

LEEDS TRINITY & ALL SAINTS

Financial Report and Accounts

For the year ended

31 July 2008

**Deloitte & Touche LLP
Leeds**

LEEDS TRINITY & ALL SAINTS

FINANCIAL REPORT AND ACCOUNTS 2008

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LEEDS TRINITY & ALL SAINTS

OPERATING & FINANCIAL REVIEW

The Governors present their annual operating and financial review (OFR) and the audited financial statements for the year ended 31 July 2008. The financial statements comprise the results for the year for the College. It has no subsidiaries.

The OFR has been prepared solely to provide additional information to funders, financial supporters and other stakeholders to assess the College's strategies and the potential for those strategies to succeed, and should not be used for any other purpose.

The OFR 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.

The Governors, in preparing this OFR, have sought to comply with the guidance set out in the Accounting Standard Boards 2006 Reporting Statement on OFRs.

Nature of the College

Leeds Trinity & All Saints is an autonomous teaching-led research-informed institution, inspired by Catholic values, providing higher education. The College is based in Horsforth, Leeds and has around 2,500 students.

It is a company limited by guarantee and was incorporated on 1 August 2007 under the Companies Act. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation. It is governed by its Memorandum and Articles of Association, which set out its objectives as a higher education institution. The College is also a registered charity by virtue of the Charities Act 1993.

Competitive and regulatory environment

The College is relatively small compared to other higher education institutions in the region. This makes it attractive to students who wish to study in a more personal and supportive environment. It also allows closer relationships with businesses and the local community. As a result the College has a tradition of high levels of graduate employment.

The College's undergraduate and postgraduate degrees are accredited by the University of Leeds. The College is working towards having its own Taught Degree Awarding Powers (TDAP) for undergraduate and postgraduate taught degrees. This would allow the College to use the title University College. The award of TDAP will allow the College more independence, a quicker response to local and regional priorities and will make it more attractive to international students.

A significant proportion of the College's income (53.7 % of total income) comes from the Higher Education Funding Council for England (HEFCE) and the Training and Development Agency for Schools (TDA). The financial memoranda between the HEFCE and the College and between the TDA and the College set out the terms and conditions on which grants are made. The Board of Governors is responsible for ensuring that conditions of grants are met and, as part of this process, the College must adhere to the HEFCE Audit and Accountability Code of Practice. HEFCE have issued a new financial memorandum that now includes the code of practice and is operative with effect from 1 August 2008. It is not anticipated that there will be any significant change to either the level of funding provided, or the regulatory documents.

A further significant contribution to the College's income comes from tuition fees. The government introduced legislation in 2004 which allowed higher education institutions to charge higher tuition fees for new students commencing in 2006/7. A second cohort of new students paid the higher fees in 2007/8, and this will continue until all students pay the higher fee by 2009/10. Following further detailed consideration of the investment required for the future, the College has decided to join most other institutions in charging the maximum variable fee from 2009/10.

OPERATING & FINANCIAL REVIEW

Objectives and strategies

The Board of Governors approved in 2007 the College's strategic plan covering the period 2007-12

The College's Strategic Aims 2007 to 2012

To be recognised as a well-managed, autonomous higher education institution demonstrating excellence across all activities.

To empower individuals, enabling them to contribute to their communities as productive, enterprising and creative citizens of the world.

To establish an enhanced and distinctive profile within a range of communities.

To achieve these aims a number of key objectives have been identified which have financial implications for the College:

Key College Objectives with Financial Implications

To achieve Taught Degree Awarding Powers.

To grow student numbers in a sustainable way to support the attainment of university title.

To build a campus village with modern, well equipped facilities and accommodation that meets the need of a diverse population and provides a safe and secure learning environment.

To manage effectively key assets and finances in order to provide for sustainable investment in the future.

To ensure the performance of the institution is monitored effectively through the higher level of leadership and governance.

The College wishes to increase its student numbers in a sustainable way. It will do this in an increasingly competitive market made more challenging by a forthcoming downturn in demographics of young people beginning in the next decade. Success in this area is also key to the financial strategy.

LEEDS TRINITY & ALL SAINTS

OPERATING & FINANCIAL REVIEW (CONTINUED)

Institution financial performance

Financial performance for 2007/8 is summarised in the financial highlights shown below

Financial Highlights			
	2008 £000s	2007 £000s Restated	Change %
Funding body grants	9,867	9,483	4.0
Tuition fees and education contracts	5,433	4,837	12.3
Research grants and contracts	34	35	(2.9)
Other income	2,885	2,764	4.4
Endowment and investment income	161	289	(44.3)
Total income	18,380	17,408	5.6
Total expenditure	(18,534)	(16,426)	12.8
(Deficit)/surplus for year including FRS17 adjustments	(154)	982	(115.7)
Surplus for year excluding FRS17 adjustments	195	1195	(83.7)
Historical cost surplus for year	106	1,287	(91.8)
Historical cost surplus for year excluding FRS17 adjustments	455	1,500	(69.7)
Net cash inflow from operating activities	1,656	1,390	19.1
Net return on investments	127	304	(58.2)
Net cash flow before investing activities	1,783	1,694	5.3
Capital expenditure and financial investment	(2,487)	(4,546)	(45.3)
Fixed assets	24,228	23,731	2.1
Endowment asset investments	38	42	(9.5)
Net current assets	337	958	(64.8)
Total assets less current liabilities	24,603	24,731	(0.5)
Net assets including pension liability	17,133	21,733	(21.2)

Total income increased by 5.6% to £18,130,000 with the main elements being HEFCE funding (0.7% of total income), TDA funding (1.5% of total income) and tuition fees (3.2% of total income). Student fees increased as more students became eligible for higher tuition fees. Investment income fell as the College continued investing its cash balances in the two major capital projects.

Expenditure growth was 12.8% to £18,534,000 giving a historical cost surplus of £106,000. This is a reduction on the 2006/7 figure of £1,287,000. Staffing costs increased by 12.2%, other operating expenses by 13% and depreciation by 17%. The main elements of the increase in staffing costs were pension costs, the national pay award agreed in August 2006 and investment in additional teaching posts. The increase in depreciation charges resulted from the bringing in to service of the new student residence and the new sports facilities. Inflation, student bursaries and the beginning of a new marketing campaign were the main drivers of the increases in other operating expenses.

The reduction in net assets resulted from the actuarial loss of £4,107,000 that was reported as a result of Financial Reporting Standard 17 (Retirement Benefits).

LEEDS TRINITY & ALL SAINTS

OPERATING & FINANCIAL REVIEW (CONTINUED)

Capital Projects

Two major capital projects were completed during the year, both important parts of the development of the campus village.

Major Capital Developments Completed in 2007/8	
	Estimated Total Cost £000s
Construction of Trinity Close - 86 new student residences	3,651
Construction of Trinity Fitness - Fitness Suite and Sports Centre	2,302

The capital spend had the effect of reducing the net cash holdings of the College by £2,487,000 as shown in the cash flow statement.

Key Performance Indicators

The College identifies a number of key performance indicators (KPIs) which enable the Board of Governors to plan and monitor progress, and to which the Executive Team are normally expected to manage. They have been selected as they measure movement in some of the key areas of the College's performance.

Key Performance Indicators		
	2007/8	2006/7
Surplus on an historic cost basis	0.6%	7.4%
Ratio of pay costs to total income	63.2%	59.5%
Current asset to current liability ratio	1.18:1	1.47:1
Total student numbers FTEs	2,495	2,569

The historic cost surplus was 0.6% of total income, which is less than our target of between 2% and 6%. FRS17 adjustments totalled £349,000 in the year. In addition, there was an actuarial loss on the pension provision amounting to £126,000. A surplus of around 3.2% would have been generated had these adjustments not been required.

Whilst intake in September 2007 was reasonable, a large final year cohort of students graduated in July 2007, which has resulted in a temporary fall in total numbers. We note that we have seen improvements in 2008, with first year undergraduates as at 1 December 2008 expected to be around 19% higher compared to last year. Total student numbers are expected to be around 5% higher.

Looking Forward

The key objective identified in the College's strategic plan is that of becoming a sustainable higher education institution with a distinct mission and character. Managed growth in full-time equivalent (FTE) student numbers from 2,495 in 2007/08 to around 3,200 in 2011/12 underpin this aspiration and would result in a growth in income. The historic cost surplus (excluding FRS17 adjustments) is expected to be over 3% for 2008/09, to fall to around 1-2% for 2009/10 and to rise back to over 4% in 2010/11.

The development of the academic portfolio underpins student recruitment, and new areas of provision are constantly being developed to meet market needs. New areas that have been successful include education related courses and religious studies.

To assist in achieving the sustainable growth in student numbers, the College has identified two significant areas in which increased expenditure should have an influence on the numbers being attracted to and retained by the College.

OPERATING & FINANCIAL REVIEW (CONTINUED)

A marketing strategy is being implemented to raise the profile of the institution which should have a direct effect on the number of students recruited. This involved an increase in marketing expenditure which started in 2007/08 and that will continue over the next four years.

The Governors have agreed an Estate Strategy the first phase of which will involve new build of student residences and refurbishment of teaching accommodation along with other enhancements to the existing campus buildings. The first phase of the implementation of the strategy will have a substantial impact on the quality of the student experience and hence assist with student recruitment and retention. The strategy will entail significant funding from both funding council, internal and external sources, but will also deliver real financial benefits as an alternative to short term refurbishment of outdated accommodation and by achieving space and running cost savings.

The Governors have also agreed that the College will charge the maximum variable tuition fee for new entrants with effect from the 2009 intake. This will enable a more generous bursary scheme to be funded as well as contributing towards the investment in the campus. The current combination of a low bursary and a low fee has not been as attractive to students as expected.

Long Term Financing and Treasury Management

The College continues to make an historic cost surplus and currently has no long term borrowing and maintains a good level of liquidity.

To fund the first phase of the Estate Strategy, the Board of Governors have agreed a £6M loan facility. It is expected that, subject to planning approval, work will start on the new residence project in April 2009 with the new accommodation being available for students from September 2010. Should this be the case, it is expected that the loan will be fully drawn down by July 2010 with annualised servicing costs estimated to be around £450,000.

The College Treasury Management Policy requires the preparation of an annual Treasury Management Strategy that includes forecasts of surplus funds, proposals for investing those funds, and proposals for funding of the capital programme. The strategy shows that funding the capital programme has reduced the level of cash and surplus funds within the College and will continue to do so. However, it has been, and continues to be of primary importance that cash flow and liquidity are managed in a sustainable manner.

The College has slightly over £400,000 invested in Kaupthing Singer & Friedlander which was placed into administration by the UK authorities on 8 October 2008. These funds are, therefore, not immediately available to the College and the total investment may not be recoverable.

Academic Standards & Quality

The College ensures that the highest academic standards are maintained. In 2007/08, these standards were affirmed by a set of positive reports from external examiners and a successful outcome of a review of the accreditation agreement by its validating body, the University of Leeds.

Internally the assurance of Academic Standards is the responsibility of the Academic Board. In April 2008 the Board, in its consideration of the Annual Quality Report, agreed that the report provided evidence

- (i) that the Board and the University could be confident that the College is maintaining appropriate academic standards;*
- (ii) that current resources were appropriate in the support of delivery of the curriculum;*
- (iii) of the strong focus of the College on the enhancement of the student learning experience and student engagement*

In accordance with the Strategic Objectives set out in the Strategic Plan 2007-12 the College embarked upon the process of assessment by the Quality Assurance Agency (QAA) for the award of Taught Degree Awarding Powers and will remain under the scrutiny of the agency for this purpose until at least the end of 2008.

OPERATING & FINANCIAL REVIEW (CONTINUED)

Four postgraduate and 6 undergraduate programmes are accredited by professional bodies with the suite of postgraduate journalism courses securing re-accreditation from the National Council for the Training of Journalists (NCTJ) during 2007/08.

Risk Management

The HEFCE Accounts Directive requires that the College embeds risk management within the organisation. The Board of Governors is of the opinion that this requirement has been met.

The College reviews its risks on a regular basis through updating, at least annually, the Corporate Risk Register which identifies the main risks facing the College, and their likelihood and significance. Key risk indicators and early warning mechanisms are highlighted and controls allowing reduction of the risks stressed. If necessary, action plans to reduce the major risks are designed and implemented.

The most significant risk is the ability to achieve planned student numbers in an increasingly competitive market. The College is mitigating this risk through the major strategic items identified in this review, namely the increase in marketing expenditure, academic development and the major updating of the campus and facilities.

Conclusion

The Governors feel that good progress has been made with funds generated in order to continue the investment in the infrastructure. The College has a sound base for the continuing growth identified in the Strategic Plan.

The Governors are confident that the College, through sustainable investment in the future and management of the risks involved, has the necessary structure and strategies in place to ensure that the targets set for the coming years can be achieved.

On behalf of the Board of Governors

27 November 2008

LEEDS TRINITY & ALL SAINTS

RESPONSIBILITIES OF THE BOARD OF GOVERNORS

In accordance with the Instrument of Government, the Board of Governors of Leeds Trinity & All Saints is responsible for the administration and management of the affairs of the College and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the College 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 and relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and the Board of Governors of Leeds Trinity & All Saints, 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 College and of the surplus or deficit and cash flows for that 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;
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the College will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds from the Training and Development Agency are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Training and Development Agency and any other conditions which the Training and Development Agency 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 College and prevent and detect fraud;
- secure the economical, efficient and effective management of the College's resources and expenditure.

The key elements of the College'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 academic and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and quarterly reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Employment Committee and Board of Governors;
- a professional Internal Audit team whose annual programme is approved by the Audit Committee and whose head provides the Audit Committee with a report on internal audit activity within the College and an opinion on the adequacy and effectiveness of the College's system of internal control, including internal financial control.

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

LEEDS TRINITY & ALL SAINTS

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 & All Saints.

Leeds Trinity & All Saints is a company limited by guarantee, formally established on 1 August 2007 as an incorporated body. It is a registered charity. Its objects, powers and framework of governance are set out in its Memorandum and Articles of Association. Members of the Board of Governors are Directors of the Company and Trustees of the Charity.

As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation in 2007. The current Memorandum and Articles of Association of Leeds Trinity & All Saints state:

‘The objects of Leeds Trinity & All Saints 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 current plan commits the institution to achieving its own taught degree awarding powers, sustainable growth in its student numbers and significant investment in the estate.

The Articles of Association require the College 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 executive governing body and comprises lay members, together with staff and students of the College, 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 & All Saints; its specific powers and responsibilities are set out in the Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Chair of the Board of Governors is separate from the role of the Principal and Chief Executive. The Roman Catholic Bishop of Leeds, who is ex-officio Chair of the Board of Governors, has made use of the provision in the Articles of Association to nominate another member to act as Chair of the Board from 1 December 2007 for an initial period of 2 years.

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 College. The Principal chairs the Academic Board, which comprises ex-officio and elected staff and students.

The Principal

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

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.

LEEDS TRINITY & ALL SAINTS

GOVERNORS' STATEMENT ON CORPORATE GOVERNANCE (CONTINUED)

The Structure of Governance

Leeds Trinity & All Saints endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with best practice derived from advice from the Committee of University Chairmen (CUC) and from the corporate sector. The College 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. The Board has in place a Statement of Primary Responsibilities.

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

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

The Board receives regular reports from the Principal and other senior officers on the work of the College.

In line with good practice and CUC guidance, the Board conducts rigorous reviews of its effectiveness, and of the effectiveness of the College's structure of corporate and academic governance. These reviews include the use of independent, external expertise. The most recent such review took place in late 2007. All the recommendations arising from that review have been considered by the Board, which has approved an Action Plan to respond to them.

The College maintains a Register of Interests of members of the Board and senior officers, which is updated annually. The Register of Interests may be consulted by arrangement with the Clerk.

The Board of Governors meets at least three times each year. 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 lay members of the Board and in some cases staff and students. Following the recent effectiveness review of governance, the terms of reference and working arrangements of the principal committees have been reviewed. The standing committees are as follows:

Audit Committee
Finance and Employment Committee
Governance and Nominations Committee
Remuneration Committee
Student Affairs Committee (to 31 July 2008)
Health and Safety Sub-Committee
Estate and Facilities Sub-Committee.

There is also a Disciplinary Committee, which is responsible, as necessary, for matters of staff and student discipline. All of these committees, together with the Academic Board, report and make recommendations to the Board of Governors, either in the form of a written report or their minutes. The Audit Committee also provides an annual report, which is submitted to the HEFCE.

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF GOVERNORS OF LEEDS TRINITY & ALL SAINTS

We have audited the financial statements of Leeds Trinity & All Saints for the year ended 31 July 2008 which comprise the income and expenditure account, the statement of total recognised gains and losses, the note of historical cost surpluses and deficits, the balance sheet, the cash flow statement and the related notes 1 to 32. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Board of Governors of the College, as a body, in accordance with the Section 235 of the Companies Act 1985 and the Financial Memorandum dated July 2006. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board and the Board'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 auditors

As described in the statement of the Board of Governors' responsibilities, the Board of Governors is responsible for the preparation of the financial statements in accordance with the College's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice on Accounting for Further and Higher Education. We also report whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by Leeds Trinity and All Saints have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We also report if, in our opinion, the Board of Governors' report is not consistent with the financial statements, if the College has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Board of Governors' report, including the corporate governance statement, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the College's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the College as at 31 July 2008 and of the deficit of the College for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and taking into account the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions;
- (b) in all material respects income from Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the College have been applied only for the purposes for which they were received;
- (c) in all material respects income has been applied in accordance with the College's statutes and, where appropriate, with the Financial Memorandum, dated July 2006 with the Higher Education Funding Council for England; and
- (d) the Board of Governors report is consistent with the financial statements.

Deloitte & Touche LLP

Chartered Accountants and Registered Auditors

Leeds

27 November 2008

An audit does not provide assurance on the maintenance and integrity of the website, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area.

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

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2008**

1. Basis of Preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable UK 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.

Leeds Trinity & All Saints was incorporated as a company limited by guarantee on 6 July 2007 and commenced trading on 1 August 2007 following the transfer of the assets and liabilities of Trinity and All Saints College on that date. This has been accounted for under the group reconstruction provisions of FRS 6 "Acquisitions and mergers". The financial statements have therefore been prepared under the merger accounting principles as set out in FRS6.

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year with the exception of the changes to the accounting treatment of endowments and donations that are required by the 2007 SORP, further details of which are given in paragraph 15.

2. Merger Accounting

In merger accounting the carrying value of assets and liabilities are not required to be adjusted to fair value at the date the reconstruction takes place. The results and cash flows of the original unincorporated charity are included from the beginning of the financial year in which the reconstruction occurred that is the financial year to 31 July 2008, and for all prior periods. The income and expenditure account, balance sheet, statement of recognised gains and losses and cash flow comparative figures have all been stated as previously prior to incorporation.

3. Basis of Consolidation

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

The College holds a £1 guarantee in respect of YHUA Ltd ("Yorkshire Universities"), a company limited by guarantee. As the College 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 stated gross and credited to the income and expenditure account over the period in which students are studying. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

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

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

Non-recurrent grants from the Higher Education Funding Council for England, the Training and Development Agency for Schools 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 life economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2008**

realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

5. Agency Arrangements

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

6. Accounting for Retirement Benefits

The College 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 College. In accordance with FRS17, this scheme is accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable. The College is able to identify its share of assets and liabilities of the WYPF and thus the College fully adopts FRS17 "Retirement Benefits".

Changes to the valuation basis to be used when applying FRS17 resulted in a change in accounting estimate. This has resulted in an additional £34,000 recognised through the statement of total recognised gains and losses in the current period.

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 FRS 15, the Institution followed the transitional provision to retain the book value of land and buildings, which were revalued 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.

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.

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 over their useful economic life as follows:

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

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

9. Investments

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

**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 JULY 2008**

10. Stock

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

11. Maintenance of Premises

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

12. Taxation Status

The College is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 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 College 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 College 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.

13. Provisions

Provisions are recognised in the financial statements when the College 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 College's treasury management activities. They exclude any such assets held as endowment asset investments.

15. Accounting for Charitable Donations

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

Where charitable donations are to be retained for the benefit of the College as specified by the donors, these are accounted for as endowments. The College'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 College can convert the donated sum into income.

This treatment represents a change from previous accounting periods, as where donations are not specified by the donor to be used for a specific purpose they must be charged to income in the period of receipt. This has resulted in the College restating the 2006/7 comparative figures in the accounting statements and notes. The restatement means the 2006/7 Endowment Assets balance reduces by £9,803, of which £9,786 was transferred to the Income and Expenditure Reserve in prior years, and £17 increases the 2006/7 surplus.

**INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2008**

	Note	Year ended 31 July 2008 £	Year ended 31 July 2007 restated £
INCOME			
Funding body grants	1	9,866,866	9,482,590
Tuition fees and education contracts	2	5,432,695	4,837,161
Research grants and contracts	3	34,375	34,576
Other income	4	2,885,528	2,764,842
Endowment and investment income	5	160,666	288,937
Total income		<u>18,380,130</u>	<u>17,408,106</u>
EXPENDITURE			
Staff costs	6	11,619,683	10,352,065
Other operating expenses		5,452,301	4,824,020
Depreciation	9	1,462,514	1,249,754
Total expenditure	8	<u>18,534,498</u>	<u>16,425,839</u>
(Deficit)/surplus on continuing operations after depreciation of tangible assets at valuation		(154,368)	982,267
Surplus for the year transferred to accumulated income in endowment funds		4,711	1,708
(Deficit)/surplus for the year retained within general reserves	19	<u>(149,657)</u>	<u>983,975</u>

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

**STATEMENT OF HISTORICAL COST SURPLUSES & DEFICITS
FOR THE YEAR ENDED 31 JULY 2008**

	Note	Year ended 31 July 2008 £	Year ended 31 July 2007 restated £
(Deficit)/surplus on continuing operations after depreciation of tangible assets at valuation		(154,368)	982,267
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	18	260,584	304,458
HISTORICAL COST SURPLUS		<u>106,216</u>	<u>1,286,725</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2008**

	Note	Year ended 31 July 2008 £	Year ended 31 July 2007 restated £
		(154,368)	982,267
Actuarial (loss)/gain in respect of pension schemes		(4,107,000)	754,000
New endowments	17	600	5,600
Total recognised (losses)/gains relating to the year		<u>(4,260,768)</u>	<u>1,741,867</u>
Reconciliation			
Opening reserves and endowments		17,666,709	15,924,842
Total recognised (losses)/gains for the year		<u>(4,260,768)</u>	<u>1,741,867</u>
Closing reserves and endowments		<u>13,405,941</u>	<u>17,666,709</u>

**BALANCE SHEET
YEAR ENDED 31 JULY 2008**

	Note	Year ended 2008 £	Year ended 2007 Restated £
FIXED ASSETS			
Tangible assets	9	24,228,267	23,730,635
ENDOWMENT ASSETS			
	10	38,145	42,256
CURRENT ASSETS			
Stocks		17,957	19,306
Debtors	11	518,185	539,149
Investments	12	434,028	899,520
Cash at bank and in hand		1,281,995	1,516,308
		2,252,165	2,974,283
Less: CREDITORS: amounts falling due within one year	13	(1,915,808)	(2,016,344)
NET CURRENT ASSETS		336,357	957,939
Total assets less current liabilities		24,602,769	24,730,830
Less: CREDITORS: amounts falling due after more than one year	14	-	(60,633)
Less: Provisions for liabilities	15	(755,769)	(645,091)
Net Assets excluding pension liability		23,847,000	24,025,106
Pension liability		(6,714,000)	(2,258,000)
NET ASSETS including pension liability		17,133,000	21,767,106
Deferred capital grants	16	3,727,059	4,100,397
Expendable endowments	17	38,145	42,256
		3,765,204	4,142,653
Reserves			
Revaluation reserve	18	8,245,972	8,506,556
Income and expenditure account including pension reserve		11,835,824	11,375,897
Pension reserve		(6,714,000)	(2,258,000)
Income and expenditure account excluding pension reserve	19	5,121,824	9,117,897
		13,367,796	17,624,453
TOTAL		17,133,000	21,767,106

The financial statements on pages 14 to 35 were approved by the Board of Governors on 27 November 2008 and were signed on its behalf by:

Mr E Anderson
Chair of the Board of Governors

Dr FA Bridge
Principal and Chief Executive

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2008**

	Note	Year ended 31 July 2008 £	Year ended 31 July 2007 Restated £
Net cash inflow from operating activities	20	1,656,128	1,390,411
Returns on investment and servicing of finance	21	126,745	304,163
Capital expenditure and financial investment	22	(2,486,789)	(4,545,843)
Management of liquid resources	23	465,492	2,952,945
(Decrease)/increase in cash in the year	24	<u>(238,424)</u>	<u>101,676</u>
 Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period	24	(238,424)	101,676
Change in short term deposits	24	(465,492)	(2,952,945)
Change in net funds		(703,916)	(2,851,269)
Net funds at 1 August		<u>2,458,084</u>	<u>5,309,353</u>
Net funds at 31 July		<u>1,754,168</u>	<u>2,458,084</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
1. FUNDING COUNCIL GRANTS

	Year ended 31 July 2008		Year ended 31 July 2007	
	HEFCE £	TDA £	Total £	Total £
Recurrent grant	5,566,929	3,478,931	9,045,860	8,646,296
Specific grants	266,317	172,612	438,929	436,595
Releases of deferred capital grants	364,877	17,200	382,077	399,699
Total	<u>6,198,123</u>	<u>3,668,743</u>	<u>9,866,866</u>	<u>9,482,590</u>

2. TUITION FEES AND SUPPORT GRANTS

	31 July 2008 £	31 July 2007 £
Full-time home and EU students	4,253,644	3,635,734
Full-time international students	516,100	471,009
Part-time home and EU students	656,493	715,251
Part-time international students	6,458	15,167
	<u>5,432,695</u>	<u>4,837,161</u>

3. RESEARCH GRANTS AND CONTRACTS

	31 July 2008 £	31 July 2007 £
Research Council	-	34,576
Charities	34,375	-
	<u>34,375</u>	<u>34,576</u>

4. OTHER INCOME

	31 July 2008 £	31 July 2007 Restated £
Residences, catering and conferences	2,240,982	2,244,392
Other income	644,546	520,450
	<u>2,885,528</u>	<u>2,764,842</u>

5. ENDOWMENT INCOME AND INTEREST RECEIVABLE

	Note	31 July 2008 £	31 July 2007 Restated £
Income from expendable endowments	17	2,219	2,744
Income from short term investments		124,447	271,193
Net return on pension scheme		34,000	15,000
		<u>160,666</u>	<u>288,937</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

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6. STAFF COSTS

		2008	2007
		No	No
The average number of persons (including senior post-holders) employed by the College during the period, expressed as full-time equivalents, was:-			
Lecturing staff, holders of senior posts, staff paid on academic scales and part-time lecturers		130	128
Administrative, professional and technical staff		117	114
Other		69	70
		<u>316</u>	<u>312</u>
		<u><u>316</u></u>	<u><u>312</u></u>
	Note	Year ended	Year ended
Staff costs for the above persons:		31 July 2008	31 July 2007
		£	£
Wages and salaries		9,193,820	8,397,186
Social security costs		693,872	634,436
Other pension costs	29	1,087,154	954,648
Pension enhancement costs		220,566	95,095
Restructuring costs		41,271	42,700
Net current service cost		145,000	228,000
Past service/curtailment/settlement loss		238,000	-
		<u>11,619,683</u>	<u>10,352,065</u>
		<u><u>11,619,683</u></u>	<u><u>10,352,065</u></u>

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

	31 July 2008	31 July 2007
	No	No
£80,001 to £90,000	1	-
£90,001 to £100,000	-	1
£100,001 to £110,000	1	-
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

7. SENIOR POST-HOLDERS

	31 July 2008	31 July 2007
	No	No
The number of senior post-holders including the Principal was:	<u>5</u>	<u>5</u>
Emoluments payable to the current Principal (who is also the highest paid senior post-holder)		
	31 July 2008	31 July 2007
	£	£
Salary	104,810	92,167
Pension contributions	14,778	12,795
	<u>119,588</u>	<u>104,962</u>
	<u><u>119,588</u></u>	<u><u>104,962</u></u>

The current Principal commenced employment on 1 September 2006. Emoluments also payable to the former Principal to 31 August 2006 were:

Salary	-	7,763
Pension contributions	-	1,048
	<u>-</u>	<u>8,811</u>
	<u><u>-</u></u>	<u><u>8,811</u></u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

8. ANALYSIS OF 2007/2008 EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Total Year ended 31 July 2008	Total Year ended 31 July 2007
	£	£	£	£	£
Academic departments	6,037,457	106,605	1,029,579	7,173,641	6,517,238
Academic services	746,957	181,599	553,661	1,482,217	1,290,527
Research grants and contracts	26,754	-	2,134	28,888	25,720
Catering and conferences	838,380	280,897	1,145,501	2,264,778	2,098,398
Premises	646,857	800,445	753,463	2,200,765	2,082,635
Administration	2,638,789	92,968	1,877,948	4,609,705	3,947,889
Other expenses	301,489	-	90,015	391,504	235,432
Net current service cost	145,000	-	-	145,000	228,000
Past service/curtailment/settlement loss	238,000	-	-	238,000	-
Total per income and expenditure account	11,619,683	1,462,514	5,452,301	18,534,498	16,425,839

Other operating expenses include:

External auditors' remuneration in respect of audit services	14,725	14,159
External auditors' remuneration in respect of non-audit services	1,762	3,290

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008

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 2007 at cost	4,301,598	11,373,701	2,936,651	62,634	18,674,584
At 1 August 2007 at valuation	-	13,154,762	-	-	13,154,762
Additions during the year	17,733	1,291,288	651,125	-	1,960,146
Completed during the year	(4,301,598)	4,301,598	-	-	-
Disposals during the year	-	-	(104,924)	-	(104,924)
At 31 July 2008	<u>17,733</u>	<u>30,121,349</u>	<u>3,482,852</u>	<u>62,634</u>	<u>33,684,568</u>
At cost	17,733	16,966,587	3,482,852	62,634	20,529,806
At valuation	-	13,154,762	-	-	13,154,762
At 31 July 2008	<u>17,733</u>	<u>30,121,349</u>	<u>3,482,852</u>	<u>62,634</u>	<u>33,684,568</u>
Accumulated depreciation					
At 1 August 2007	-	6,132,767	1,903,310	62,634	8,098,711
Charge for the year	-	1,030,234	432,280	-	1,462,514
Eliminated in respect of disposals and write offs	-	-	(104,924)	-	(104,924)
At 31 July 2008	<u>-</u>	<u>7,163,001</u>	<u>2,230,666</u>	<u>62,634</u>	<u>9,456,301</u>
Net book value					
At 31 July 2008	<u>17,733</u>	<u>22,958,348</u>	<u>1,252,186</u>	<u>-</u>	<u>24,228,267</u>
At 31 July 2007	<u>4,301,598</u>	<u>18,395,696</u>	<u>1,033,341</u>	<u>-</u>	<u>23,730,635</u>

Land and Buildings

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

A legal agreement was signed between the College and the HEFCE that values the exchequer interest in the college at £2,935,563 (2007: £3,200,266). This value will be adjusted by HEFCE each year by the writing off over 10 years of this 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 College or significant downsizing (by at least 50 per cent).

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008

10. ENDOWMENT ASSET INVESTMENTS

	2008	2007
	£	Restated £
Balance at 1 August	42,256	38,362
(Disposals)/additions	(4,111)	3,894
	<u>38,145</u>	<u>42,256</u>
At 31 July	<u>38,145</u>	<u>42,256</u>
Represented by		
Cash at bank held for endowment funds	38,145	42,256
	<u>38,145</u>	<u>42,256</u>

11. DEBTORS

	31 July 2008	31 July 2007
	£	£
Amounts falling due within one year:		
Trade Debtors	317,280	400,472
Amounts owing by funding councils	81,399	2,248
Prepayments and accrued income	119,506	136,429
	<u>518,185</u>	<u>539,149</u>

12. INVESTMENTS

	31 July 2008	31 July 2007
	£	£
Deposits maturing:		
In one year or less	434,028	899,520
	<u>434,028</u>	<u>899,520</u>

The deposit is held with Kaupthing Singer & Friedlander who were placed in administration by the UK authorities in October 08. The full amount may not be recoverable.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2008	31 July 2007
	£	£
Trade creditors	992,066	1,106,179
Payments received in advance	49,997	30,914
Social security and other taxation payable	252,484	205,803
Pensions and similar obligations	143,484	124,873
Accruals	82,352	219,487
Amounts owing to funding councils	392,164	322,903
Access funds	3,261	6,185
	<u>1,915,808</u>	<u>2,016,344</u>

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

	31 July 2008	31 July 2007
	£	£
Building retention creditors	-	60,633
	<u>-</u>	<u>60,633</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
15. PROVISIONS FOR LIABILITIES AND CHARGES

	Pension Enhancement £	Restructuring £	Total £
At 1 August 2007	635,091	10,000	645,091
Expenditure in the period	(43,522)	(10,000)	(53,522)
Transfer from income and expenditure account	164,200	-	164,200
	<hr/>	<hr/>	<hr/>
At 31 July 2008	<u>755,769</u>	<u>-</u>	<u>755,769</u>

16. DEFERRED CAPITAL GRANTS

	Note	Funding Councils 2008 £	Total 2007 £
At 1 August			
Equipment		196,889	219,080
Buildings		3,903,508	3,906,766
		<hr/>	<hr/>
Total		4,100,397	4,125,846
		<hr/>	<hr/>
Received:			
Equipment		8,739	52,750
Buildings		-	321,500
		<hr/>	<hr/>
Total		8,739	374,250
		<hr/>	<hr/>
Released to income and expenditure account:			
Equipment		69,856	74,941
Buildings		312,221	324,758
		<hr/>	<hr/>
Total	1	382,077	399,699
		<hr/>	<hr/>
At 31 July			
Equipment		135,772	196,889
Buildings		3,591,287	3,903,508
		<hr/>	<hr/>
Total		<u>3,727,059</u>	<u>4,100,397</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

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17. ENDOWMENTS

	2008	2007
	£	Restated £
Restricted Expendable Endowments		
At 1 August		
Capital	39,993	37,190
Accumulated Income	2,263	1,172
	<u>42,256</u>	<u>38,362</u>
New endowments	600	5,600
Investment income	2,219	2,744
Expenditure	(6,930)	(4,450)
	<u>38,145</u>	<u>42,256</u>
At 31 July	<u>38,145</u>	<u>42,256</u>
Represented by		
Capital	36,779	39,993
Accumulated income	1,366	2,263
	<u>38,145</u>	<u>42,256</u>

In previous years endowments were analysed as general endowments and specific endowments. The revised headings reflect the requirements of the SORP and the College's accounting policies.

18. REVALUATION RESERVE

	2008	2007
	£	£
At 1 August	8,506,556	8,811,014
Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets	(260,584)	(304,458)
	<u>8,245,972</u>	<u>8,506,556</u>
At 31 July	<u>8,245,972</u>	<u>8,506,556</u>

19. MOVEMENT ON GENERAL RESERVES

	2008	2007
	£	Restated £
Income and Expenditure Account Reserve		
At 1 August as previously stated	9,117,897	7,065,678
Prior period adjustment	-	9,786
At 1 August as restated	9,117,897	7,075,464
(Deficit)/surplus for the year retained within general reserves	(149,657)	983,975
Transfer from revaluation reserve	260,584	304,458
Actuarial (loss)/gain	(4,107,000)	754,000
	<u>5,121,824</u>	<u>9,117,897</u>
At 31 July	<u>5,121,824</u>	<u>9,117,897</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
20. RECONCILIATION OF (DEFICIT)/ SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31 July 2008	31 July 2007
	£	Restated £
(Deficit)/surplus after depreciation of tangible fixed assets at valuation	(154,368)	982,267
Depreciation	1,462,514	1,249,754
Deferred capital grants released to income	(382,077)	(399,699)
Investment income	(160,666)	(288,937)
Decrease/(increase) in stock	1,349	(3,843)
Decrease/(increase) in debtors	20,885	(70,773)
Increase/(decrease) in creditors	374,813	(263,030)
Increase/(decrease) in provisions	110,678	(43,328)
Increase in staff costs arising from FRS 17	383,000	228,000
	<u>1,656,128</u>	<u>1,390,411</u>

21. RETURNS ON INVESTMENTS

	31 July 2008	31 July 2007
	£	Restated £
Income from endowments	2,219	2,744
Other interest	124,526	301,419
	<u>126,745</u>	<u>304,163</u>

22. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

	31 July 2008	31 July 2007
	£	Restated £
Tangible assets acquired	2,496,128	4,944,418
Deferred capital grant received	(8,739)	(392,975)
Endowments received	(600)	(5,600)
	<u>2,486,789</u>	<u>4,545,843</u>

23. MANAGEMENT OF LIQUID RESOURCES

	31 July 2008	31 July 2007
	£	£
Withdrawal of deposits	465,492	2,952,945
	<u>465,492</u>	<u>2,952,945</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

24. ANALYSIS OF CHANGES IN NET FUNDS

	At 31 July 2007 Restated £	Cashflows £	At 31 July 2008 £
Cash at bank and in hand:			
Endowment assets	42,256	(4,111)	38,145
Other	1,516,308	(234,313)	1,281,995
	<u>1,558,564</u>	<u>(238,424)</u>	<u>1,320,140</u>
Current asset investments	899,520	(465,492)	434,028
Total	<u><u>2,458,084</u></u>	<u><u>(703,916)</u></u>	<u><u>1,754,168</u></u>

25. ACCESS FUNDS

	31 July 2008 £	31 July 2007 £
Balance unspent at 1 August	6,185	9,506
Funding council grant	103,628	110,987
Interest earned	2,581	2,308
	<u>112,394</u>	<u>122,801</u>
Disbursed to students	(109,133)	(116,616)
Balance unspent at 31 July	<u><u>3,261</u></u>	<u><u>6,185</u></u>

Funding council grants are available solely for students, the College acts only as a paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
26. TRAINING BURSARIES

	31 July 2008	31 July 2007
	£	£
Funding council grant	1,605,000	1,383,000
Disbursed to students	<u>(1,395,668)</u>	<u>(1,237,335)</u>
Balance unspent at 31 July	<u><u>209,332</u></u>	<u><u>145,665</u></u>

Training bursaries are available solely for PGCE students, the college acts only as a paying agent. The grants and related disbursements are therefore excluded from the College's income and expenditure account.

The College has received a fee of £23,760 (2007: £20,880) in the year in return for administering the payment of these bursaries. This income is included within Funding Council Grants in the income and expenditure account.

27. MINORITY ETHNIC RECRUITMENT GRANT

	31 July 2008	31 July 2007
	£	£
Balance unspent at 1 August	-	-
Funding council grant	<u>8,100</u>	<u>9,700</u>
	8,100	9,700
Disbursed	<u>(8,100)</u>	<u>(9,700)</u>
Balance unspent at 31 July	<u><u>-</u></u>	<u><u>-</u></u>

28. CAPITAL COMMITMENTS

Provision has been made for the following capital commitments at 31 July 2008.

	31 July 2008	31 July 2007
	£	£
Commitments contracted for	<u>-</u>	<u>1,198,535</u>

29. PENSION SCHEMES

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

The total pension cost for the College was:

	2008	2007
	£	£
Contributions to TPS	623,620	534,642
Contributions to WYPF	<u>463,534</u>	<u>420,006</u>
	1,087,154	954,648
Pension enhancement costs	220,566	95,095
Net current service cost	145,000	228,000
Past service/curtailment/settlement loss	<u>238,000</u>	<u>-</u>
Total pension cost	<u><u>1,690,720</u></u>	<u><u>1,277,743</u></u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
29. PENSION SCHEMES (continued)

The assumptions and other data relevant to the determination of the contribution levels of the schemes are as follows:

	TPS 2004	WYPF 2007
Investment returns per annum	6.5%	6.50%
Salary scale increase per annum	5.0%	4.50%
Pension increase per annum	3.5%	2.75%
Market value of assets at date of last valuation	£163,240m	£7,306m
MFR proportion of members' accrued benefits covered by the actuarial value of the assets	98%	90%

Teachers Pension Scheme

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

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

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. The contribution payable by the employer was increased to 13.3% of pensionable salaries from April 2008. The rate will increase to 13.9% from April 2009 and 14.6% from April 2010.

Under the definitions set out in FRS 17, the WYPF is a multi-employer defined benefit pension scheme. In the case of the WYPF, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2008.

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 material assumptions used by the actuary for FRS17 at 31 July 2008 were:

	At 31 July 2008	At 31 July 2007
Rate of increase in salaries	5.55%	4.95%
Limited Price Indexation Pension Increases	3.8%	3.2%
Liability Discount rate	5.9%	5.8%
Inflation assumption	3.8%	3.2%

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
29. PENSION SCHEMES (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	At 31 July 2008	At 31 July 2007
<i>Retiring today</i>		
Males	20.3	19.7
Females	24.0	22.6
<i>Retiring in 20 years</i>		
Males	21.3	22.2
Females	25.0	25.0

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

Value	31 July 2008 £'000s	31 July 2007 £'000s	31 July 2006 £'000s
Equities	9,208	10,338	8,892
Property	622	727	643
Government bonds	1,338	1,118	861
Other bonds	622	545	509
Cash/liquidity	608	503	752
Other	1,122	741	473
	<hr/>	<hr/>	<hr/>
Total	13,520	13,972	12,130
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Expected Rate of Return	31 July 2008	31 July 2007	31 July 2006
Equities	7.5%	7.5%	7.0%
Property	6.5%	6.5%	6.0%
Government bonds	4.8%	4.9%	4.4%
Other bonds	5.9%	5.8%	5.1%
Cash/liquidity	5.0%	5.8%	4.5%
Other	7.5%	7.5%	7.0%

The following amounts at 31 July 2008 were measured in accordance with the requirements of FRS17.

Analysis of the amount shown in the balance sheet	2008 £'000	2007 £'000
The College's estimated asset share	13,520	13,972
Present value of the College's Scheme liabilities	(20,234)	(16,230)
	<hr/>	<hr/>
Deficit in the Scheme - Net Pension liability	(6,714)	(2,258)
	<hr/> <hr/>	<hr/> <hr/>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**

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29. PENSION SCHEMES (continued)

Analysis of the amount charged to staff costs within operating (deficit)/ surplus	2008 £'000	2007 £'000
Current service cost	(646)	(662)
Past service gain	(211)	-
Settlements and curtailments	(27)	-
	<u>(884)</u>	<u>(662)</u>
Analysis of amount that is credited to other finance income:	2008 £'000	2007 £'000
Expected return on pension scheme assets	987	791
Interest on pension scheme liabilities	(953)	(776)
	<u>34</u>	<u>15</u>
Analysis of amount recognisable in statement of total recognised gains and losses (STRGL)	2008 £'000	2007 £'000
Actual return less expected return on pension scheme assets	(1,654)	724
Changes in assumptions underlying present value of scheme liabilities	(2,453)	30
	<u>(4,107)</u>	<u>754</u>
Actuarial (loss)/gain recognised in STRGL	<u>(4,107)</u>	<u>754</u>
Movement in (deficit) during the year:	2008 £'000	2007 £'000
Deficit in Scheme at beginning of year	(2,258)	(2,799)
Movement in the year:		
Current service cost	(646)	(662)
Contributions	501	434
Past service cost	(211)	-
Curtailments	(27)	-
Net return on assets	34	15
Actuarial (loss)/gain	(4,107)	754
	<u>(6,714)</u>	<u>(2,258)</u>
Deficit in Scheme at the end of year	<u>(6,714)</u>	<u>(2,258)</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
29. PENSION SCHEMES (continued)

Analysis of the movement in the present value of the scheme liabilities	2008 £'000	2007 £'000
At beginning of year	16,230	14,929
Current service cost	646	662
Interest cost	953	776
Contributions by scheme participants	235	219
Actuarial losses and (gains)	2,419	(31)
Benefits paid	(487)	(325)
Past service cost	211	-
Curtailments	27	-
	<u>20,234</u>	<u>16,230</u>
Analysis of the movement in the market value of the scheme assets	2008 £'000	2007 £'000
At beginning of year	13,972	12,130
Expected rate of return on scheme assets	987	789
Actuarial gains and losses	(1,688)	725
Contribution by the employer	501	434
Contribution by scheme participants	235	219
Benefits paid	(487)	(325)
	<u>13,520</u>	<u>13,972</u>

History of experience gains and losses:

	Year ending 31 July				
	2008 £'000	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Difference between expected and actual return on Scheme assets:					
Amount (£'000s)	(1,654)	724	848	1,190	205
Percentage of Scheme assets	12.2%	5.2%	7.0%	11.7%	2.6%
Experience gains and (losses) on scheme liabilities					
Amount (£'000s)	(945)	-	-	-	-
Percentage of the present value of the scheme liabilities	4.7%	-	-	-	-
Total amount recognised in statement of total recognised gains and losses					
Amount (£'000s)	(4,073)	754	(114)	(340)	24
Percentage of present value of Scheme liabilities	20.3%	4.6%	0.8%	2.6%	0.3%

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

The estimate for the contribution for the defined benefit scheme for the year 2008/9 is £600,000.

The actual return on scheme assets in the year was £657,000 (2007: £1,511,000).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 JULY 2008**
30. PRIOR YEAR ADJUSTMENT

In line with the SORP, Leeds Trinity & All Saints has adopted the recommended practices for endowments in the year. The comparative figures in the primary statements and notes to the accounts have been restated to reflect these new policies.

The effect on the accounts of this adjustment is as below.

	As previously reported	Endowment asset restatement	As restated
	2006/07		2006/07
	£	£	£
Income and expenditure account			
Other income	2,764,311	531	2,764,842
Endowment income and interest received	289,452	(515)	288,937
Surplus for the year transferred to accumulated income in endowment funds	1,707	1	1,708
Surplus for the year for the year retained within general reserves	983,958	17	983,975
Balance Sheet			
Endowment Assets	52,059	(9,803)	42,256
Cash at bank and in hand	1,506,505	9,803	1,516,308
Expendable endowments reserve	52,059	(9,803)	42,256
Income and expenditure reserve	9,108,094	9,803	9,117,897

31. POST BALANCE SHEET EVENTS

At 31 July 2008, Leeds Trinity & All Saints had £434,028 of cash held in an account with Kaupthing Singer and Friedlander, an Icelandic bank, who were placed in administration by the UK authorities in October 08. There is a risk that this investment will not be repaid in whole or in part although the government is in discussion with the Icelandic authorities.

32. RELATED PARTY TRANSACTIONS

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

	Year ended 31 July 2008	Year ended 31 July 2007
	£	£
Purchases net of applicable VAT:		
Purchases from Yorkshire Universities	11,340	10,665
Grants received from Yorkshire Universities	(74,429)	(102,669)

The above transactions were undertaken on normal trading terms. At 31 July 2008 the amount owed to Yorkshire Universities was £Nil (2007: £Nil). The results of Yorkshire Universities have not been included in the results of the College.

Due to the nature of the College'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 College's financial regulations and normal procurement procedures.