



# **Report and Financial Statements**

**For the Year Ended 31 July 2016**

**2015-2016**

# UNIVERSITY OF WOLVERHAMPTON

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**THE UNIVERSITY OF WOLVERHAMPTON**

**CHANCELLOR**

The Lord Paul of Marylebone

**BOARD OF GOVERNORS**

**Membership**

**Independent Members:** Ms C Burgher (to 26<sup>th</sup> October 2015)  
Mr J Bains  
Ms K Carr  
Prof M Chambers  
Ms P Clark (to 24<sup>th</sup> June 2016)  
Mr T Collins (from 23<sup>rd</sup> October 2015)  
Ms K Gee MBE, Deputy Chair  
Mr N Johal (from 23<sup>rd</sup> October 2015)  
Mr M Priddy  
Mr B Reid OBE  
Mr G Thompson (from 1<sup>st</sup> September 2015)  
Ms M Thorn (from 6<sup>th</sup> July 2016)  
Dr S Walford, Chair of the Board

**Co-opted Members:** Dr A Byrne  
Prof G Nicholls OBE (to 15<sup>th</sup> April 2016)  
Mr D Bourne (from 1<sup>st</sup> September 2015)

**Vice-Chancellor:** Prof G Layer

**Academic Board Nominee Members:**  
Dr J Pymm  
Ms G Steinke

**Student Nominee Members:**  
Mr Y Aboubakar (to 30<sup>th</sup> June 2016)  
Ms H Amjad (from 12<sup>th</sup> May 2016)  
Ms N Berroa (from 6<sup>th</sup> July 2016)  
Mr A Khan (to 1<sup>st</sup> October 2015)

**Clerk to the Board of Governors:**  
Ms G Towns

**Banker**

Barclays Bank PLC  
Queen Square  
Wolverhampton  
WV1 1TE

**External Auditor**

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

**Internal Auditor**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

### Statement of Primary Responsibilities

On 26<sup>th</sup> March 2015 the University's Board of Governors adopted the Statement of Primary Responsibilities (Appendix 1 of the 2014 CUC Higher Education Code of Governance):

1. To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To 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.
3. To delegate authority to the head of the institution, as chief executive, for the academic, corporate, financial, estate and human resource management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution.
4. 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.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself.
6. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the institution.
8. To appoint the head of the institution as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a Secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability.
10. To be the employing authority for all staff in the institution and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all of the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To receive assurance that adequate provision has been made for the general welfare of students.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution.
15. To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

## REPORT OF THE BOARD OF GOVERNORS

### Scope of the Financial Statements

The Financial Statements presented to the Board of Governors comprise the results of the University and its subsidiary undertakings, The University of Wolverhampton Enterprise Limited, The University of Wolverhampton Corporate Services Limited, and The University of Wolverhampton Social Enterprises Limited. The University of Wolverhampton Enterprise Limited is also a majority shareholder in The University of Wolverhampton Science Park Limited, which is consolidated into the University Group accounts.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2015/16 ECMAT was in its fourth year of operation and had a turnover of £44.2M (2014/15: £37.6M). The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The subsidiaries undertake activities including training, courses, research, testing, and consultancy for a wide variety of commercial and other organisations. The companies' taxable profits are transferred back to the University under a deed of covenant arrangement.

### Review of Financial Performance

The University's Consolidated Statement of Comprehensive Income and Expenditure position for the year to 31 July 2016 is summarised below. These are the first set of accounts produced in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 which embodies the new Financial Reporting Standard FRS102. This has required the University to restate the 2014/15 comparatives. The table below gives both the original and restated position.

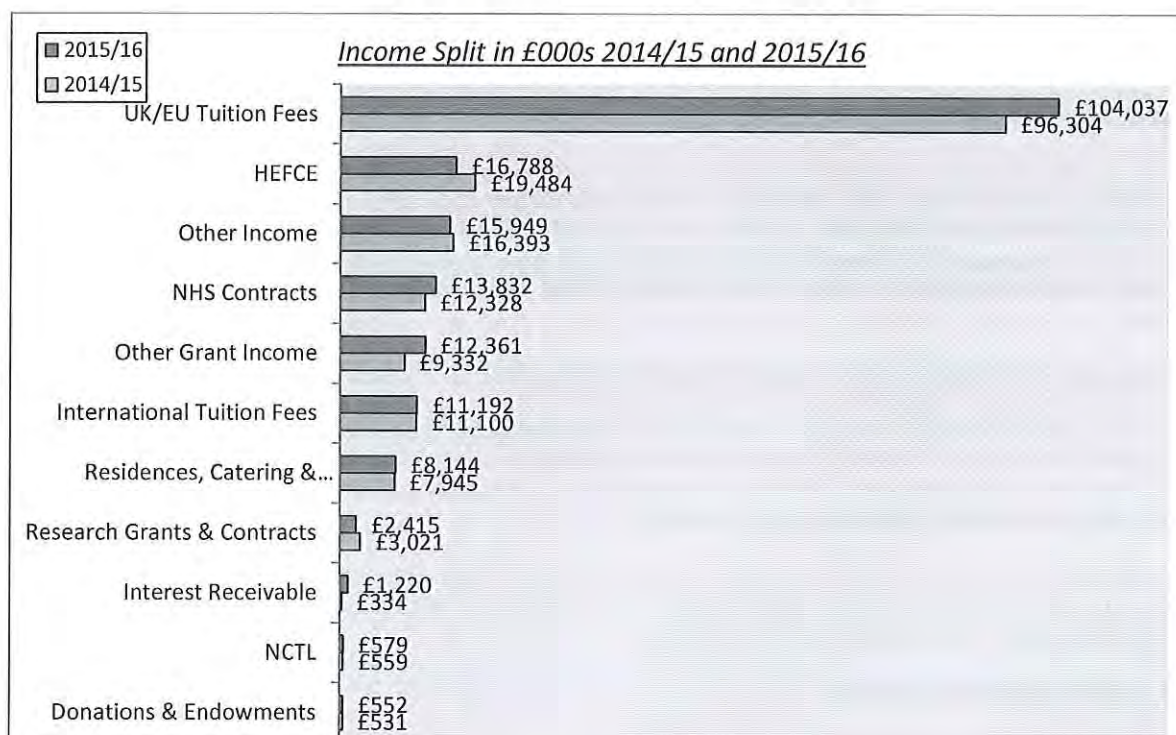
	2015/16 £'000	2014/15 £'000 Restated	2014/15 £'000 Original
Income	187,069	177,331	177,607
Expenditure	(167,739)	(162,216)	(159,572)
Surplus Before Tax	19,330	15,115	18,035
Taxation	0	0	0
<b>Surplus for the Year</b>	<u>19,330</u>	<u>15,115</u>	<u>18,035</u>

### Income

Income has increased to £187.1M, an overall increase of 5.5% compared to 2014/15.

The University continues to deliver tuition fee growth from strong student recruitment performance. Overall tuition fee income increased to £115.2M, a rise of £7.8M on the previous year. This follows increases of £24.2M, £17.6M and £21.8M in the previous three years. Almost all full time UK and EU students are now on the new fee arrangements. The bulk of the fee increase comes from increasing recruitment levels and improving student retention. Postgraduate recruitment was boosted by the Postgraduate Support Scheme which operated for 2015/16 only, but which will be followed by a postgraduate loan system from 2016/17.

Tuition fees from overseas students were relatively flat with recruitment at the same general level as in 2014/15. Part time recruitment continues to be challenging across the sector; however, the overall number of part-time students at the University in 2015/16 was slightly up on the previous year. NHS contract income was up by £1.5M overall, with part of this increase attributable to additional contract numbers. The University continues to invest in making improvements to student attrition rates.



HEFCE income has fallen significantly since 2011/12 as a result of a reduction in core HEFCE teaching grant reflecting the planned shift into funding teaching through tuition fees. There was a further fall of £2.7M in 2015/16, relating to a fall in the number of students on the old funding regime still completing their studies and some planned reduction in targeted allocations. However, allocations for the Higher Education Innovation Fund (HEIF) increased by £0.4M and the overall level of mainstream research funding also increased slightly. The University no longer receives grants from the National College for Teaching & Learning (NCTL) for our Initial Teacher Training provision as these are now funded entirely from tuition fees.

Research grant and contract income fell by £0.6M. This mainly relates to a single research project coming to an end. Income from residences, catering and conference operations rose in line with inflation; overall volumes were on a par with the previous year. Other income including commercial income was 3% down reflecting delays in the introduction of new EU funding initiatives. Income from the investment of University's cash balances was at the same level as 2014/15, but there was a £0.9M exchange gain on the University's Euro account caused by the sharp fall in the value of sterling following the Brexit vote.

### **Expenditure**

Following significant pay increases in the three year period 2006 to 2009, pay rises have been at much lower levels in the years since. In 2014/15, the University agreed a 2% pay rise, with a further 1% increase following in 2015/16. However, overall staff costs increased at a faster pace than the level indicated by the general pay rise – 5.9% in 2014/15 and 5.2% in 2015/16. These increases were caused by a number of factors, including planned growth in staffing levels to resource new courses, increasing student numbers and new initiatives such as Graduate Teaching Assistants. In addition, pension costs increases arising from the revaluation of the West Midlands Pension Fund in April 2014 and increasing Teacher Pension Scheme contributions since September 2015, together with increased National Insurance costs following the removal of contracting out from April 2016, have contributed to the overall increase.

In 2015/16, the impact of pension adjustments under FRS 102 and enhanced pensions resulted in an additional charge of £4.0M split between staff costs and pension interest (2014/15: £4.0M). This is significantly higher than charges under the previous accounting standard. Although the overall gain or loss on pensions is calculated in the same way, more is charged to expenditure in year, impacting on reported surpluses. The University continues to make deficit recovery payments resulting in lower pension

adjustments. In addition to the above, FRS102 has introduced a charge to cover the movement of the USS pension provision.

Other expenses are slightly lower than in 2014/15 reflecting in part the fall in commercial activity. Additional depreciation from recent major builds such as the Lord Swraj Paul building has been offset by previously capitalised IT, equipment and minor works spend becoming fully depreciated. There were impairments of fixed assets to the value of £1.143M (Telford and Walsall Halls of Residence) during the financial year.

### **Cash Flow**

The consolidated Cash Flow Statement shows a net increase in cash and cash equivalents of £8.0M compared to the closing position in 2014/15. Overall levels of cash plus current asset investments increased to £87.7M compared to £77.6M in the previous year. Overall cashflow from operating activities was £28.7M compared to £21.0M in the previous year. The University made total payments in the year on fixed assets of £19.9M, spent on a range of projects, including the completion of the Lord Swraj Paul building, development of Engineering facilities at the Telford campus, the new Science and Prototyping centre at the Science Park and redevelopment of catering facilities at the Wulfruna Campus. Investments also included spending on the Digital Campus. The University's overall funding position remains strong with net funds in the year at £73.4M, £11.7M up on the previous year.

### **Key Future Financial Issues**

Over recent years demand for places in higher education has been buoyant, and the University has recruited well. Since 2015/16 the removal of the Student Number Control has allowed HEIs to recruit freely. This development, coupled with the entry of new providers into the HE space, means that competition for students is likely to intensify in the coming years. The initial indication is that University recruitment of Home/EU full-time students in 2016/17 has continued at broadly similar levels to 2015/16. The University has done well in attracting more Postgraduate and part time students, the latter against a backdrop of falling part time recruitment nationally. Postgraduate recruitment appears to have benefited from the new loan scheme that kicks-in in 2016/17.

International recruitment continues to be challenging. The impact of UKVI controls and increased competition in the international market in the medium term may impact on University plans for growth. The University will continue to consider alternative strategies for accessing international markets and is actively pursuing growth in new markets. However, government controls on foreign students are likely to tighten with recent announcements of two-tier visa rules and a crackdown on post-study work.

The downward trend of NHS contract income resulting from cuts to NHS pre-registration numbers has now come to an end. The University is budgeting for increases in 2016/17. From 2017/18, pre-registration nursing students move to full-time undergraduate fee paying status and will no longer receive grants. The impact of this on numbers applying to study nursing will need to be monitored.

Cash balances remain healthy; however, interest rates will probably continue at low levels for the foreseeable future and limit the amount of interest received from investing these balances. Furthermore, the University is planning a significant level of capital investment over the next few years. The size of investment will likely require some level of borrowing, and the ability to deliver business benefits from the investment is critical, both for the student experience and for the financial health of the institution.

Pay rises have been generally at or below the level of inflation over recent years. Control of pay costs remains a critical area to ensure institutional financial sustainability. The pay rise for 2016/17 has yet to be agreed.

The last revaluation of the West Midlands Pension Fund (WMPF) occurred on 31<sup>st</sup> March 2013 for implementation from 1<sup>st</sup> April 2014. The revaluation showed a worsening funding position, with the value of the fund's assets down to 67% of the value of the pension liabilities. A further revaluation of the scheme took place on 31<sup>st</sup> March 2016, and the University is waiting to discover the impact of this on deficit recovery payments and future service contributions. The revaluation of the Teachers' Pension Scheme and the removal of contracting out of the state second pension for members of workplace defined benefit pension schemes will also increase pension costs in future years.

The recent vote for Brexit will significantly impact on the University in a number of ways including access to EU research funds, EU student recruitment and the ability to recruit and retain EU staff working for the University. The extent of this impact will depend on the terms of the UK's exit from the EU, and this will evolve over the two years following the decision to trigger Article 50.

### The Student Experience

Investing in the student experience has continued to be a high priority for the University in the last twelve month period. Through the "Our Vision: Your Opportunity" Investment Fund the University has made a substantial commitment to further enhancing the student experience in three key areas for development –

- **The physical campus.** The new Lord Swraj Paul Building, home to the University of Wolverhampton Business School, opened fully in October 2015. This has provided additional teaching capacity of a high quality and with an emphasis on flexible learning spaces and styles. Students have been very positive about the new teaching, learning and social spaces, and have welcomed the intended design outcome of co-locating students and staff more closely. With this development, and others that have since taken place, we have begun to develop a closer sense of "belonging" amongst student/subject groups. Where students feel more closely aligned with their faculty, a sense of belonging can have a positive impact on learning outcomes.
- **The digital campus.** An ongoing investment in the digital campus has manifested in two completed projects in the last twelve months that have had a significant and positive impact on the student experience. **Apps Anywhere** is the application jukebox that enables software programmes to be run virtually and accessible from any PC on the University estate. This has freed software from specialist labs and classrooms and enabled students to use the software in multiple locations and at all times. Also this year the launch of **MyWLV** (The Student portal) has been well received by students with the delivery of a mobile application which brings multiple student systems into a single place. These developments were in direct response to student feedback. The digital campus initiative is still in progress and over the next twelve months will deliver an extension to the applications jukebox that will make software available in off campus locations; enhancement to the student WIFI network, and to digital storage capabilities; and the launch, in September 2017 of the new Virtual Learning Environment – Canvas.
- **Learning and teaching innovation.** Investment has also continued directly in teaching and learning with a doubling in the number of posts for **Graduate Teaching Assistants**. The GTA's are recent graduates undertaking a further teaching qualification while working with students to improve their learning outcomes. The University also continues to invest in its teaching staff with support to increase the proportion of staff with a PhD and recognition from the Higher Education Academy as well as supporting innovation in pedagogic practice through new technologies, learning spaces and teaching styles.

Together these areas of investment are directly targeted at enhancing the student Feedback through the Student Voice Initiative. This is a valuable resource which enables the University to have a direct dialogue with students/users/customers at levels throughout the organisation.

The national measure of student satisfaction, the National Student Survey (NSS) was conducted between January and April 2016 with results published recently in August 2016. We were pleased to report that the University has improved its position from the previous year with our highest ever level of overall student satisfaction –

QUESTION CATEGORY	% SATISFACTION UW 2015	% SATISFACTION UW 2016	% CHANGE
The teaching on my course	82%	83%	+1
Assessment and feedback	72%	71%	-1
Academic support	78%	79%	+1
Organisation and management	76%	78%	+2
Learning resources	86%	86%	-
Personal development	82%	82%	-
<b>Overall satisfaction</b>	<b>82%</b>	<b>84%</b>	<b>+2</b>
Satisfaction with S.U.	66%	64%	-2



The annual Destinations of Leavers from Higher Education (DLHE) Survey measures student employability. In this period the University has reported its highest ever levels of graduate employment at 96% (May 2016) amongst the undergraduate class of 2015 - being in work or further study within six months of graduation. This is an extremely important component of the student experience and one that is highly valued by students who expect that their university education and award will have a positive effect on their career prospects.

The University is committed to maintaining and continuously improving its position in a highly competitive sector. The success of our graduates is inextricably linked to the success of the University and makes a significant contribution to the economic development and regeneration of the region. We are continuing to make further investment and effort to enhance the employability of our students through embedding employability skills in the curriculum, developing partnerships with employers and professional bodies, providing access to professional careers, highly rated careers advice and award-winning volunteering opportunities.

### Student Numbers

In 2015/16 the University enrolled 22,736 students (2014/15 21,721), comprising 15,879 full time and sandwich students (2014/15 14,944) and 6,857 part time students (2014/15 6,777). Recruitment and retention continues to be one of the University's key corporate priorities. The following tables provide further breakdowns of the University's student population in 2015/16.

Home, EU and Overseas numbers	2015/16	2014/15
Home	18,088	17,362
EU	668	554
Overseas	3,980	3,805
<b>Grand Total</b>	<b>22,736</b>	<b>21,721</b>

Level of Study	2015/16	2014/15
Foundation	584	619
Undergraduate	18,108	17,425
Postgraduate taught	3,679	3,379
Postgraduate research	365	298
<b>Grand Total</b>	<b>22,736</b>	<b>21,721</b>

### Campus Developments

In the changing higher education landscape, the University of Wolverhampton recognises that its campuses are a vital element in the delivery of an excellent student experience. The University seeks to consolidate what is good about the existing campuses and to create a vibrant, friendly place to study, work and live. The University is committed to maintaining and improving the quality of its physical estate and providing facilities to support high quality and innovative teaching and learning, research facilities and social learning spaces for students and staff.

Indicators of success include:

- A fit for purpose, vibrant University estate which supports recruitment and retention;
- Excellent and well-used Learning Centres and IT facilities for students and staff;
- Well considered and leading edge learning and teaching facilities;
- An estate which continually improves on its quality and functionality;
- Positive feedback from recognised survey data, such as NSS.

### Condition of the Estate

The University of Wolverhampton commissioned Chartered Surveyors Drake & Kannemeyer (D&K) to undertake a Condition and Legislative Compliance Audit on the whole University Estate, which was completed by July 2010, and which has been regularly updated since then. This survey is used as an informative tool to provide a proper understanding of the condition of the University's estate and is utilised to plan annual maintenance programmes and inform the development of the Estates Strategy.

### Space Utilisation

The University's performance with respect to space utilisation has steadily improved over recent years, reflecting the impact of capital investment, together with a general reduction in floor-space and the disposal of older, functionally unsuitable teaching accommodation. Further improvements will be realised by better

matching room capacity to group size, and this in part will be fulfilled in the coming year by the installation of a new timetabling tool in Registry. The physical space audit of the occupancy of centrally timetabled space continues to be carried out on an annual basis. This information is used as the evidence base for the Estates Management Record return to HESA. The space audit carried out in October 2015 has recorded a percentage return of 37%, which is comparable with our chosen peer group. Space utilisation will continue to be considered a key issue for the University as a whole and projects which add new space will be critically considered before they are developed.

### **Carbon Management**

The Carbon Management Plan (CMP) was launched on 26th May 2010, following formal approval by the University's Governing Body, which included a financial commitment of £3.3 million within the Capital Programme. The CMP identified carbon reduction projects to be implemented over a five-year period to deliver a 25% reduction from approximately 16,000 tonnes of CO<sub>2</sub> in 2007/08 to 12,000 tonnes of CO<sub>2</sub> by 2015. Actual emissions for the 2014/15 financial year indicate that the University has achieved its set target in advance of 2015. In addition, it has achieved a 33% reduction against the 2007/08 CMP baseline and an overall reduction of 37% against the HEFCE baseline year of 2005/06. The University must now maintain focus on achieving the HEFCE 2020 carbon reduction target of 40% against the 2005/06 baseline.

### **Sustainability & Environmental Management**

The University of Wolverhampton recognises that virtually all activities in Higher Education have some impact on the environment. The University is committed to promoting the conservation and sustainable management of the environment and to minimising the environmental impact of its activities to bring about a continual improvement in its environmental performance.

The University of Wolverhampton has developed a Sustainability and Environmental Policy (SEP) which was updated and approved by Campus Committee in September 2013. This will be further reviewed and revised and presented for approval in 2016/17.

### **Estates Strategy and Capital Programme**

The final major projects comprising the 2010 Estates Strategy and Masterplan were progressed during 2015/16. These include:

- Lord Swraj Paul building housing the Business School, which was completed and occupied in late 2015;
- £8.8m investment in facilities and equipment at the Telford Innovation Campus for Engineering, which will be completed in late 2016;
- The new Science Technology & Proto-typing Centre at Science Park which is due to be completed in March 2017. This secured £4.9m from the Regional Growth Fund to help in its development.

The development of the University's recently acquired 12 acre Springfield Brewery site in Wolverhampton City Centre began in earnest this year. The development of the West Midlands Construction UTC is well advanced and is due to open its doors to students in November this year. LEP funding was secured for a pioneering, multi-stakeholder approach to advanced industrial training, the Elite Centre for Manufacturing Skills (ECMS), which is modelled on a 'hub and spoke' system, with the 'hub' located on the Springfield site and due to commence construction in November this year and to be delivered by June 2017.

The University have been planning for the development of much of the old brewery buildings into a new School for Architecture and the Built Environment (SOABE). This is due to commence construction in the Spring of 2017, with completion in 2019 in time for the academic year 2019-20.

The Estates Strategy and Masterplan have been undergoing a complete revision this year, hand-in-hand with the development of the new University Strategy. These are being finalised and will be completed in late Autumn 2016. This will set a capital investment programme from 2017 looking forward for five years and beyond and will be regularly reviewed and updated to meet the changing environment within the higher education sector.

### **Payment of Creditors**

It is the University's policy to obtain the best terms for all business; therefore, there is no single policy as to the terms applied. The aim is to pay invoices in accordance with agreed contractual conditions, or where no such conditions exist, by the end of the month following receipt of goods or services or the presentation of a valid invoice, whichever is the latest.

### **Equality and Diversity**

The Equality Act 2010 harmonises legal protection against unjustifiable discrimination, harassment or victimisation on the grounds of age, disability, gender reassignment, pregnancy and maternity, marriage and civil partnership, race, religion and belief, sex and sexual orientation.

The Act also introduced a single public sector equality duty in respect of all the above protected characteristics.

The University is therefore required to have regard, when carrying out its functions, to the need to;

- a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The University's Strategic Plan 2012-2017 encompasses values to promote equality and diversity within the mainstream.

The University's commitment to equality and diversity and its various policies and plans may be found at [www.wlv.ac.uk/edu](http://www.wlv.ac.uk/edu).

An Equality and Diversity Committee has been established at Governor level to oversee this important area of work and monitor new equality objectives. Responsibility sits with all staff, supported by an Equality and Diversity Unit to take the University on a journey beyond compliance to culture change and tangible improvement.

### **Employment of Disabled Persons**

The University has a written policy of equal opportunities that is the responsibility of all members of staff and students as part of their normal activities as members of an academic and social community. The policy may be found along with other equality related information at [www.wlv.ac.uk/edu](http://www.wlv.ac.uk/edu).

It is the responsibility of the Board of Governors and the Offices of the Vice Chancellor to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Committee. The Committee advises on policy matters concerning Equality and Diversity, particularly in terms of priorities for action, suggests new initiatives, participates in the monitoring of the effectiveness of implementation strategies, and the achievement of targets.

There is an Equality and Diversity Unit to assist staff with any queries or issues they may want to raise regarding Equality and Diversity matters. It has an experienced disability specialist able to provide appropriate advice and support and to work with Faculties and Departments on their provision for disabled staff.

It is the policy of the University to employ disabled persons in posts for which they are identified as the best candidates, having regard to our duties under the Equality Act 2010. We seek to make arrangements wherever possible to encourage staff who develop a disability to continue working for the University. Every opportunity is taken to improve access for disabled staff and students to University premises via a rolling programme of improvement to buildings and provision of equipment. Physical access to the University

premises is a core consideration within the strategy for improvement of the University's estate and is being addressed within the Estates Project. The University is continuing to work with DisabledGo to ensure that any disabled person wishing to visit University premises can view information on the Web about the accessibility of University buildings and how to access them when planning their visit.

### **Employee Involvement**

The University has developed a comprehensive internal communications approach for its staff. This includes regular paper-based and electronic updates on policies, procedures, organisational change, and events that impact on staff. The Vice-Chancellor also holds quarterly staff meetings across all three main campuses which include briefings and also the opportunity for staff to ask questions of the VC on what has been discussed.

A staff communications cascade system has been introduced which delivers six key University-wide messages. Staff have the opportunity to feedback on any of the items within the brief which is sent out every six weeks.

The University of Wolverhampton People Strategy has a specific work stream around staff involvement and engagement. Members of the HR Department, management and Trade unions are developing more effective ways of how we can ensure staff are actively involved and engaged in how the University of Wolverhampton operates.

The University of Wolverhampton has four active staff networks: BME, Disabled, LGBT, Women in Research. We work closely with these groups around active staff participation and involvement, particularly around equality and diversity issues. The University consults with disabled staff and students to comply with its duties and disability legislation, and holds focus groups to review the progress of its policies and plans in respect of disability/equality.

### **Development Strategy**

The University of Wolverhampton measures its fundraising performance through the Ross-CASE Survey. This survey tracks charitable giving to institutions and how much they invest in their fundraising operations. It enables institutions to measure their progress and compare themselves with their peers, and splits institutions into five communities: fragile, emerging, moderate, established and elite. The University of Wolverhampton has consolidated its national position during the period 2014/15 and sits within the 'Emerging' cluster. This is the largest group of universities and comprises 57 institutions.

The Ross-CASE survey results for 2015/16 are published in February 2017; however, the return for the University is again much improved and is predicted to be over £820,000. This increase is largely due to the University securing the largest gift in its history of £1m from its Chancellor, Lord Paul. This generous transformation gift was kindly donated via the Ambika Paul Foundation which was set up in memory of Lord Paul's daughter Ambika, who sadly died at the age of four from leukaemia. The gift is spread across two instalments, the last being in the financial year 2015/16, and has been directed to the enhancement of student lives.

The University community would like to express its heartfelt thanks to its Chancellor, Lord Paul for such a charitable donation.

### **Knowledge Transfer**

The University of Wolverhampton is a major provider of Knowledge Exchange and Innovation services with business and the wider community, predominantly in the City and West Midlands but also nationally and more recently internationally. It is recognised as being at the forefront of the Higher Education sector in working with businesses demonstrated by the number of Knowledge Transfer activities delivered that include KTP (Knowledge Transfer Partnerships) and KEEN (Knowledge Exchange Enterprise Network) projects, often winning national and regional awards for their impact on business. Such activities help to raise the profile of the University as a Research and Innovation knowledge base, contributing to economic generation and growth.

In addition, the University is delivering new enterprise activities in the Black Country, Telford & Wrekin, Shropshire, Stafford, Herefordshire and the Wyre Forest. It continues to lead the University of Wolverhampton Science Park, as well as providing leadership for other West Midlands Universities in the delivery of a range of regional collaborative innovation and enterprise projects.

The University has a number of centres that provide services to individuals and businesses for business start-up and incubation including: an ICT business incubator (e-Innovation Centre), business grow-on space (Business and Technology Centre), a Creative Industries business incubator (SP/ARK), a Student / Graduate business incubator (SP/ACE) as well as facilitating University of Wolverhampton graduate start-up businesses through the Student Placements Programme for Entrepreneurs in Education (SPEED).

The University's knowledge transfer, business innovation and incubation activities are delivered primarily from the University of Wolverhampton Science Park, Telford Innovation Campus, Hereford Enterprise Zone and more recently the Wyre Forest. Following an investment of some £12M, the next phase of development of the Science Park will be completed in March 2017 with the construction of a new Science, Technology and Prototyping Centre. This will not only attract an additional 30 tenant companies onto the Science Park but will also initiate a new approach to commercialisation and spinout generation.

University business engagement activities have been strengthened through the colocation of the University's Business Solutions Centres and the National Growth Hub initiative across the Black Country and the Marches, including Telford & Wrekin and Hereford whereby University staff work in partnership with the public sector partners to deliver business support services.

The University has traditionally been particularly successful in attracting both revenue and capital public sector funding to part fund many of these activities. Although some of these funding streams came to an end in 2015, a new round of programmes have now been approved with support from Local Growth Funding and EU Structural Funding.

The University is represented on the Black Country and Marches Local Enterprise Partnerships (LEPs), in discussion with Local Authority leaders and Chambers of Commerce and is contributing to Skills, Innovation and Enterprise leadership. This is complemented by engagement in Strategic Economic Plans locally that influence the allocation of resources for economic and regeneration growth in LEP areas. To support this, the University has played a major role in supporting the establishment of the Midlands Engine, the Midlands Enterprise Universities consortium and the West Midlands Combined Universities partnership.

The University has participated in the design of new Research Development and Innovation (RDI) initiatives with other universities, InnovateUK and government departments as well as contributing to 'design days' with the EU Commission to influence future EU programmes. The University's engagement in the European Union is achieved primarily through the University's office in Brussels providing academic staff with access to expertise in EU funding programmes and positioning. Following the EU Referendum, this activity is expected to continue for at least the next two years.

### **Key Performance Indicators (KPIs)**

In response to the guidance from the Committee of University Chairs (CUC), the Board of Governors has adopted 15 KPIs as the means by which it monitors the overall health of the Institution. The KPIs gauge performance in a range of areas including: student application, recruitment and retention; achievement and completion; academic and research quality; NSS standing; equality and diversity; employability; international collaborations; financial health including income generation; space utilisation; performance of the estate; staffing; and carbon management. Performance against these KPIs is reported annually to the Board of Governors via the relevant University Committee. These reports summarise the status of each KPI together with the direction of travel.

From the KPIs presented to the Board of Governors during the 2015 to 2016 cycle, two key performance indicators highlighted last year both sustained the impressive above benchmark performance levels they had previously achieved, retaining their recommended statuses of Good.

- "Improved Employment Levels of University of Wolverhampton Graduates". The annual Destinations of Leavers from Higher Education (DLHE) Survey reports a further record high with 96% of our undergraduate cohort in work or further study 6 months after graduation. This has been accomplished through sustained efforts to ensure we provide our students and graduates with meaningful opportunities, throughout their studies to develop the employability skills, subject knowledge and professional competencies to pursue their career ambitions.
- "To reduce our reliance on HEFCE income by increasing the % turnover attributed to non-HEFCE and Student Fees income" again showed a healthy 6.5% increase against a target of 0.5% per annum.

We have continued to perform well in a number of other areas. For the KPI "to improve the functional suitability of the estate" the University's position remains above the sector median for the whole estate (residential and non-residential), with maintenance, particularly of student facing teaching and learning facilities, continuing to be a principle focus for investment expenditure. The KPI "to reduce the University's carbon footprint by 40% by 2020" also reported significant progress in terms of our reduction of CO2 emissions, achieving an overall reduction of 38% against the HEFCE baseline year of 2005/06, following implementation of the University's Carbon Management Plan. In addition the University is still engaged with the HEFCE Revolving Green Fund 4 to deliver various projects such as lighting controls and LED lighting upgrades, due to be completed in July 2017.

In those areas where a less than satisfactory performance has been reported, the University remains committed to reviewing progress throughout the year, introducing and monitoring improvement measures as required to meet and surpass sector benchmarks where possible. "To extend the diversity of our staff profile across all equalities categories", has a current status of "requiring further action". The University is undertaking to support under-represented groups to ensure our workforce reflects the local demographic.

## **Risk Management**

The Risk Management process has been redeveloped over the past year to ensure a balanced and practical approach which incorporates mitigating activities and target setting to manage individual risks. The University Corporate Risk Register is reviewed and maintained throughout the year. In addition, all risks are reviewed on a regular basis, by both the 'Risk Owners' and the Risk & Business Continuity committee, which provides assurance that key risks are being managed appropriately. The Risk Register is subsequently considered by Audit Committee and the Corporate Management Team.

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

The University's Corporate Risk Register currently highlights 19 Institutional risks aligned to the objectives set out in the University's strategic plan. The following are deemed to be the key issues facing the University Group currently and in the near future.

- *Changes to Government Funding Policies* – The loss or significant reduction of traditional funding streams continues to be a core risk to the University. There are a range of mitigating controls and activities undertaken across the University which include: the development of new course and distance learning programmes; the implementation of the Resource Allocation Model (RAM) which enhances performance management; and investing in new international markets with transnational education programmes whilst strengthening international links.
- *Recruitment and Retention of Home and International Students* – The financial health of the University has become increasingly reliant on our ability to recruit and retain students from all backgrounds. The University operates in developing and competitive markets, where both internal and external factors could affect our ability to achieve the required targets. With this in mind, it is essential that we have the appropriate processes, procedures and strategies in place to ensure that effective recruitment and retention is continuously achieved. A number of activities are in place to ensure that we are able to manage the risk effectively.

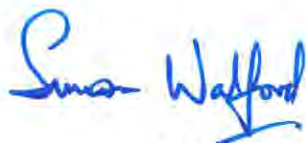
- *Significant Capital Investment Programme* – The University is committed to providing high quality facilities across its campuses to all stakeholders, which requires significant capital investment. It is therefore crucial that all capital projects and programmes are managed effectively. In addition, the scale of the investment will require additional borrowing and careful management of cash reserves. The University's finances will be critically dependant on our ability to generate returns at the levels indicated in the business cases.
- *Education Central Multi-Academy Trust (ECMAT)* – The University continues to engage with a variety of academies from across the region and this is managed through the Education Central Multi-Academy Trust (ECMAT). The ECMAT Board meets regularly to review the performance of academies and the Trust as a whole. Effective due diligence is in place to review academies which apply to join ECMAT.
- *European Union Referendum* – The University, along with the rest of the HE Sector, is subject to a great deal of uncertainty following the decision to leave the European Union. Currently, the University is monitoring sector responses, engaging with staff and students, exploring non-EU opportunities and lobbying at local and national levels.

### Conclusion

The University continues to be in a strong position. In 2015/16 we recruited to target and had our largest student population ever. Despite increased competition for students from traditional providers and new entrants, overall student numbers in 2016/17 are likely to be at similar levels. We continue to deliver employability results at record levels and recently released NSS scores are our best ever. The overall financial health of the University continues to improve as a result of six years of above-target surpluses. Cash balances remain strong enabling continued investment in state-of-the-art facilities. The University is developing an ambitious capital programme for delivery over the next few years and will continue to invest in the student experience.

The impact of the continuing evolution of Government policy towards higher education leads to uncertainty, and the University will need to continue to respond flexibly to the demands placed on it. However, the University's underlying financial reserves put it in a strong position to cope with any changes that emerge over the next few years.

Approved by the Board of Governors on 23<sup>rd</sup> November 2016 and signed on its behalf by:



S. Walford

Chairman of the Board of Governors

## PUBLIC BENEFIT STATEMENT

The University is a Higher Education Corporation incorporated under the provisions of the Education Reform Act 1988. Section 124 of the Act confers upon the University powers to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of these powers. The University is regulated by HEFCE on behalf of the Charity Commission.

The charitable purpose of the University is the advancement of education, delivered for the public benefit via the University's strategic plan. The Board of Governors is responsible for defining the strategic plan of the University and ensuring these objectives are met. In setting these objectives the Board of Governors (acting as trustees of the University), and the University's management, give consideration to the guidance issued by the Charity Commission and HEFCE regarding public benefit.

The University's vision is:

*To be The Opportunity University - renowned for our creativity and innovation - developing students and staff who are entrepreneurial, eminently employable and well-connected within a research and professionally informed environment.*

The University is committed to advancing the education of individuals from across the Black Country, West Midlands, UK and beyond. The University is committed to providing a broad range of educational opportunities focused on making a real difference to the lives of individuals, communities and businesses. During 2015/16 the University's activities broadly fitted into the following themes:

- Opportunity: social inclusion and social change
- Research
- External engagement through (i) enterprise and (ii) employability.

### **Opportunity: social inclusion and social change**

The University of Wolverhampton is well known as the University of Opportunity, promoting social mobility and improving individual life chances within the communities in which it operates. During 2015/16 the University continued its widening participation work for under-represented groups. This work featured significantly in the University's annual Access Agreement with the Office of Fair Access.

Throughout 2015/16, the University continued its commitment to being a key player in raising aspirations and skills levels within the region through its work with schools, colleges, adult education, employers and the community. This is evidenced by a number of activities undertaken during the last academic year, all aimed at social inclusion and social change. Examples of such work are:

- The launch of Aspire2Uni scheme in October 2015, aimed at encouraging more Looked After Children into Higher Education. The University holds the Buttle UK Quality Mark, an award recognising the University's commitment to care-experienced students. The University also works with three Local Authority "Virtual Schools", co-ordinating research and delivering a dedicated mentoring programme for Looked After Children;
- Formally signing up to the Community Covenant with Armed Forces in Staffordshire in February 2016, working with armed forces communities to provide education and training courses in the region;
- A continued commitment to the 'Explore University' scheme which is led by the University in collaboration with a number of other local universities and a further education college. As part of the scheme year 8 pupils were invited to the School of Engineering to participate in activities focusing upon the University's race team's Formula Renault car, encouraging students to view university education as both accessible and inspirational;
- In partnership with a range of public and private providers, developing a distributed provision to enable students who are less geographically mobile to participate in university programmes;

The University's entrant profile continues to exceed the national benchmarks on all widening participation measures (state school, lower socio-economic groups, low participation neighbourhoods). The University continues each year to develop the range of activities within the theme of social inclusion and change.



During 2015/16 the University built upon this commitment through the a number of activities, including the following:

- Appointing twenty new Graduate Teaching Assistants, focusing on supporting all level 4 (first year undergraduate) students. These appointments assist with the University's BME attainment project and ensure students understand assessment requirements, in response to evidence that this specific intervention improves BME student attainment
- Continuing to develop options to provide alternative support to students who are no longer eligible for Disabled Students Allowance support;
- Maintaining the level of financial support for students previously eligible to the Access to Learning Fund;

In addition to the large student body, the beneficiaries of the University's work over the last year have been children from primary school age upwards throughout the region, as part of the University's objective to improve the performance of schools within the Black Country. The University recognises the key role it plays in raising aspirations amongst those who are from groups underrepresented in Higher Education and has a programme of outreach and in-reach activities with schools and colleges, designed to raise both aspiration and attainment. The University demonstrates this commitment through its new Schools Engagement Strategy, which envisages holistic and joined-up engagement with academies, trusts and schools to improve the performance of schools in the region and contribute to the economic growth of the area through raising skills levels. The University has delivered this in 2015/16 through a number of activities, including:

- Through the University's Education Central Multi-Academy Trust, the University sponsors a number of academy schools in the region, of both primary and secondary levels. We also sponsor University Technical Colleges (UTCs) through the University of Wolverhampton Social Enterprise Ltd;
- Widening the activities offered under the annual 'SciFest' programme following the official opening of the University's £20m Rosalind Franklin Science Building.
- Sponsoring the West Midlands Construction UTC in conjunction with the Construction Industry Training Board. The UTC is scheduled to move to the site for the start of the 2016/17 academic year;
- Continuation of the Black Country Children's University (BCCU), which is part of the national Children's University Trust. During 2015/16 the number of young people involved continued to grow.

## Research

The University recognises the crucial role its research plays in improving the lives of society as a whole. The University has built upon its significant investments in research made in 2014/15.

The University participated in the latest Research Excellence Framework (REF) held in 2014 and submitted work in thirteen Units of Assessment including two new areas. The overall quality of the University's submissions increased and all Units of Assessment had evidence of world-leading research. In three units of assessment (Allied Health, History and Library and Information Management), the quality of the research reaching internationally excellent standards comprised more than 50% of the work submitted. The University has held Athena SWAN accreditation since 2010 and was recognised in 2013 with a bronze institutional award. The University is building towards attaining four departmental silver awards by 2017 signifying its commitment to inclusivity.

The University conducts its research objectives in selected areas in a user-led collaborative way, aimed at maximising the societal impact of research outcomes. Such an example is our Brain Tumour UK Neuro-oncology Centre, which leads the way in identifying the genetic causes of brain tumours and the treatments to deal with them. The University's Research Centres encompass a broad range of disciplines from the built environment and civil engineering to cloud computing. Highlights of the University's broad range of research activities during 2015/16 are:

- In February 2016 an academic contributed analytical expertise to a research project helping to size up the helicopter escape potential of North Sea offshore workers;

- In March 2016 one of our cancer researchers celebrated winning a national silver award for biomedical research excellence;
- Undertaking research which revealed the detrimental risks of air pollution to brain function throughout a person's lifespan;
- Developing innovative technology to tackle cyberbullies by teaching computers to identify early warning signs of abusive behaviour online;
- Undertaking research to tackle cybercrime in the online gambling sector by establishing techniques to manage cyber-threats and set standards of information management and dissemination of information to cybersecurity centres in the EU;
- The development of a Prometheus-styled 3D computer model to aid the regeneration of a heritage building in Telford. The academic team's ongoing research in digital heritage was used to investigate the production of virtual and augmented reality simulations of the building to further support ongoing regeneration;
- In April 2016 the University took its research on the healing power of sugar to patients in Africa;
- Participation in the MinD project, a consortium of thirteen European and international partners, aiming to improve the wellbeing of Alzheimer and other dementia sufferers by increasing their perceptions of self-empowerment and social engagement;
- The development of a new web tool, AUTOR, by the Research Institute of Information and Language Processing to help people with autism read and understand text better;

The University's research also provides a benefit to society by hosting a number of public lectures, offering University staff and visiting speakers the chance to talk about their research. With free entry, the regular and varied lectures provide members of the public with the opportunity to discuss interesting and topical matters with the speaker and other members of the audience. Such work acts as a further facet of the University's agenda for social inclusion and social change.

#### **External engagement: Enterprise & Employability**

The University recognises the impact it has upon the economic prosperity of the region. It delivers public benefit through the development and commercialisation of innovative products, processes and services, and makes its advice and expertise readily accessible to the business community.

The University is well known for its commitment to enterprise within the region. In May 2016 the University won *Business of the Year* at the Express & Star awards and was also short-listed for *Best Use of Technology* award.

The University has continued to play a leading role in the economic prosperity of the region by encouraging the creation of start-up businesses. The University has two incubator facilities across two locations, providing support to new business start-ups and those in the early stages of operation at Telford Campus and the University of Wolverhampton Science Park. To further the commitment to enterprise, in January 2016 the University formed a relationship with Virgin StartUp as a delivery partner to help local people put their business ideas into practice. In November 2015 the Hereford Business Solutions Centre, based at Skylon Park in Hereford's Enterprise Zone, officially opened. The centre offers local business based in the Marches a wide range of support services and activities to help them achieve sustainable growth.

The University's commitment to enterprise also extends to school aged children. In May 2016 the University hosted the Young Enterprise Awards Ceremony for the Black Country, an organisation which runs business initiatives to inspire the UK's next generation of leaders, aiming to help young people make the connection between school and work.

As part of the new Springfield Campus development, the Elite Centre for Manufacturing Skills (ECMS), a non-profit making organisation, will be based on the campus with a planned operation date of May 2017. The Elite Centre will provide specialist training which underpins high value manufacturing performance, productivity and growth. Such work is anticipated to encourage social change through education and raises skills and employability within the region.

The University views graduate employability as a vital part of what the University delivers, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of the region.

The University recognises the important role it plays in educating students and strives to ensure its graduates improve skills and knowledge in the region. The Destination of Leavers of Higher Education survey reported that 80 per cent of our students in 2015 are working in the West Midlands following graduation, thus enhancing the growth of the region.

To ensure graduates are eminently employable, the University offers students a number of opportunities during their courses. Such activities include:

- Encouraging students to participate in "Active Volunteers", a joint initiative between the University and Wolverhampton Students' Union, designed to offer students the opportunity to improve their employability through volunteering activities;
- Offering STEP placements (a work experience placement for students and graduates of the University) to give students experience of the world of work;
- Offering a scholarship and placement scheme in conjunction with Santander;
- Offering Knowledge Transfer Partnerships (KTPs), a three way partnership between a graduate, a company and the University where a full time skilled graduate is employed in a company and gains practical employment experience;
- Offering graduates an opportunity to work full-time in a business on short-term commercial projects through the Knowledge Exchange and Enterprise Network (KEEN);
- Offering support to recent graduates in establishing their own commercial business through the regional SPEED Plus programme. In March 2016 the University's SPEED plus initiative was short-listed for a Guardian University Entrepreneurship award for developing, encouraging and enabling enterprise activity for students, staff and graduates.

As part of the University of Wolverhampton's commitment to economic growth the University opened its Apprenticeship Hub at City Campus, Wolverhampton. The official launch is planned to take place during 2016/17 academic year. The Hub provides training, work experience and work based opportunities for students.

## CORPORATE GOVERNANCE STATEMENT

The Board of Governors is committed to ensuring good governance arrangements with the University. The Board conducts its corporate governance in accordance with the Committee on Standards in Public Life and the CUC Higher Education Code of Governance which the Board adopted on 26<sup>th</sup> March 2015. The Board of Governors adheres to all of the "must" elements of the Code.

A full review of governance is undertaken by the Board of Governors every five years with an interim review undertaken every two years. A full governance effectiveness review was undertaken in spring 2015 with the final report approved by the Board of Governors on 3<sup>rd</sup> July 2015. The review recommended a revised committee structure was put in place. The new committee structure became effective for the 2015/16 academic year.

### The Governing Body

Members of the University's Board of Governors are appointed in accordance with the University's Instrument and Articles of Government. Members of the Board of Governors comprise of independent, co-opted, staff members, student members and the Vice-Chancellor. The majority of the Board are independent members. The Board's Chair and Deputy Chair are both drawn from independent members.

The roles of the Chair and Deputy Chair of the Board of Governors are separated from the role of the University's designated Accountable Officer, the Vice-Chancellor. The matters reserved specifically to the Board of Governors for decisions are set out in the Education Reform Act 1988, the Articles of Government of the University and under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Board of Governors holds the ultimate responsibility for the ongoing strategic direction of the University, the University's finances, approval of major developments and receipt of regular reports from senior officers on the day-to-day operations of the University and its subsidiary companies.

The Board of Governors meets no fewer than four times a year, including one strategic away day. All meetings have minutes. The Board of Governors has the following sub-committees:

- Audit Committee
- Equality and Diversity Joint Committee
- Planning and Resources Committee
- Governors' Estates Sub-Committee (reporting to Planning and Resources Committee)
- Nominations Committee
- Remuneration Committee

These committees are formally constituted with terms of reference and are chaired by a governor. They are subject to the provision of the delegation schedule 2015/16, approved by the Board of Governors on 2<sup>nd</sup> July 2015.

The Articles of Government provide for matters of academic policy to be determined by the Academic Board. Four members of the governing body, including two designated Academic Board Nominee Governors, are also Academic Board members. A report of Academic Board business was provided to the Board of Governors at each meeting throughout the academic year.

### Audit Committee

Audit Committee meets regularly throughout the year. It meets with the External Auditors and Internal Auditors of the University and reviews their work. The Committee considers detailed reports together with recommendations for improvement to the University's systems of internal control, management's responses and implementation plans. It reviews the External Auditors' Management Report and the University's Annual Financial Statements. The Committee also oversees the University's risk management process on behalf of the Board of Governors. Whilst members of the Offices of the Vice-Chancellor attend meetings of Audit Committee as necessary, they are not members of the Committee. Audit Committee members have the opportunity to meet with the Internal and External Auditors in private for independent discussions, at least once a year. Audit Committee submits a formal Annual Report to the Board of Governors and the Vice-Chancellor as Accountable Officer and this Annual Report, once approved, is one of the documents that is submitted to HEFCE annually.

### **Equality and Diversity Joint Committee**

This Committee is chaired by a Governor with membership comprising of governors, staff, Academic Board members, Trade Unions and students. The Committee acts on behalf of the Board of Governors and Academic Board to consider and determine matters of Equality and Diversity for staff and students. The Committee meets twice a year.

### **Planning and Resources Committee**

Planning and Resources Committee was introduced for 2015/16 and replaced Finance and General Purpose Committee. Planning and Resources Committee has powers to act on behalf of the Board in the consideration and determination of matters of finance except where provided by the Education Reform Act, Articles of Government or specific decision by the Board of Governors. The Committee also considers and determines employment matters for all non-senior staff pay scales. Planning and Resources Committee advises the Board of Governors on health and safety policy and procedures, has oversight of the capital programme and strategy. It has oversight of the Governors' Estates Sub-Committee. The Committee considers strategic priorities and makes recommendations to the Board of Governors. The Committee monitors the delivery of the annual plan. Planning and Resources Committee meets six times a year.

### **Governors' Estates Sub-Committee**

The Committee was introduced for 2015/16 replacing the Governors' Estates Working Group. The Committee has oversight of the Capital Estates Programme with regard to the completion and prioritisation of projects. The Committee considers and makes recommendations to the Board regarding the acquisition and disposal of freehold and leasehold property, making recommendations to Planning and Resources Committee. The Committee also has oversight of the estates key performance indicators. The Committee meets five times a year but has the option for a sixth meeting, if required.

### **Nominations Committee**

Nominations Committee considers and recommends nominations to fill vacancies in the independent and co-opted categories of Board membership. The committee meets three times a year.

### **Remuneration Committee**

The Remuneration Committee has powers to consider and approve the remuneration and conditions of service of senior posts and senior staff. It also reviews and agrees the annual objectives of the Vice-Chancellor and where appropriate, approves severance payments and early retirement applications for senior posts. The committee meets twice a year.

### **Internal Control**

The University is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. The system of internal control is based on an ongoing process integrated with the strategic planning process and designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This is undertaken in the following ways:

- a. an approved Risk Management Policy;
- b. a Risk Committee, with appropriate terms of reference, which normally meets 3 times a year;
- c. a ranked Corporate University Risk Register and local risk registers within Academic Faculties and Service Departments;
- d. a risk and business continuity update delivered to every Audit Committee, in addition to the Corporate Risk Register
- e. the development of a risk appetite statement. This was approved by the Board of Governors on 6<sup>th</sup> July 2016;

- f. an annual assurance report;
- g. the further development of risk registers for all Academic Faculties and Service Departments across the University and a process to escalate and de-escalate risks to/from the Corporate Risk Register; and
- h. the identification of key risks by Offices of the Vice-Chancellor members in conjunction with the approved strategic plan.

In addition, the Governors' review of the effectiveness of the system of internal control is also informed by the following:

- a. Audit Committee provides oversight of the process of internal control. The Board receives reports from Audit Committee including minutes after each meeting;
- b. Audit Committee receives reports from the Internal Audit Service on the adequacy and effectiveness of specific systems of internal control together with recommendations for improvement;
- c. The Internal Audit Service report annually to Audit Committee on their independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement;
- d. The Internal Audit services' assignment review of Risk Management;
- e. Comments made by the External Auditors in their management letter and other reports;
- f. The Annual Assurance Report to Audit Committee regarding the operation of risk management processes; and
- g. The work of officers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by other external review agencies and stakeholders e.g. QAA, TA, HEFCE etc.

Governors are satisfied internal control processes have been in place throughout the year to 31 July 2016 and up to the date of signing these accounts.

### Going Concern

A review of the University's trading and cashflow performance for the current year, together with the key financial risks it is likely to face in the near future, are set out in the Report of the Board of Governors. This report also covers the Institution's approach to capital investment and risk management. The University has a strong cash and net funds position at year end, and retains healthy reserves. The University adopts a prudent approach to investment of cash balances, placing deposits with institutions with a Fitch long term rating of "A", and limiting total amounts deposited with a single institution.

The University continues to manage costs in order to maintain its cost base within current and forecast income levels. The University is budgeting for a reasonable surplus in 2016/17 and has included budget provision for planned developments. We will continue to maintain pressure on pay and non-pay expenditure to ensure financial sustainability. Financial forecasts covering a 5 year period are produced for the Board at least annually, the latest in June 2016. The Board believe that, despite changes to the way student numbers are controlled with the removal of the student number control on full time home undergraduates in 2015/16, projections indicate that University is well placed to manage its business risks successfully, and has adequate resources to continue in operational existence for the foreseeable future.

The University has recently adopted a new strategic plan which will take us through until 2021. The Plan addresses the challenges for the University head-on and is structured to maintain sound finances in the years to come.

For the reasons set out above the Board of Governors continue to adopt the going concern basis in preparing the financial statements.

## STATEMENT OF THE BOARD OF GOVERNORS' RESPONSIBILITIES

In accordance with the Education Reform Act 1988, the Board of Governors is responsible for the administration and management of the affairs of the University. Within the terms and conditions of a Financial Memorandum agreed between the Board of Governors and HEFCE, the Board, through the Vice-Chancellor as its designated Accountable Officer, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit and cashflows for that year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University. The Board ensures that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP) for Higher Education Institutions and the relevant accountancy standards.

In the preparation of financial statement, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Financial statements are prepared on the going concern basis, unless it is inappropriate to presume that the University will continue in operation.

The Board of Governors has taken reasonable steps to:

- Ensure that the funds from HEFCE are used only for the purpose for which they have been provided and in accordance with the Memorandum of Assurance and Accountability between HEFCE and the University and any other conditions which HEFCE may from time to time prescribe;
- Ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- Safeguard the assets of the University and prevent and detect fraud;
- Secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:

- Clear definitions of the responsibilities of, and the authority delegated to, Deans of Faculty, Directors and Heads of Services;
- A professional Internal Audit service whose annual programme is approved by Audit Committee;
- A comprehensive medium and short term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- A quarterly review of financial results, involving variance reports and updates of forecast outturns;
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal, detailed appraisal and review according to approval levels set by the Board of Governors;
- Comprehensive Financial Regulations detailing financial controls and procedures, approved by Audit Committee and the Board of Governors.

Any system of internal financial control can, however, only provide reasonable but not absolute assurance against material misstatement or loss. The Board undertakes a full review of Governance effectiveness in accordance with the CUC Governance Code of Practice every five years and an interim review every two years. The last full review took place in July 2015. An interim review will take place in 2017.



**INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF WOLVERHAMPTON**

We have audited the financial statements of the University of Wolverhampton for the year ended 31 July 2016 which comprise the Group and University Statement of Comprehensive Income, the Group and University Statement of Changes in Reserves, the Group and University Balance Sheets, the Group Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of the Board of Governors and auditor**

As explained more fully in the Statement of the Board of Governors responsibilities, the Board of Governors is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Governing Body and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the report of the board of governors 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 Group's and the University's affairs as at 31 July 2016, of the Group's and University's income and expenditure, gains and losses and changes in reserves and of the Group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements*.

**Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the Group and the University for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the University's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's *Accounts direction to higher education institutions for 2015-16 financial statements* have been met.



**Andrew Argyle**  
**For and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 23 November 2016

**Notes**

- (a) The maintenance and integrity of the University of Wolverhampton's website is the responsibility of the Board of Governors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Statement of Accounting Policies for the year ended 31 July 2016

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### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets).

### 2. Basis of consolidation

The consolidated financial statements show the position of the University and all its subsidiary undertakings for the financial year to 31 July 2016. The University owns the whole of the issued share capital in The University of Wolverhampton Corporate Services Limited, The University of Wolverhampton Enterprise Limited and University of Wolverhampton Social Enterprises Ltd. The University of Wolverhampton Enterprise Limited has a majority share-holding (81%) in University of Wolverhampton Science Park Limited, Wolverhampton City Council (WCC) being the minority shareholder. WCC's interest in University of Wolverhampton Science Park amounted to (£55,380) in 2015/2016 ((£4,006) in 2014/2015). This has not been separately disclosed in the University's Consolidated Financial Statements. University of Wolverhampton Science Park Limited has, therefore, also been included in the Consolidated Financial Statements of the University.

The University of Wolverhampton Social Enterprises Limited has a wholly-owned subsidiary, Education Central Multi-Academy Trust (ECMAT). In 2015/16 ECMAT was in its fourth year of operation. The ECMAT Board and the University Board of Governors have considered the company's governance and control arrangements during this period and believe that under current accounting standards it should not be consolidated. As accounting standards and the governance of ECMAT evolve the position will be kept under review.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University. During the financial year the University made payments to the Students' Union of £795K and received £7.7K from the Students' Union.

### 3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

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.

### Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

## Statement of Accounting Policies for the year ended 31 July 2016

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Grants (including research grants) from non-government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

### **Donations and endowments**

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.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### **Capital grants**

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

## **4. Accounting for retirement benefits**

The two principal pension schemes for the University's staff are the Teacher's Pension Scheme for academic staff and the West Midlands Metropolitan Authorities' Pension Fund for non-teaching staff. The schemes are defined benefit schemes and are both independently administered schemes.

In the case of the Teachers' Pension Scheme, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore as required by FRS102 "Employee Benefits" accounts for the scheme as if it were a defined contribution scheme. The amounts charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The West Midlands Metropolitan Authorities' Pension Fund provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the University. Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full.

## Statement of Accounting Policies for the year ended 31 July 2016

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The institution participates in the Universities Superannuation Scheme (the scheme). There are thirty two members of staff in the Universities Superannuation Scheme.

Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by Section 28 of FRS 102 "Employee benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

### 5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

### 6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

### 7. Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

### 8. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

## Statement of Accounting Policies for the year ended 31 July 2016

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### (a) Land and Buildings

The freehold properties comprising The University of Wolverhampton's Estate were valued as at 31 July 2014 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment and Financial Reporting Standard 102 and the 2014 Statement of Recommended Practice 'Accounting for Further and Higher Education'.

The valuation was undertaken on a Fair Value basis, with specialised properties valued by reference to Depreciated Replacement Cost, and with non-specialised operational properties valued on a Fair Value basis equating to Market Value on the assumption of a continuation of the existing use.

The University has only adopted the land revaluation following this exercise.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful life. The related grants are released to income during the period that they relate to. The buildings' expected useful lives vary from 5 to 50 years.

Where refurbishment of buildings has been undertaken, the cost has been capitalised and written-off over a ten year period.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Where buildings are in the course of construction as at the year end, the asset is recognised at the value contained in the appropriate architect's valuation certificate. No depreciation is charged against these assets until they are complete, at which point they are depreciated in line with normal depreciation policy.

Freehold land is not depreciated.

### (b) Equipment

Equipment costing less than £10,000 per individual item is written off in the year of acquisition. All other equipment is capitalised at cost.

Capitalised equipment acquired is stated at cost and depreciated over its expected useful life as follows:

Heavy Machinery	20 years
Art and Design Equipment/Coaches	10 years
Catering Equipment/ Technology Related Machinery	7 years
Computer, Scientific, Photographic Equipment and Vehicles	5 years
Other Equipment	4 – 7 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is recognised in the period received.

## Statement of Accounting Policies for the year ended 31 July 2016

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### 9. Investments

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

Current asset investments, which may include listed investments, are stated in the balance sheet at the lower of their original cost and net realisable value.

### 10. Stock

The stocks are catering provisions held in the refectories, print materials held by the Print Services Unit and other small stocks held for resale. They are valued at the lower of cost or net realisable value.

### 11. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 12. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the University has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

### 13. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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.

## Statement of Accounting Policies for the year ended 31 July 2016

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The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

The trading activities undertaken by the University are administered through the companies, The University of Wolverhampton Corporate Services Limited, University of Wolverhampton Social Enterprises Limited, and The University of Wolverhampton Enterprise Limited (including its subsidiary University of Wolverhampton Science Park Limited), which as commercial organisations are liable to Corporation Tax. These companies, however, transfer their profits to the University under a deed of covenant on an annual basis.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered and hence are not provided for. Deferred tax assets and liabilities are not discounted.

### 14. Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

### 15. 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, financial performance and cash flows of the consolidated results of the University is provided in note 30.

Preparation of the financial statements requires management to make significant judgements and estimates to ensure that the values in the accounts are appropriately recorded. The items in the financial statements where these judgements and estimates have been made include:

#### - **The Local Government Pension Scheme**

Under FRS102 the University is required to include on its balance sheet the actuarial valuation of the pension liability in respect of its share of the Local Government Pension Scheme. The University uses an independent actuarial valuation in order to recognise its share of the pension liability. The actuarial assumptions are also reviewed by the University's external auditors to ensure that they fall within an acceptable range.

#### - **The Universities Superannuation Scheme**

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The governors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore



**Statement of Accounting Policies**  
**for the year ended 31 July 2016**

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recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

- **Provision for bad debts**

The University reviews its debt position and takes a judgement on the likely recovery of aged debts. To mitigate against the impact of writing off bad debts, the University makes an annual provision in the accounts by calculating a bad debt provision at the financial year end.

## Consolidated Statement of Comprehensive Income and Expenditure

for the year ended 31 July 2016

	Note	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	129,061	129,071	119,732	119,158
Funding body grants	2	17,367	17,367	20,043	20,043
Research grants and contracts	3	2,415	2,415	3,021	3,021
Other income	4	36,454	29,613	33,670	26,219
Investment income	5	1,220	1,216	334	330
<b>Total income before endowments and donations</b>		<b>186,517</b>	<b>179,682</b>	<b>176,800</b>	<b>168,771</b>
Donations and endowments	6	552	552	531	531
<b>Total income</b>		<b>187,069</b>	<b>180,234</b>	<b>177,331</b>	<b>169,302</b>
<b>Expenditure</b>					
Staff costs	7	98,894	96,868	94,202	91,623
Other operating expenses	8	54,850	50,117	55,676	50,616
Depreciation and Impairment	11	10,348	10,017	8,704	8,372
Interest and other finance costs	9	3,647	3,510	3,634	3,484
<b>Total expenditure</b>	10	<b>167,739</b>	<b>160,512</b>	<b>162,216</b>	<b>154,095</b>
<b>Surplus before tax</b>		<b>19,330</b>	<b>19,722</b>	<b>15,115</b>	<b>15,207</b>
Taxation		0	0	0	0
<b>Surplus for the year</b>		<b>19,330</b>	<b>19,722</b>	<b>15,115</b>	<b>15,207</b>
Actuarial (loss) in respect of pension schemes	29	(45,624)	(45,624)	(8,901)	(8,901)
<b>Total comprehensive income for the year</b>		<b>(26,294)</b>	<b>(25,902)</b>	<b>6,214</b>	<b>6,306</b>
Represented by:					
Unrestricted comprehensive income for the year		(26,294)	(25,902)	6,214	6,306
		<b>(26,294)</b>	<b>(25,902)</b>	<b>6,214</b>	<b>6,306</b>
<b>Surplus for the year attributable to:</b>					
Non-controlling interest		0	0	0	0
University		19,330	19,722	15,115	15,207
<b>Total Comprehensive income for the year attributable to</b>					
Non-controlling interest		0	0	0	0
University		(26,294)	(25,902)	6,214	6,306

All items of income and expenditure relate to continuing activities

**Consolidated and University Statement of Changes in Reserves**  
for the year ended 31 July 2016

Consolidated	<i>Income and Expenditure Account</i>			<i>Revaluation</i>	Total £'000
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	<i>Reserve</i> £'000	
<b>Balance at 1 August 2015</b>	150	0	159,677	33,896	193,723
Surplus from the income and expenditure statement	20	0	19,310	0	19,330
Other comprehensive income	0	0	(45,624)	0	(45,624)
Transfers between revaluation and income and expenditure reserve	0	0	2,072	(2,072)	0
Release of restricted funds spent in year	0	0	0	0	0
<b>Total comprehensive income for the year</b>	20	0	(24,242)	(2,072)	(26,294)
<b>Balance at 31 July 2016</b>	<b>170</b>	<b>0</b>	<b>135,435</b>	<b>31,824</b>	<b>167,429</b>

University	<i>Income and Expenditure Account</i>			<i>Revaluation</i>	Total £'000
	<i>Endowment</i> £'000	<i>Restricted</i> £'000	<i>Unrestricted</i> £'000	<i>Reserve</i> £'000	
<b>Balance at 1 August 2015</b>	150	0	152,610	31,761	184,521
Surplus from the income and expenditure statement	20	0	19,702	0	19,722
Other comprehensive income	0	0	(45,624)	0	(45,624)
Transfers between revaluation and income and expenditure reserve	0	0	2,072	(2,072)	0
Release of restricted funds spent in year	0	0	0	0	0
<b>Total comprehensive income for the year</b>	20	0	(23,850)	(2,072)	(25,902)
<b>Balance at 31 July 2016</b>	<b>170</b>	<b>0</b>	<b>128,760</b>	<b>29,689</b>	<b>158,619</b>

**Consolidated and University Balance Sheet**  
for the year ended 31 July 2016

	Note	Consolidated £'000	As at 31 July 2016 University £'000	Consolidated £'000	As at 31 July 2015 University £'000
<b>Non-current assets</b>					
Fixed assets	11	232,484	220,495	222,436	210,558
Investments	12	37	36	37	36
		<u>232,521</u>	<u>220,531</u>	<u>222,473</u>	<u>210,594</u>
<b>Current assets</b>					
Stock	13	156	147	207	197
Trade and other receivables	14	19,170	21,429	24,938	24,340
Investments	15	11,984	11,984	9,900	9,900
Cash and cash equivalents		75,679	73,458	67,726	66,942
		<u>106,989</u>	<u>107,018</u>	<u>102,771</u>	<u>101,379</u>
Less: Creditors: amounts falling due within one year	16	(34,188)	(32,957)	(41,228)	(39,360)
<b>Net current (liabilities)/assets</b>		<u>72,801</u>	<u>74,061</u>	<u>61,543</u>	<u>62,019</u>
<b>Total assets less current liabilities</b>		<u>305,322</u>	<u>294,592</u>	<u>284,016</u>	<u>272,613</u>
Creditors: amounts falling due after more than one year	17	(12,391)	(10,471)	(14,217)	(12,016)
<b>Provisions</b>					
Pension provisions	18	(120,606)	(120,606)	(71,215)	(71,215)
Other provisions	18	(4,896)	(4,896)	(4,861)	(4,861)
<b>Total net assets</b>		<u>167,429</u>	<u>158,619</u>	<u>193,723</u>	<u>184,521</u>
<b>Restricted Reserves</b>					
Income and expenditure reserve - endowment	19	170	170	150	150
Income and expenditure reserve - restricted		0	0	0	0
<b>Unrestricted Reserves</b>					
Income and expenditure reserve - unrestricted		135,435	128,760	159,677	152,610
Revaluation reserve	20	31,824	29,689	33,896	31,761
		<u>167,429</u>	<u>158,619</u>	<u>193,723</u>	<u>184,521</u>
Non-controlling interest		0	0	0	0
<b>Total Reserves</b>		<u>167,429</u>	<u>158,619</u>	<u>193,723</u>	<u>184,521</u>

The financial statements were approved by the Board of Governors on 23 November 2016 and were signed on its behalf on that date by:

S. Walford

Chairman of the Board of Governors

Professor G. Layer

Vice Chancellor and Accountable Officer

A. Holding

Director of Finance

*Sue Walford*  
*Goff Layer*

*A.H.*

## Consolidated Cash Flow

for the year ended 31 July 2016

	Note	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		19,330	15,115
<b>Adjustment for non-cash items</b>			
Depreciation	11	10,348	8,704
Decrease/(increase) in stock	13	51	15
Decrease/(increase) in debtors	14	8,236	(9,880)
Increase/(decrease) in creditors	16	(7,626)	4,145
Increase/(decrease) in pension provision	18	1,190	1,416
Increase/(decrease) in other provisions	18	(133)	(254)
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(1,220)	(334)
Capital Grant Income		(5,095)	(1,603)
Interest payable	9	3,647	3,634
<b>Net cash inflow from operating activities</b>		<b>28,728</b>	<b>20,958</b>
<b>Cash flows from investing activities</b>			
(Placement)/Withdrawal of deposits		(2,084)	2,470
Investment income		1,237	355
Capital Grant Income		2,610	1,603
Payments made to acquire fixed assets		(19,940)	(29,509)
		<b>(18,177)</b>	<b>(25,081)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(902)	(944)
Endowment cash received		0	31
New unsecured loans		58	146
Repayments of amounts borrowed		(1,754)	(2,041)
		<b>(2,598)</b>	<b>(2,808)</b>
<b>Increase/(decrease) in cash and cash equivalents in the year</b>		<b>7,953</b>	<b>(6,931)</b>
Cash and cash equivalents at beginning of the year		67,726	74,657
Cash and cash equivalents at end of the year		75,679	67,726

**Notes to the Accounts**  
for the year ended 31 July 2016

1	Tuition fees and education contracts	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Full-time home and EU students	95,462	95,462	87,709	87,709
	Full-time international students	11,192	11,209	11,100	10,376
	Part-time students	4,951	4,944	4,939	5,089
	Franchised Courses	3,624	3,624	3,656	3,656
	Education Contracts	13,832	13,832	12,328	12,328
		<u>129,061</u>	<u>129,071</u>	<u>119,732</u>	<u>119,158</u>
2	Funding body grants	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<b>Recurrent grant</b>				
	Higher Education Funding Council	12,780	12,780	14,879	14,879
	Capital grant	486	486	1,603	1,603
	<b>Specific grants</b>				
	Higher Education Academic Subject Centres	1,033	1,033	0	0
	Higher Education Innovation Fund	2,489	2,489	3,002	3,002
	National College for Teaching and Leadership	579	579	559	559
		<u>17,367</u>	<u>17,367</u>	<u>20,043</u>	<u>20,043</u>
3	Research Grants and Contracts	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Research councils	18	18	231	231
	Research charities	202	202	199	199
	Government (UK and overseas)	860	860	1,176	1,176
	Industry and commerce	89	89	50	50
	Other	1,246	1,246	1,365	1,365
		<u>2,415</u>	<u>2,415</u>	<u>3,021</u>	<u>3,021</u>
4	Other income	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Residences, catering and conferences	8,144	8,012	7,945	7,805
	Other revenue grants	7,044	5,162	9,332	7,561
	Other capital grants	4,609	4,609	0	0
	Other income	16,657	11,830	16,393	10,853
		<u>36,454</u>	<u>29,613</u>	<u>33,670</u>	<u>26,219</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

5	Investment income	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Other investment income	1,220	1,216	334	330
		<u>1,220</u>	<u>1,216</u>	<u>334</u>	<u>330</u>

6	Donations and endowments	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
	Unrestricted donations	552	552	531	531
		<u>552</u>	<u>552</u>	<u>531</u>	<u>531</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

7 Staff costs	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated	University	Consolidated	University
Staff Costs :	£'000	£'000	£'000	£'000
Salaries	78,604	76,919	75,863	73,634
Social security costs	6,672	6,553	6,105	5,988
Holiday Accrual	299	299	176	176
Movement on USS provision	110	110	146	146
Other pension costs	12,939	12,717	11,574	11,345
<b>Total</b>	<b>98,624</b>	<b>96,598</b>	<b>93,864</b>	<b>91,289</b>

Emoluments of the Vice-Chancellor:	£'000	£'000	£'000	£'000
Salary	266	266	250	250
Benefits	6	6	18	18
Pension contributions to USS	2	2	0	0
	<b>274</b>	<b>274</b>	<b>268</b>	<b>268</b>

Remuneration of other higher paid staff, excluding employer's pension

	No.	No.	No.	No.
£100,000 to £109,999	1	1	2	2
£110,000 to £119,999	0	0	0	0
£120,000 to £129,999	4	4	3	3
£130,000 to £139,999	0	0	0	0
£140,000 to £149,999	0	-	0	-
	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>

Average staff numbers by major category

	No.	No.	No.	No.
Academic	834	834	789	789
Research	0	0	0	0
Management & specialist	0	0	0	0
Technical	1,028	1,028	1,067	1,067
Other	290	290	304	304
	<b>2,152</b>	<b>2,152</b>	<b>2,160</b>	<b>2,160</b>



**Notes to the Accounts**  
for the year ended 31 July 2016

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**7 Staff costs (continued)**

**Key management personnel**

Key management personnel are the members of the Offices of the Vice Chancellor being persons who have authority and responsibility for planning, directing and controlling the activities of the University.

Staff costs include compensation paid to key management personnel.

	<b>Year ended 31 July 2016 £ '000</b>	<b>Year ended 31 July 2015 £ '000</b>
<b>Key management personnel compensation</b>	849	882
Number of Staff	5	6

**Board of Governors**

The University's governors are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Board, 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 may have an interest.

All transactions involving organisations in which a member of The Board of Governors may have an interest, are conducted at arms-length and in accordance with the University's Financial Regulations and usual procurement procedures.

There were no payments to Board of Governors members (trustees) during 2015/16.

The total expenses paid to or on behalf of trustees was £1,822 (2014/15 - £1,205). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**Notes to the Accounts**  
for the year ended 31 July 2016

**8 Other Operating Expenses**

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Residences, Catering and Conferences	942	908	1,344	1,279
Books and Consumables	2,443	2,372	2,699	2,620
Equipment	6,567	6,392	5,260	5,128
Printing and Stationery	1,055	1,037	1,255	1,224
Heat, Light, Water and Power	3,570	3,311	3,813	3,569
Repairs and Maintenance	4,023	3,492	3,735	3,272
Grants to University of Wolverhampton Students' Union	795	795	797	797
Rents	1,428	1,334	1,316	1,240
Rates	590	482	537	419
Auditors' Remuneration	351	321	227	136
Auditors' Remuneration in Respect of Non-Audit Services	37	34	22	73
Equipment Operating Lease Rentals	85	83	45	44
Franchise Payments to Colleges	2,965	2,965	2,784	2,783
Staff Travel and Subsistence	2,205	2,047	2,576	2,305
Staff Recruitment Costs	270	252	330	321
Staff Development	1,360	1,041	1,468	928
Student Scholarships, Bursaries, Placements & Travel Costs	5,339	5,310	5,223	5,195
Payments to Partners	4,155	3,609	5,241	5,119
Consultancies on External Projects	1,899	653	2,461	180
Other Consultancies	1,313	1,314	1,056	1,056
Telecommunications and Postage	607	577	553	534
Provision for Bad Debts	1,010	988	1,332	1,343
Cleaning Costs	570	545	535	516
Legal, Professional and Other	6,842	5,577	5,637	4,818
Insurance	401	388	412	389
Publicity	2,217	2,153	2,280	2,222
Transport Intersite	0	476	0	458
Subscriptions	1,110	1,089	905	888
Other	701	572	1,833	1,760
<b>Total</b>	<b>54,850</b>	<b>50,117</b>	<b>55,676</b>	<b>50,616</b>

**Auditors Remuneration includes:**

*External Audit*

Financial Statements Audit	55	37	52	37
Project Audits	69	53	46	26
Tax	13	13	31	26
Advisory	26	27	22	22

*Internal Audit*

	225	225	98	98
<b>Total</b>	<b>388</b>	<b>355</b>	<b>249</b>	<b>209</b>

**Notes to the Accounts**  
for the year ended 31 July 2016

**9 Interest and other finance costs**

	Note	Year Ended 31 July 2016		Year Ended 31 July 2015	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Loan interest		860	723	943	793
Exchange differences		35	35	0	0
USS Interest Payment		7	7	7	7
Net charge on pension scheme	29	2,745	2,745	2,684	2,684
		<u>3,647</u>	<u>3,510</u>	<u>3,634</u>	<u>3,484</u>

**10 Analysis of total expenditure by activity**

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Academic Departments	65,583	65,580	60,309	60,309
Academic Services	10,923	10,923	9,634	9,634
Administration and central services	37,544	37,600	36,079	36,111
Premises	14,148	12,650	13,938	12,508
Residences, catering and conferences	5,905	5,905	5,710	5,710
Research grants and contracts	2,390	2,390	3,548	3,548
Other expenses	31,246	25,564	32,998	26,275
	<u>167,739</u>	<u>160,612</u>	<u>162,216</u>	<u>154,095</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

**11 Fixed Assets**

<b>Consolidated</b>	<b>Freehold Land and Buildings £'000</b>	<b>Vehicles £'000</b>	<b>Fixtures, Fittings and Equipment £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
At 1 August 2015	297,274	51	41,187	15,084	353,596
Additions	10,307	100	1,668	8,321	20,396
Transfers	15,084	0	0	(15,084)	0
Disposals	0	0	0	0	0
<b>At 31 July 2016</b>	<b>322,665</b>	<b>151</b>	<b>42,855</b>	<b>8,321</b>	<b>373,992</b>

**Depreciation**

At 1 August 2015	90,969	10	40,181	0	131,160
Charge for the year	7,934	9	598	0	8,541
Impairment	1,807	0	0	0	1,807
Disposals	0	0	0	0	0
<b>At 31 July 2016</b>	<b>100,710</b>	<b>19</b>	<b>40,779</b>	<b>0</b>	<b>141,508</b>

**Net book value**

<b>At 31 July 2016</b>	<b>221,955</b>	<b>132</b>	<b>2,076</b>	<b>8,321</b>	<b>232,484</b>
At 31 July 2015	206,305	41	1,006	15,084	222,436

<b>University</b>	<b>Freehold Land and Buildings £'000</b>	<b>Vehicles £'000</b>	<b>Fixtures, Fittings and Equipment £'000</b>	<b>Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
At 1 August 2015	279,862	51	40,178	15,084	335,175
Additions	9,865	100	1,668	8,321	19,954
Transfers	15,084	0	0	(15,084)	0
Disposals	0	0	0	0	0
<b>At 31 July 2016</b>	<b>304,811</b>	<b>151</b>	<b>41,846</b>	<b>8,321</b>	<b>355,129</b>

**Depreciation**

At 1 August 2015	85,463	10	39,144	0	124,617
Charge for the year	7,610	9	591	0	8,210
Impairment	1,807	0	0	0	1,807
Disposals	0	0	0	0	0
<b>At 31 July 2016</b>	<b>94,880</b>	<b>19</b>	<b>39,735</b>	<b>0</b>	<b>134,634</b>

**Net book value**

<b>At 31 July 2016</b>	<b>209,931</b>	<b>132</b>	<b>2,111</b>	<b>8,321</b>	<b>220,495</b>
At 31 July 2015	194,399	41	1,034	15,084	210,558

**Notes to the Accounts**  
for the year ended 31 July 2016

**12 Non-Current Investments**

<b>Consolidated</b>	<b>Subsidiary Companies</b>	<b>Subsidiary Investment In spinouts</b>	<b>Other fixed assets investments</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 August 2016</b>	1	0	36	37
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
<b>At 31 July 2016</b>	<b>1</b>	<b>0</b>	<b>36</b>	<b>37</b>

<b>University</b>	<b>Subsidiary Companies</b>	<b>Subsidiary Investment In spinouts</b>	<b>Other fixed assets investments</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>At 1 August 2016</b>	0	0	36	36
Additions	0	0	0	0
Disposals	0	0	0	0
Impairment	0	0	0	0
<b>At 31 July 2016</b>	<b>0</b>	<b>0</b>	<b>36</b>	<b>36</b>

The investment closing balance represents 35,688 Ordinary shares of £1 each, fully paid in CVCP Properties plc.

The University also owns 100% of the issued share capital of the following subsidiary companies:

University of Wolverhampton Enterprise Limited	100 fully paid up £1 shares
University of Wolverhampton Social Enterprises Limited	100 fully paid up £1 shares
University of Wolverhampton Corporate Services Limited	100 fully paid up £1 shares
University of Wolverhampton Innovation Limited	1 fully paid up £1 share
University of Wolverhampton Incubation Limited	1 fully paid up £1 share
University of Wolverhampton Ventures Limited	1 fully paid up £1 share

University of Wolverhampton Enterprise Limited engages primarily in the operation of the University's inter-site bus service.

University of Wolverhampton Social Enterprises Limited was incorporated in May 2012 by change of name of the former Intelligent Career Development Limited. This wholly-owned subsidiary company has been re-formed to progress and where appropriate undertake the University's various Social Enterprise initiatives.

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

University of Wolverhampton Innovation Limited, University of Wolverhampton Incubation Limited, and University of Wolverhampton Ventures

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

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

**Notes to the Accounts**  
for the year ended 31 July 2016

**13 Stock**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
General consumables	156	147	207	197
	<u>156</u>	<u>147</u>	<u>207</u>	<u>197</u>

**14 Trade and other receivables**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<i>Amounts falling due within one year:</i>				
Other receivables	16,499	15,130	23,799	20,653
Prepayments and accrued income	2,671	2,630	1,139	1,094
Amounts due from subsidiary companies	0	3,669	0	2,593
	<u>19,170</u>	<u>21,429</u>	<u>24,938</u>	<u>24,340</u>

**15 Current Investments**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Short term deposits	11,984	11,984	9,900	9,900
	<u>11,984</u>	<u>11,984</u>	<u>9,900</u>	<u>9,900</u>

**16 Creditors : amounts falling due within one year**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loans	1,878	1,603	1,754	1,495
Subsidiary Companies	0	818	0	303
Trade payables	18,564	17,956	23,417	23,013
Social security and other taxation payable	3,412	3,412	3,020	3,020
Accruals and deferred income	6,900	5,734	9,902	8,394
Holiday Accrual	3,434	3,434	3,135	3,135
	<u>34,188</u>	<u>32,957</u>	<u>41,228</u>	<u>39,360</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

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**Deferred income**

Included with accruals and deferred income are the following items of income which have been deferred until specific performance conditions have been met.

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Research grants received on account	691	691	1,250	1,250
Grant income	5,367	4,662	7,896	6,739
Other income	842	381	756	405
	<u>6,900</u>	<u>5,734</u>	<u>9,902</u>	<u>8,394</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

**17 Creditors : amounts falling due after more than one year**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Other	0	0	6	0
Unsecured loans	12,391	10,471	14,211	12,016
	<u>12,391</u>	<u>10,471</u>	<u>14,217</u>	<u>12,016</u>
<b><i>Analysis of secured and unsecured loans:</i></b>				
Due within one year or on demand (Note 16)	1,878	1,603	1,754	1,495
Due between one and two years	1,860	1,569	1,878	1,603
Due between two and five years	6,731	5,390	6,028	5,105
Due in five years or more	3,800	3,512	6,305	5,308
Due after more than one year	<u>12,391</u>	<u>10,471</u>	<u>14,211</u>	<u>12,016</u>
Total secured and unsecured loans	<u>14,270</u>	<u>12,074</u>	<u>15,965</u>	<u>13,511</u>
Unsecured loans repayable by 2023	14,270	12,074	15,965	13,511
	<u>14,270</u>	<u>12,074</u>	<u>15,965</u>	<u>13,511</u>

The University has borrowed the amounts as shown below:

Lender	Amount £'000	Term Remainina	Interest rate %
Barclays	4,500	7	5.74
Barclays	16,000	7	5.74
Barclays	7,400	7	5.74
HEFCE	500	4	0
HEFCE	146	5	0
HEFCE	146	5	0
<b>Total</b>	<b>28,692</b>		



**Notes to the Accounts**  
for the year ended 31 July 2016

**18 Provisions for liabilities**

Consolidated	Obligation to fund deficit on USS Pension	Enhanced Pensions	Defined Benefit Obligations (Note 29)	Total Pensions Provisions
	£'000	£'000	£'000	£'000
At 1 August	429	4,861	70,786	76,076
Created in Year	117	397	67,044	67,558
Utilised in year	0	(362)	(17,770)	(18,132)
Additions in 2015/16	0	0	0	0
Increased contribution (FRS102 Valuation)	0	0	0	0
Unused amounts reversed in 2016/17	0	0	0	0
<b>At 31 July 2016</b>	<b>546</b>	<b>4,896</b>	<b>120,060</b>	<b>125,502</b>

University	Obligation to fund deficit on USS Pension	Enhanced Pensions	Defined Benefit Obligations (Note 29)	Total Pensions Provisions
	£'000	£'000	£'000	£'000
At 1 August	429	4,861	70,786	76,706
Created in Year	117	397	67,044	67,558
Utilised in year	0	(362)	(17,770)	(18,132)
Additions in 2015/16	0	0	0	0
Increased contribution (FRS102 Valuation)	0	0	0	0
Unused amounts reversed in 2016/17	0	0	0	0
<b>At 31 July 2016</b>	<b>546</b>	<b>4,896</b>	<b>120,060</b>	<b>125,502</b>

**USS deficit**

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

**Notes to the Accounts**  
for the year ended 31 July 2016

**19 Endowment Reserves**

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Expendable endowments £'000	2016 Total £'000	2015 Total £'000
<b>Balances at 1 August 2015</b>					
Capital	0	0	0	0	0
Accumulated income	150	0	0	150	134
	150	0	0	150	134
<b>New endowments</b>					
Investment income	22	0	0	22	31
Expenditure	(2)	0	0	(2)	(15)
	20	0	0	20	16
(Decrease)/increase in market value of investments	0	0	0	0	0
<b>At 31 July 2016</b>	<b>170</b>	<b>0</b>	<b>0</b>	<b>170</b>	<b>150</b>
<b>Represented by:</b>					
Capital	0	0	0	0	0
Accumulated income	170	0	0	170	150
	170	0	0	170	150
<b>Analysis by type of purpose:</b>					
Lectureships	0	0	0	0	0
Scholarships and bursaries	0	0	0	0	0
Research support	0	0	0	0	0
Prize funds	0	0	0	0	0
General	170	0	0	170	150
	170	0	0	170	150
<b>Analysis by asset</b>					
Fixed assets				0	0
Current and non-current asset investments				0	0
Cash & cash equivalents				170	150
				<b>170</b>	<b>150</b>

**20 Revaluation Reserve**

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance b/fwd at 1 August	33,896	31,761	34,825	32,690
Release to the Income and Expenditure Account	(929)	(929)	(929)	(929)
Fixed Asset Impairment	(1,143)	(1,143)	0	0
<b>At 31 July</b>	<b>31,824</b>	<b>29,689</b>	<b>33,896</b>	<b>31,761</b>

**Notes to the Accounts**  
for the year ended 31 July 2016

**21 Capital and other commitments**

Provision has not been made for the following capital commitments at 31 July 2016

	Year ended 31 July 2016 Consolidated £'000	Year ended 31 July 2015 Consolidated £'000
Commitments contracted for at 31 July	1,228	3,727
Authorised but not Contracted at 31 July	27,631	36,213
	<u>28,859</u>	<u>39,940</u>

**22 Contingent liabilities**

The University has no contingent liabilities.

**23 Lease obligations**

Total rentals payable under operating leases:

	31 July 2016	
	Other Leases £'000	Total £'000
<b>Payable during the year</b>		
<b>Future minimum lease payments due:</b>		
Within One Year	118	118
Due between One and Two Years	73	73
Three Years	3	3
Four Years	0	0
Five years	0	0
<b>Total lease payments due</b>	<u>194</u>	<u>194</u>

**24 Events after the reporting period**

There are no events to report.

**Notes to the Accounts**  
for the year ended 31 July 2016

**25 Access Funds**

	Year ended 31 July 2016	Year ended 31 July 2015
	Consolidated	Consolidated
	£'000	£'000
Balance Unspent at 1 August	0	19
Funding Council Grants	0	0
Interest Earned	0	0
	<u>0</u>	<u>19</u>
Disbursed to Students	0	19
Balance Unspent as at 31 July	<u>0</u>	<u>0</u>

In 2014/15 Access Fund grants ceased to be available from the Higher Education Funding Council for England. The University now makes funds available from its own resources; however, these are accounted for as expenditure.

**26 Teacher Training Bursaries**

	Year ended 31 July 2016	Year ended 31 July 2015
	Consolidated	Consolidated
	£'000	£'000
Balance Unspent as at 1 August	241	351
Funding Council / Agency Grants	2,290	2,087
	<u>2,531</u>	<u>2,438</u>
Disbursed to Students	(2,303)	(2,197)
Balance Unspent as at 31 July	<u>228</u>	<u>241</u>

The University acts only as a paying agent for these bursaries received from Funding Council and NCTL.

The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## Notes to the Accounts

for the year ended 31 July 2016

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### 27 Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are stated in Note 12.

### 28a Related Parties Note

Owing 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 such organisations are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

No Governor has received any remuneration or waived payments from the University or its subsidiaries during the year

The total expenses paid to or on behalf of trustees was £1,822 (2014/15 - £1,205). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

This represents travel and subsistence expenses and other out of pocket expenses incurred in attending Governor meetings and events in their official capacity.

The University of Wolverhampton Students' Union is an "independent" constituted body and, therefore, is not included in the Consolidated Financial Statements of the University. During the financial year the University made payments to the Students' Union of £795K and received £7.7K (including a closing debtor £0.8K) from the Students' Union. There were no opening debtor or creditor balances.

### 28b Connected Charitable Institutions

There are two charitable institutions administered by or on behalf of the University and have been established for its general or special purposes. The Education Central Multi Academy Trust (ECMAT) is a wholly owned subsidiary of the University of Wolverhampton Social Enterprises Limited.

It exists primarily to advance for the public benefit education by establishing, carrying on, managing and developing schools offering a broad and balanced curriculum. It also aims to provide recreational facilities to the inhabitants of Wolverhampton and Birmingham and the surrounding area.

Health Futures University Technical College (UTC) offers educational experiences and opportunities rarely if ever seen in traditional schools and colleges. A unique partnership between Health Futures and 20 health, education and public sector organisations from across the West Midlands enables it to combine national qualification teaching with hands-on project learning with healthcare professionals. 14 to 19 year olds from across the region enjoy enviable academic and career-focused advantages that prepare them for higher education and employment.

As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission.

These are not included in the consolidation since the University does not have control over their activities.

## Notes to the Accounts

for the year ended 31 July 2016

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The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	<b>Opening Balance £000</b>	<b>Income £000</b>	<b>Expenditure £000</b>	<b>Change in Market Value £000</b>	<b>Closing Balance £000</b>
Consolidated	0	0	0	0	0
<b>Not Consolidated</b>					
ECMAT	82,842	44,212	(50,926)	(6,714)	76,128
Health Futures UTC	8,164	3,639	(2,232)	1,407	9,571

Both ECMAT's and Health Futures UTC financial year run from 1st September to 31st August. At the time the University's accounts were approved, ECMAT's and HFUTC's accounts for 2015/16 had yet to be finalised. The figures shown above are in draft.

## Notes to the Accounts

for the year ended 31 July 2016

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### 29 Pension Schemes

Different categories of staff were eligible to join one of three different schemes:

- Universities' Superannuation Scheme (USS)
- Teachers Pension Scheme (TPS)
- West Midlands Metropolitan Authorities' Pension Fund (WMMAPF)

The pension charge for the period is shown below.

	2015/16 £'000	2014/15 £'000
TPS and USS contributions	5,640	5,134
WMMAPF contributions	5,997	5,266
WMMAPF - FRS Adjustment	<u>1,073</u>	<u>1,071</u>
	12,710	11,471
Enhanced Pensions	<u>229</u>	<u>103</u>
Total per Note 7	<u>12,939</u>	<u>11,574</u>
Enhanced Pensions Interest Cost	168	198
Benefits paid	(362)	(358)
Total Movement on EPP (note 18)	<u>35</u>	<u>(57)</u>

## Notes to the Accounts

for the year ended 31 July 2016

### 29 Pension Schemes (continued)

#### Universities' Superannuation Scheme (USS)

The total cost charged to the profit and loss account is £117K (2015: £153K) as shown in notes 7 and 9.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	1.71%	2.64%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Pension increases (CPI)	2.20%	2.20%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	98% of S1NA ["light"] YoB tables – No age rating
Female members' mortality	99% of S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%



## Notes to the Accounts

for the year ended 31 July 2016

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### 29 Pension Schemes (continued)

#### The Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, unfunded, defined benefit occupational pension scheme. The latest actuarial valuation of the TPS was carried out as at 31 March 2012 and in accordance with *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014*. The valuation determines the rate of employer contribution payable and the initial employer cost cap (both of which are set out in the TPS regulations).

Key assumptions used in the valuation were:

Rate of return (discount rate)	3.60%
Rate of earnings increases*	4.20%
Rate of future pension increases	2.20%
Rate of return in excess of:	
Pension increases (CPI)	1.37%
Earnings increases*	-0.60%
Expected return on assets:	n/a

At the effective date, total Scheme liabilities for service of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £15.0 billion

Employer contributions increased on 1 September 2015 from 14.1% to 16.4%. In addition, and on the same date, employers commenced payment of a 0.08% contribution to cover administration expenses. The average contribution rate for employees was 9.8%.

#### Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013 and currently provides benefits based on career average revalued earnings.

The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

West Midlands Pension Fund is responsible for the preparation and maintenance of the Funding Strategy Statement and the Statement of Investment Principles. These should be amended when appropriate based on the Fund's performance and funding. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations.

The next actuarial valuation of the Fund will be carried out as at 31 March 2016 and will set contributions for the period from 1 April 2017 to 31 March 2020. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The UK's Financial Reporting Council have published FRS102, which applies for company accounting periods beginning on or after 1 January 2015 and has replaced the FRS17 reporting standard.

The requirements of FRS102 in respect of defined benefit pension schemes are very similar to those under FRS17, but there is an impact to the Statement of Comprehensive Income, with a change to recognition of expected return on assets, with the replacement of the interest cost and expected return on assets items with a single line item calculating the net interest on the surplus or deficit.

In the first year of adoption, the prior year figures have also been recalculated and disclosed. Although the changes have impacted the 2014-15 comparatives included within the 2015-16 financial statements, there is no change to the net liability as at 31 July 2015.

**Notes to the Accounts**  
for the year ended 31 July 2016

**29 Pension Schemes (continued)**

The table below summarises the movements in the year and the impact on the statement of comprehensive income (SOCl).

	<b>2015-16</b>	<b>2014-15</b>
	<b>£000s</b>	<b>£000s</b>
<b>Net(liability)/asset</b>		
<b>Opening position as at 31 July</b>	(70,786)	(58,145)
Past Service Cost	0	(47)
Current Service Cost	(6,979)	(6,473)
Net interest Cost	(2,577)	(2,388)
Administration Expenses	(91)	(98)
Total defined benefit cost recognised in SOCl	(9,647)	(9,006)
Employer LGPS contributions	5,997	5,266
<b>Net Cost Recognised in SOCl</b>	(15,644)	(14,272)
Total remeasurements recognised in SOCl	(45,624)	(8,901)
<b>Closing position as at 31 July 2016</b>	<b>(120,060)</b>	<b>(70,786)</b>

**Amounts Recognised in the balance sheet**

	<b>At Year End</b>	<b>At Year End</b>
	<b>31/07/2016</b>	<b>31/07/2015</b>
	<b>£'000</b>	<b>£'000</b>
Present Value of Defined Benefit Obligation	292,168	222,859
Fair Value of Fund Assets (bid value)	172,108	152,073
Deficit/(Surplus)	120,060	70,786
Present Value of unfunded obligation	0	0
Unrecognised Past Service Cost	0	0
Impact of Asset Ceiling	0	0
Net Defined benefit liability/ (asset)	120,060	70,786

**Notes to the Accounts**  
for the year ended 31 July 2016

**29 Pension Schemes (continued)**

**Asset and benefit obligation reconciliation for the year to 31 July 2016**

	<b>At Year End 31/07/2016 £'000</b>	<b>At Year End 31/07/2015 £'000</b>
Opening Defined Benefit Obligation	222,859	193,572
Current Service Cost	6,979	6,473
Interest Cost	8,403	8,270
Change in Financial Assumptions	57,397	17,036
Estimated benefits paid net of transfers in	(5,580)	(4,571)
Past Service Cost	0	47
Contributions by scheme participants and other employers	2,110	2,032
<b>Closing Defined Benefit Obligation</b>	<b>292,168</b>	<b>222,859</b>

**Change in Plan Assets**

	<b>At Year End 31/07/2016 £'000</b>	<b>At Year End 31/07/2015 £'000</b>
Opening fair value of Fund Assets	152,073	135,427
Interest on Assets	5,826	5,882
Return on Assets less Interest	11,773	8,135
Administration expenses	(91)	(98)
Contributions by employer including unfunded	5,997	5,266
Contributions by scheme participants and other employers	2,110	2,032
Estimated benefits paid net of transfers in	(5,580)	(4,571)
<b>Closing Defined Benefit Obligation</b>	<b>172,108</b>	<b>152,073</b>

The total return on the fund assets for the year to 31 July 2016 is £17,599,000.

**Notes to the Accounts**  
for the year ended 31 July 2016

**29 Pension Schemes (continued)**

**Assets**

The return on the Fund (on a bid value basis) for the year to 31 July 2016 is estimated to be 11%.

The estimated asset allocation for the University of Wolverhampton as at 31 July 2016 is as follows:

Asset breakdown	31/07/2016		31/07/2015	
	£000s	%	£000s	%
Equities	102,130	59	89,874	59
Government bonds	11,940	7	11,558	8
Other bonds	14,732	9	15,816	10
Property	13,696	8	12,774	8
Cash/liquidity	11,046	6	7,300	5
Other	18,564	11	14,751	10
<b>Total</b>	<b>172,108</b>	<b>100</b>	<b>152,073</b>	<b>100</b>

Financial Assumptions as at	31/07/2016	31/07/2015
	% p.a.	% p.a.
Discount Rate	2.60%	3.80%
Pension increases	2.00%	2.20%
Salary increases	3.75%	3.95%

These assumptions are set with reference to market conditions as at 31 July 2016. The estimate of duration of the Employer's liabilities is 20 years.

The discount rate is the annualised yield at the 20 year point on the Merrill Lynch AA rate corporate bond yield curve.

Assumed life expectations on retirement at age 65 are:

Retiring today	31/07/2016	31/07/2015
	Males	23.0
Females	25.7	25.6
Retiring in 20 years		
Males	25.3	25.2
Females	28.1	28.0

**Notes to the Accounts**  
for the year ended 31 July 2016

**30 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 SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2015, the comparative information presented in these financial statements for the year ended 2014.

In preparing its FRS 102, 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 SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

	Note	01-Aug-14 Effect of transition to 2015 SORP			31-Jul-15 Effect of transition to 2015 SORP		
		2007 SORP £'000	£'000	2015 SORP £'000	2007 SORP £'000	£'000	2015 SORP £'000
<b>Non-current assets</b>							
Fixed Assets	1	190,379	0	190,379	210,863	11,573	222,436
Heritage assets		0	0	0	0	0	0
Investments		36	0	36	37	0	37
		<u>190,415</u>	<u>0</u>	<u>190,415</u>	<u>210,900</u>	<u>11,573</u>	<u>222,473</u>
<b>Endowment assets</b>	2	134	(134)	0	150	(150)	0
<b>Current assets</b>							
Stock		222	0	222	207	0	207
Trade and other receivables		15,145	0	15,145	24,992	(54)	24,938
Investments	3	47,244	(34,874)	12,370	44,942	(35,042)	9,900
Cash and cash equivalents	3	39,649	35,008	74,657	32,534	35,192	67,726
		<u>102,260</u>	<u>134</u>	<u>102,394</u>	<u>102,675</u>	<u>96</u>	<u>102,771</u>
Less: Creditors: amounts falling due within one year	4	(34,820)	(2,885)	(37,705)	(38,289)	(2,939)	(41,228)
<b>Net current (liabilities)/assets</b>		<u>67,440</u>	<u>(2,751)</u>	<u>64,689</u>	<u>64,386</u>	<u>(2,843)</u>	<u>61,543</u>
<b>Total assets less current liabilities</b>		<u>257,989</u>	<u>(2,885)</u>	<u>255,104</u>	<u>275,436</u>	<u>8,580</u>	<u>284,016</u>
recorded within other Comprehensive Income. Creditors: amounts falling due after more than one year		(15,840)	0	(15,840)	(14,217)	0	(14,217)
<b>Provisions</b>							
Provisions for liabilities		(4,917)	0	(4,917)	(4,861)	0	(4,861)
Other pension liability	5	(58,145)	(275)	(58,420)	(70,786)	(429)	(71,215)
<b>Total net assets</b>		<u>179,087</u>	<u>(3,160)</u>	<u>175,927</u>	<u>185,572</u>	<u>8,151</u>	<u>193,723</u>
<b>Deferred capital grants</b>	6	<u>55,789</u>	<u>(55,789)</u>	<u>0</u>	<u>55,340</u>	<u>(55,340)</u>	<u>0</u>
<b>Expendable Endowments</b>		<u>134</u>	<u>(134)</u>	<u>0</u>	<u>150</u>	<u>(150)</u>	<u>0</u>
<b>Restricted Reserves</b>							
Income and expenditure reserve - endowment reserve		0	134	134	0	150	150
Income and expenditure reserve - restricted reserve		0	0	0	0	0	0
<b>Unrestricted Reserves</b>							
Income and expenditure reserve - unrestricted		99,912	52,629	152,541	107,759	51,918	159,677
Revaluation reserve		23,252	0	23,252	22,323	11,573	33,896
		<u>179,087</u>	<u>(3,160)</u>	<u>175,927</u>	<u>185,572</u>	<u>8,151</u>	<u>193,723</u>
Non-controlling interest		0	0	0	0	0	0
<b>Total Reserves</b>		<u>179,087</u>	<u>(3,160)</u>	<u>175,927</u>	<u>185,572</u>	<u>8,151</u>	<u>193,723</u>

**Notes to the Accounts**  
for the year ended 31 July 2016

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**Notes - Transition to FRS102 and the 2015 SORP**

Note 1 – Fixed Assets increase due to land revaluation as at 31 July 2014.

Note 2 – Endowment Assets released to Income and recognised as Restricted Reserves

Note 3 – Investments reclassified as Cash and Cash Equivalents under FRS102 definition.

Note 4 – Creditors due within 1 year increase due to annual leave accrual.

Note 5 – Other Pension Liability increase due to USS provision and LGPS.

Note 6 – Deferred Capital Grants reduction due to release to restricted reserve.

**Notes to the Accounts**  
for the year ended 31 July 2016

		2007SORP	STRGL	Effect of	2015
		£'000	Items*	transition	SORP
			£'000	to 2015	£'000
				SORP	
				£'000	£'000
<b>Income</b>					
Tuition fees and education contracts	Note	119,732	0	0	119,732
Funding body grants	1	19,827	0	216	20,043
Research grants and contracts	2	3,003	0	18	3,021
Other income	3	34,711	0	(1,041)	33,670
Investment income		334	0	0	334
<b>Total income before donations and endowments</b>		<b>177,607</b>	<b>0</b>	<b>(807)</b>	<b>176,800</b>
Donations and endowments	4	31	0	500	531
<b>Total income</b>		<b>177,638</b>	<b>0</b>	<b>(307)</b>	<b>177,331</b>
<b>Less: Share of income from joint ventures</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net income</b>		<b>177,638</b>	<b>0</b>	<b>(307)</b>	<b>177,331</b>
<b>Expenditure</b>					
Staff costs	5	93,406	0	458	93,864
Fundamental restructuring costs		338	0	0	338
Other operating expenses	6	55,592	0	84	55,676
Depreciation		8,704	0	0	8,704
Interest and other finance costs	7	1,532	0	2,102	3,634
<b>Total expenditure</b>		<b>159,572</b>	<b>0</b>	<b>2,644</b>	<b>162,216</b>
Gain/(loss) on disposal of fixed assets		0	0	0	0
Gain/(loss) on investments		0	0	0	0
Share of operating surplus/(deficit) in joint venture		0	0	0	0
Share of operating surplus/(deficit) in associate		0	0	0	0
<b>Surplus before tax</b>		<b>18,066</b>	<b>0</b>	<b>(2,951)</b>	<b>15,115</b>
Taxation		0	0	0	0
<b>Surplus after tax</b>		<b>18,066</b>	<b>0</b>	<b>(2,951)</b>	<b>15,115</b>
Non controlling interest		0	0	0	0
<b>Surplus for the year</b>		<b>18,066</b>	<b>0</b>	<b>(2,951)</b>	<b>15,115</b>
Unrealised surplus on revaluation of land and buildings		0	0	0	0
Actuarial (loss)/gain in respect of pension schemes	8	0	(8,901)	0	(8,901)
Change in fair value of hedging financial instruments		0	0	0	0
<b>Total comprehensive income for the year</b>		<b>18,066</b>	<b>(8,901)</b>	<b>(2,951)</b>	<b>6,214</b>

\* This column represents items that were previously recorded within the Statement of Total Recognised Gains and Losses (STRGL) and are now recorded within the statement of Comprehensive Income (SoCI).

## Notes to the Accounts

for the year ended 31 July 2016

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### Notes - Transition to FRS102 and the 2015 SORP

Note 1 – Funding Body Grants increase due to release of TCIF/RCIF funding and removal of release of Deferred Capital Grant

Note 2 – Research Grants and Contracts increase due to release of Research Income.

Note 3 – Other Income Reduction due to Other Deferred Capital Grants removal and Project Income adjustment.

Note 4 – Donations and endowments increase due to recognition of donation in financial year.

Note 5 – Staff Costs increase due Annual Leave Accrual, USS pension accrual and WMPF adjustment.

Note 6 – Other operating expenses increase due to project adjustment.

Note 7 – Interest and Finance Costs increase due to WMPF interest charge.

Note 8 – Recognition of WMPF Actuarial loss.

### Summary of Changes on Transition to FRS102 and the 2015 SORP

There are a number of differences between accounting under old UK GAAP and practice under FRS102.

These include the recognition of government grants, accounting for pensions, the treatment of holiday pay and the definition of cash.

Overall, there is a reduction in surplus before tax of £2.9M. This is largely due to the way that the pension adjustment for the West Midlands Pension Fund (WMPF) is processed. The overall change in the pension deficit does not alter, but more of it (c. £8.9M) is taken through the income and expenditure statement.

The movements in income are all the result the changes to the way capital and revenue grant income are treated. For example, the small increase in funding body grants is the result of the release of teaching and research capital funding from HEFCE received in year which was previously treated as deferred capital and taken to the Balance Sheet, but which is now accounted for in full as income. This is offset by the fact that previous years' capital grant is no longer being released to income to match depreciation.

Increased staff costs result mainly from:

- an accrual for annual leave not taken;
- the introduction of a charge to reflect the cost to the University of the USS pension deficit; and
- the increase in the staffing cost element of the WMPF pension adjustment.