	-	2,119,884
Other comprehensive income	-	-	(4,952,000)	-	(4,952,000)
Transfer between revaluation and income and expenditure reserve	-	-	224,363	(224,363)	-
	_____	_____	_____	_____	_____
Total comprehensive income / (expense) for the year	50	(500)	(2,607,303)	(224,363)	(2,832,116)
	_____	_____	_____	_____	_____
Balance at 31 July 2016	<u>6,272</u>	<u>318</u>	<u>13,636,953</u>	<u>5,840,791</u>	<u>19,484,334</u>

BALANCE SHEET

As at 31 July 2016

	Note	31 July 2016 £	31 July 2015 (Restated) £
NON CURRENT ASSETS			
Tangible Fixed assets	9	36,533,593	29,250,405
CURRENT ASSETS			
Stock		5,866	18,879
Trade and other receivables	10	1,025,678	1,007,969
Investments	11	4,512,592	10,061,502
Cash and cash equivalents		2,708,821	1,920,075
		8,252,957	13,008,425
CREDITORS: amounts falling due within one year	12	(3,554,088)	(3,723,515)
NET CURRENT ASSETS		4,698,869	9,284,910
Total assets less current liabilities		41,232,462	38,535,315
CREDITORS: amounts falling due after more than one year	13	(6,877,788)	(7,065,516)
Provisions for pensions	14	(14,870,340)	(9,153,349)
NET ASSETS		19,484,334	22,316,450
Restricted Reserves			
Income and expenditure reserve – endowment reserve	15	6,272	6,222
Income and expenditure reserve – restricted reserve	15	318	818
Unrestricted Reserves			
Income and expenditure account excluding pension reserve		27,950,953	24,809,256
Pension reserve	14	(14,314,000)	(8,565,000)
Revaluation reserve	16	5,840,791	6,065,154
TOTAL RESERVES		19,484,334	22,316,450

The financial statements of the University (registered company number 6305220) on pages 23 to 47 were approved by the Board of Governors on 25 November 2016 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 2016

	Year ended 31 July 2016 £	Year ended 31 July 2015 £
Cash flow from operating activities		
Surplus for the year	2,119,884	2,051,714
Adjustment for non-cash items		
Depreciation (note 8)	2,234,485	2,083,144
Deferred capital grants released to income (note 2)	(225,846)	(290,173)
Decrease in stock	13,013	688
Increase in debtors	(17,709)	(54,501)
(Decrease)/Increase in creditors	(224,200)	359,792
Decrease in provisions	(32,009)	(24,314)
Current service cost in excess of contributions (note 8)	515,000	333,000
Adjustment for investing or financing activities		
Investment income (note 5)	(48,481)	(65,097)
Interest and other finance costs (note 8)	542,679	534,583
Loss on write-off and disposal of fixed assets	15,727	93,880
Net cash inflow from operating activities	<u>4,892,543</u>	<u>5,022,716</u>
Cash flows from investing activities		
Payments made to acquire fixed assets	(9,454,482)	(2,011,209)
Movement on deposits	5,548,909	(2,027,386)
Other interest received	62,714	61,595
	<u>(3,842,859)</u>	<u>(3,977,000)</u>
Cash flows from financing activities		
Interest paid	(263,508)	(288,813)
Deferred capital grant received	202,570	284,147
Endowment cash received	-	921
Repayments of amounts borrowed	(200,000)	(200,000)
	<u>(260,938)</u>	<u>(203,745)</u>
Increase in cash in the year (note 17)	<u>788,746</u>	<u>841,971</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016**1. TUITION FEES AND EDUCATION CONTRACTS**

	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Full-time home and EU students	24,517,989	20,669,619
Full-time international students	172,150	134,650
Part-time home and EU students	524,234	412,393
Part-time international students	-	12,900
	<u>25,214,373</u>	<u>21,229,562</u>

2. FUNDING BODY GRANTS

	Year ended 31 July 2016		Year ended 31 July 2015	
	HEFCE	NCTL	Total	Total (Restated)
	£	£	£	£
Recurrent grant	1,145,282	27,540	1,172,822	1,818,073
Specific grants	42,111	82,447	124,558	225,166
Releases of deferred capital grants				
Buildings	225,847	-	225,847	290,173
Total	<u>1,413,240</u>	<u>109,987</u>	<u>1,523,227</u>	<u>2,333,412</u>

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2016	Year ended 31 July 2015
	£	restated £
Research councils and charities	13,679	4,373
Government	39,007	20,155
Other	257	-
	<u>52,943</u>	<u>24,528</u>

4. OTHER INCOME

	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Residences, catering and conferences	3,061,307	3,440,833
Other income	1,066,388	1,086,048
	<u>4,127,695</u>	<u>4,526,881</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

5. INVESTMENT INCOME

	Note	Year ended 31 July 2016 £	Year ended 31 July 2015 £
Income from short term investments		48,481	64,926

6. DONATIONS AND ENDOWMENTS

	Note	Year ended 31 July 2016 £	Year ended 31 July 2015 £
Unrestricted donations		750	921

7. STAFF COSTS

	Note	Year ended 31 July 2016 No	Year ended 31 July 2015 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		156	144
Administrative, professional and technical staff		172	153
Other		77	77
		<u>405</u>	<u>374</u>

Staff costs for the above persons:	Note	Year ended 31 July 2016 £	Year ended 31 July 2015 £
Wages and salaries		13,389,896	12,398,721
Social security costs		1,128,005	937,449
Contributions to pension schemes	21	2,015,276	1,680,157
Pension enhancement costs	21	36,922	49,018
Restructuring costs		191,084	14,500
Current service cost in excess of contributions	21	515,000	333,000
Total		<u>17,276,183</u>	<u>15,412,845</u>

The numbers of staff, including the Vice-Chancellor and other key management personnel, who received emoluments (excluding pension contributions) in the following ranges were:

	Year ended 31 July 2016 No	Year ended 31 July 2015 No
£100,001 to £110,000	2	2
£150,001 to £160,000	-	1
£160,001 to £170,000	1	-
	<u>3</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

7. STAFF COSTS (CONTINUED)

Directors' remuneration	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Emoluments	255,954	236,823
Pension contributions	41,426	33,673
	<u>297,380</u>	<u>270,496</u>

The number of directors who:	Year ended 31 July 2016	Year ended 31 July 2015
	No	No
Are members of a defined benefit pension scheme	<u>3</u>	<u>3</u>

The amount shown for Directors' remuneration represents amounts paid to three directors in respect of their employment by the University (the Vice Chancellor and two elected staff governors) and not in respect of any duties for acting as directors.

Remuneration of Vice Chancellor (being the highest paid director)	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Salary	165,000	153,000
Pension contributions	26,865	21,573
	<u>191,865</u>	<u>174,573</u>

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 £54,309 under the scheme at the end of the year.

Key Management Personnel	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Emoluments	480,000	457,100
	<u>480,000</u>	<u>457,100</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, here defined as the University's Executive Team. Emoluments includes compensation paid to key management personnel, excluding any employer's pension contribution.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

8. ANALYSIS OF 2015/2016 EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Interest and other finance costs	Total Year ended 31 July 2016	Total Year ended 31 July 2015 Restated
	£	£	£	£	£	£
Academic departments	9,060,908	64,891	1,964,044	-	11,089,843	9,951,092
Academic services	1,945,289	655,107	1,233,399	-	3,833,795	3,374,031
Residences and catering	649,006	329,684	967,722	-	1,946,412	2,281,567
Research grants and contracts	9,567	-	26,313	-	35,880	12,064
Premises	537,825	1,099,807	1,118,763	-	2,756,395	2,756,034
Administration and other	4,558,588	84,996	3,483,997	260,679	8,388,260	7,067,848
Loss on w/off of fixed assets	-	-	-	-	-	93,880
Current service cost in excess of contributions	515,000	-	-	-	515,000	333,000
Net interest on pension liabilities	-	-	-	282,000	282,000	259,000
Total per income and expenditure account	17,276,183	2,234,485	8,794,238	542,679	28,847,585	26,128,516

Other operating expenses include:

	Year ended 31 July 2016	Year ended 31 July 2015
External auditor's remuneration for auditing of the financial statements	26,985	16,650
External auditor's remuneration for other services	-	-
Payments under operating leases in respect of equipment	204,213	185,465

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

9. TANGIBLE FIXED ASSETS

	Assets in the course of construction	Freehold land and buildings	Furniture, equipment, fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost/valuation					
At 1 August 2015 at cost	759,033	29,648,189	6,344,983	73,009	36,825,214
At 1 August 2015 at valuation	-	12,355,612	-	-	12,355,612
Additions during the year	7,545,000	946,827	1,038,557	3,017	9,533,401
Completed during the year	(366,304)	366,304	-	-	-
Disposals during the year	-	-	(458,079)	(29,910)	(487,989)
	<u>7,937,729</u>	<u>43,316,932</u>	<u>6,925,461</u>	<u>46,116</u>	<u>58,226,238</u>
At 31 July 2016	<u>7,937,729</u>	<u>43,316,932</u>	<u>6,925,461</u>	<u>46,116</u>	<u>58,226,238</u>
At cost	7,937,729	30,961,320	6,925,461	46,116	45,870,626
At valuation	-	12,355,612	-	-	12,355,612
	<u>7,937,729</u>	<u>43,316,932</u>	<u>6,925,461</u>	<u>46,116</u>	<u>58,226,238</u>
At 31 July 2016	<u>7,937,729</u>	<u>43,316,932</u>	<u>6,925,461</u>	<u>46,116</u>	<u>58,226,238</u>
Accumulated depreciation					
At 1 August 2015	-	15,895,533	3,982,245	52,643	19,930,421
Charge for the year	-	1,375,830	850,358	8,297	2,234,485
Disposals	-	-	(442,352)	(29,910)	(472,262)
	<u>-</u>	<u>17,271,363</u>	<u>4,390,251</u>	<u>31,031</u>	<u>21,692,645</u>
At 31 July 2016	<u>-</u>	<u>17,271,363</u>	<u>4,390,251</u>	<u>31,031</u>	<u>21,692,645</u>
Net book value					
At 31 July 2016	<u>7,937,729</u>	<u>26,045,569</u>	<u>2,535,210</u>	<u>15,085</u>	<u>36,533,593</u>
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>

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 at the valuation as shown above. This treatment has been continued during the transition to FRS 102.

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 2016, the value of the exchequer interest in the University was £1,971,250 (2015: £2,379,258).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016**10. TRADE AND OTHER RECEIVABLES**

	31 July 2016	31 July 2015
	£	£
Amounts falling due within one year:		
Trade debtors	236,192	237,831
Amounts due from funding councils	29,300	21,010
Prepayments and accrued income	760,186	749,128
	<u>1,025,678</u>	<u>1,007,969</u>

11. INVESTMENTS

	31 July 2016	31 July 2015
	£	£
Deposits maturing:		
In one year or less	<u>4,512,592</u>	<u>10,061,502</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2016	31 July 2015
	£	restated £
Trade creditors	388,080	796,868
Bank loan repayable in less than one year	200,000	200,000
Payments received in advance	132,995	233,167
Social security and other taxation payable	367,910	302,215
Pensions and similar obligations	275,040	241,332
Deferred capital grants	190,298	225,847
Accruals and other deferred income	1,790,794	1,414,637
Amounts owing to funding councils	208,971	308,349
Access funds	-	1,100
	<u>3,554,088</u>	<u>3,723,515</u>

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

	31 July 2016	31 July 2015
	£	restated £
Bank loan	3,400,000	3,600,000
Deferred capital grants	3,427,788	3,415,516
Revolving Green Fund long term loan	50,000	50,000
	<u>6,877,788</u>	<u>7,065,516</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

The bank loan is repayable as follows:	31 July 2016	31 July 2015
	£	£
Due within one year	200,000	200,000
Due between one and two years	200,000	200,000
Due between two and five years	600,000	600,000
Due in five years or more	2,600,000	2,800,000
	<u>3,400,000</u>	<u>3,600,000</u>
Due after more than one year	<u>3,400,000</u>	<u>3,600,000</u>
	<u>3,600,000</u>	<u>3,800,000</u>
Total bank loans	<u>3,600,000</u>	<u>3,800,000</u>

All bank loans are unsecured.

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.

14. PROVISIONS FOR PENSIONS

	Defined benefit provision under FRS102	Pension enhancement	Total
	£	£	£
At 1 August 2015	8,565,000	588,349	9,153,349
Utilised in year	-	(46,129)	(46,129)
Transfer from income and expenditure account	-	14,120	14,120
Current service cost in excess of contributions	515,000	-	515,000
Net interest on liabilities	282,000	-	282,000
Actuarial loss	4,952,000	-	4,952,000
	<u>14,314,000</u>	<u>556,340</u>	<u>14,870,340</u>
At 31 July 2016	<u>14,314,000</u>	<u>556,340</u>	<u>14,870,340</u>

The 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 2016**15. ENDOWMENT RESERVES**

	Restricted permanent endowments	Expendable Endowments	2016 Total	2015 Total (restated)
	£	£	£	£
Balances at 1 August				
Capital	818	6,222	7,040	8,116
New endowments	-	-	-	-
Investment income	-	-	-	49
Expenditure	(500)	50	(450)	(1,125)
	(500)	50	(450)	(1,076)
At 31 July	318	6,272	6,590	7,040
Represented by				
Capital	318	6,272	6,590	7,040
Analysis by type of purpose				
Scholarships and bursaries	318	4,965	5,283	5,758
Prize funds	-	1,307	1,307	1,282
	318	6,272	6,590	7,040

16. REVALUATION RESERVE

	2016	2015
	£	£
At 1 August	6,065,154	6,289,517
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(224,363)	(224,363)
At 31 July	5,840,791	6,065,154

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

17. ANALYSIS OF CHANGES IN NET FUNDS AND RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	At 31 July 2015 restated £	Cash flows £	At 31 July 2016 £
Cash at bank and in hand	1,920,075	788,746	2,708,821
Current asset investments	10,061,502	(5,548,910)	4,512,592
Total short term funds	11,981,577	(4,760,164)	7,221,413
Debts due within one year	(200,000)	-	(200,000)
Debts due after one year	(3,600,000)	200,000	(3,400,000)
Total	<u>8,181,577</u>	<u>(4,560,164)</u>	<u>3,621,413</u>

18. ACCESS FUNDS

	2016 £	2015 £
Balance unspent at 1 August	-	5,247
Funding council grant	-	-
Interest earned	-	-
	<u>-</u>	<u>5,247</u>
Disbursed to students	-	(5,247)
Training and publicity	-	-
Balance unspent at 31 July	<u>-</u>	<u>-</u>

From 1 August 2014, the funding councils stopped paying access funds to universities for reimbursement to students. For 2014/15 and 2015/16 all payments have been made directly by the university, and are charged to the income and expenditure account.

19. TRAINING BURSARIES

	31 July 2016 £	31 July 2015 £
Funding council grant	2,275,000	1,387,500
Disbursed to students	(2,168,760)	(1,229,910)
Balance unspent at 31 July	<u>106,240</u>	<u>157,590</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.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

20. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments:

	31 July 2016	31 July 2015
	£	£
Commitments contracted for	<u>6,413,471</u>	<u>9,813,319</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 2016 were £92,381 (2015: £92,381).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

21. 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:

	Year ended 31 July 2016	Year ended 31 July 2015 restated
	£	£
Contributions to TPS	1,042,636	830,905
Contributions to WYPF	972,640	849,252
	<u>2,015,276</u>	<u>1,680,157</u>
Pension enhancements costs	36,922	49,018
Current service cost in excess of contributions	515,000	333,000
Net interest on pension liabilities	282,000	259,000
	<u>2,849,198</u>	<u>2,321,175</u>

Teachers Pension Scheme

TPS is valued not less than every four years by the Government Actuary. Contributions are paid by the University 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 16.4% of pensionable salaries.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), 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 102 and has accounted for its contributions as if it were a defined contribution scheme. The University is not liable for any obligations other than the regular contributions.

The estimate for the contribution to the TPS for the 2016/17 year is c.£1m.

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 2013 valuation, the contribution payable by the employer from April 2014 increased from 14.6% to 15.7% of pensionable salaries in stepped increases over three years. Results from the 2016 valuation will affect contributions from April 2017.

Under the definitions set out in FRS 102, the WYPF is a multi-employer defined benefit pension scheme. In the case of the WYPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2016.

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 FRS102 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 2016

21. PENSION SCHEMES (continued)

The material assumptions used by the actuary for FRS102 at 31 July 2016 were:

	31 July 2016	31 July 2015
Rate of increase in salaries	3.3%	3.5%
Liability discount rate	2.4%	3.5%
Inflation assumption	1.8%	2.0%

The assumed life expectations on retirement at age 65 are:

	31 July 2016	31 July 2015
<i>Retiring today</i>		
Males	22.7	22.6
Females	25.6	25.5
<i>Retiring in 20 years</i>		
Males	24.9	24.8
Females	28.0	27.8

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

Value	31 July 2016 £'000	31 July 2015 £'000
Equities	22,486	20,057
Property	1,437	1,189
Government Bonds	3,353	2,748
Other Bonds	1,257	1,216
Cash/liquidity	419	396
Other	990	820
Total	<u>29,942</u>	<u>26,426</u>

The following amounts at 31 July 2016 were measured in accordance with the requirements of FRS102.

Analysis of the amount shown in the balance sheet	31 July 2016 £'000	31 July 2015 £'000
The University's estimated asset share	29,942	26,426
Present value of the University's Scheme liabilities	<u>(44,256)</u>	<u>(34,991)</u>
Deficit in the Scheme - Net pension liability	<u>(14,314)</u>	<u>(8,565)</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2016

21. PENSION SCHEMES (continued)

Analysis of the amount charged to staff costs within operating surplus	2016	2015
	£'000	restated £'000
Current service cost	(1,490)	(1,190)
Total operating charge	<u>(1,490)</u>	<u>(1,190)</u>
Analysis of amount that is charged to other finance costs	2016	2015
	£'000	restated £'000
Interest income on pension scheme assets	934	980
Interest on pension scheme liabilities	(1,216)	(1,239)
Net charge	<u>(282)</u>	<u>(259)</u>
Analysis of the amount recognisable in the Statement of Comprehensive Income and Expenditure (SOCl)	2016	2015
	£'000	restated £'000
Actuarial loss recognised in SOCl	(4,952)	(1,227)
Net loss	<u>(4,952)</u>	<u>(1,227)</u>
Analysis of the movement in the present value of the scheme liabilities	2016	2015
	£'000	restated £'000
At beginning of year	34,991	30,317
Current service cost	1,490	1,190
Interest cost	1,216	1,239
Contributions by scheme participants	426	385
Actuarial losses	7,050	2,474
Benefits paid	(917)	(614)
At end of year	<u>44,256</u>	<u>34,991</u>
Analysis of the movement in the market value of the scheme assets	2016	2015
	£'000	restated £'000
At beginning of year	26,426	23,571
Expected rate of return on scheme assets	934	980
Actuarial gains	2,098	1,247
Contribution by employer	975	857
Contribution by scheme participants	426	385
Benefits paid	(917)	(614)
At end of year	<u>29,942</u>	<u>26,426</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

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

	Year ended 31 July				
	2016 £'000	2015 £'000	2014 £'000	2013 £'000	2012 £'000
Funded	(44,198)	(34,929)	(30,251)	(30,445)	(28,472)
Unfunded	(58)	(62)	(66)	(95)	(95)
Fair value of scheme assets	29,942	26,426	23,571	23,211	19,442
Deficit in the scheme	(14,314)	(8,565)	(6,746)	(7,329)	(9,125)
Amount (£'000)	2,098	1,247	(1,509)	2,251	(1,031)
Percentage of Scheme assets	7.0%	4.7%	6.4%	9.7%	5.3%
Total amount recognised in statement of comprehensive income					
Amount (£'000)	(4,952)	(1,227)	781	2,126	(3,807)
Percentage of present value of scheme liabilities	11.2%	5.2%	2.6%	7.0%	13.3%

The cumulative actuarial loss which has been posted through the Statement of Changes in Reserves since FRS17 was adopted is £12,587,000 (2015: £7,635,000).

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 £3,032,000 (2015: £2,210,000).

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 2016/17 is c.£1m.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

22. RELATED PARTY TRANSACTIONS

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

	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Purchases from Yorkshire Universities	10,810	9,310
	<u>10,810</u>	<u>9,310</u>

The above transactions were undertaken on normal trading terms. At 31 July 2016 the amount owed to Yorkshire Universities was £Nil (2015: £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:

	Year ended 31 July 2016	Year ended 31 July 2015
	£	£
Subvention paid to LTSU	185,000	150,000
Supply of casual staff by LTSU	13,129	130,118
Other payments to LTSU	29,452	-
	<u>227,581</u>	<u>280,118</u>

At 31 July 2016 the amount owed to LTSU was £Nil (2015: £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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

23. TRANSITION TO FRS102 AND THE 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the 2015 SORP. The accounting policies set out on pages 23 to 26 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, 2015 SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS 102 and the 2015 SORP has affected the University's financial position and financial performance is set out in the following tables.

Financial Position	1 August 2014 £	31 July 2015 £
Total reserves under 2007 SORP	22,095,715	22,920,021
Endowment reserve created	8,116	7,040
Unrestricted endowments to reserves	19,419	17,638
Annual leave accrual	(689,311)	(703,097)
Non exchange transactions	57,797	74,848
Total effect of transition to FRS102	(603,979)	(603,571)
Total reserves under 2015 SORP	<u>21,491,736</u>	<u>22,316,450</u>
 Financial Performance		31 July 2015 £
Surplus for the year under 2007 SORP		2,645,306
Unrestricted endowments to SOCI		(2,857)
Reclassification of defined benefit adjustment between surplus and actuarial loss		(594,000)
Annual leave accrual increase		(13,786)
Non exchange transactions		17,051
Total effect of transition to FRS102		(593,592)
Surplus for the year under 2015 SORP		<u>2,051,714</u>
Actuarial loss in respect of pension schemes		(1,227,000)
Total comprehensive income for the year under 2015 SORP		<u><u>824,714</u></u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2016

24. SIGNIFICANT ACCOUNTING ESTIMATES / JUDGEMENTS

There are no significant accounting estimates or judgements to disclose with the exception of the actuarial pension assumptions disclosed in note 21.

25. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which would require disclosing.