



# **Report and Financial Statements**

**For the Year Ended 31 July 2014**

**2013-2014**

# UNIVERSITY OF WOLVERHAMPTON

## CONTENTS

	<b>Page</b>
Board of Governors	1
Statement of Primary Responsibilities of the Board of Governors	2
Report of the Board of Governors	3
Public Benefit Statement	18
Corporate Governance Statement	22
Statement of the Board of Governors' Responsibilities	25
Independent Auditors' Report to the Board of Governors	26
Statement of Principal Accounting Policies	28
Consolidated Income and Expenditure Account	32
Consolidated Statement of Historical Cost Surpluses and Deficits	33
Statement of Total Recognised Gains and Losses	34
Balance Sheet	35
Consolidated Cash Flow Statement	37
Notes to the Accounts	38

**THE UNIVERSITY OF WOLVERHAMPTON**

**CHANCELLOR**

The Lord Paul of Marylebone

**BOARD OF GOVERNORS**

**Membership**

**Independent Members:** Ms C Burgher  
Prof M Chambers  
Ms P Clark  
Ms K Copestake  
Mr M Elliott (Chair)  
Ms K Gee MBE (Deputy Chair)  
Mr I Hyde  
Dr J Johnson  
Mr M Priddy  
Mr B Reid OBE  
Mr S Towe CBE  
Dr S Walford (Deputy Chair)

**Co-opted Members:** Dr A Byrne  
Prof G Nicholls (from March 2014)  
Cllr K S Sahota  
Rev E Wynn

**Vice-Chancellor:** Prof G Layer

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

**Student Nominee Members:**  
Mr S Chandra (to June 2014)  
Ms Z Harrison  
Ms S Garcha (from July 2014)

**Clerk to the Board of Governors:**  
Ms H L Wildman

**Banker**

Barclays Bank PLC  
Queens Square  
Wolverhampton  
WV1 1TE

**Internal Auditor**

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

**External Auditor**

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

## Statement of Primary Responsibilities

The principal responsibilities of the Board of Governors of the University of Wolverhampton are set out in the Instrument and Articles of Government which are published on the website [www.wlv.ac.uk](http://www.wlv.ac.uk) but in accordance with the Committee of University Chairs (CUC) Model Statement of Primary Responsibilities may be summarised as follows:-

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 delegate authority to the Vice-Chancellor as head of the institution and as accountable officer, 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.
3. 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.
4. To ensure 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.
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 higher education 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 University'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 the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.
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 2013/14 ECMAT was in its second year of operation and had a turnover of £23.8M (2012/13: £7.6M). 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

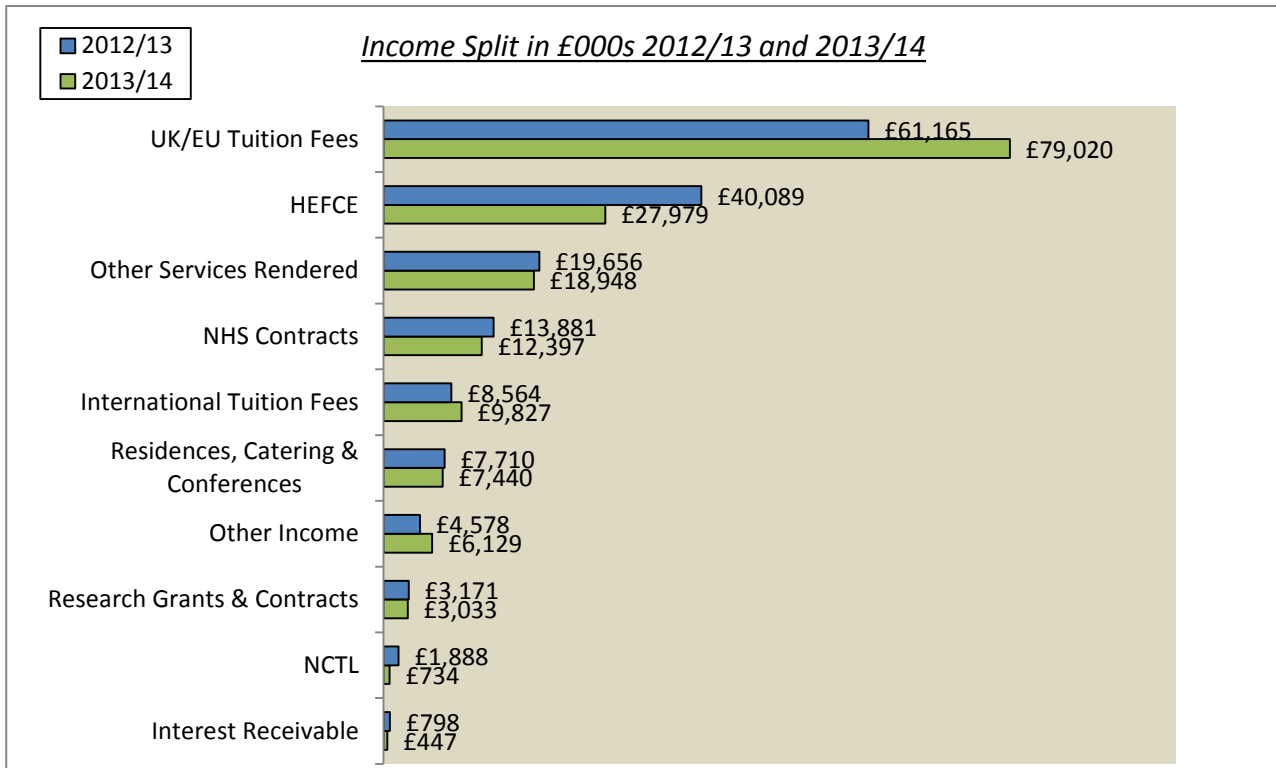
The University's Consolidated Income and Expenditure position for the year to 31 July 2014 is summarised as follows:

	2013/14 £'000	2012/13 £'000
Income	165,954	161,500
Expenditure	(154,832)	(149,308)
Profit on Disposal of Assets	0	113
	—————	—————
Surplus after Depreciation of Assets at Valuation, Disposal of Assets and Before Tax	11,122	12,305
Taxation	0	0
	—————	—————
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	11,122	12,305
	=====	=====
Surplus for the year on a Historical Cost Basis	12,046	13,229
	=====	=====

The University's Consolidated Income and Expenditure position for the year to 31 July 2014 shows a surplus of £12.05M on an historical cost basis compared to £13.23M in 2012/13.

## Income

Income has increased to £166.0M, an overall increase of 2.8% compared to 2012/13. A breakdown of income is shown in the diagram below:



HEFCE income has fallen by £12.1M in 2013/14, following a £16.6M drop in 2012/13. In aggregate, this represents a 50% reduction in HEFCE funding compared to the 2011/12 position, and is the result of a reduction in core HEFCE teaching grant reflecting the planned shift into funding teaching through tuition fees. The University has also experienced falls in Student Opportunity funding (the replacement for Widening Participation and Teaching Enhancement & Student Success funding streams) mainly caused by continuing falls in part time student numbers. There has also been some planned reduction in targeted allocations. Allocations for the Higher Education Innovation Fund (HEIF) for the period 2011-2015 have been protected in cash terms. The overall level of mainstream research funding has also been maintained at the same cash level. At the margins, the University has seen an increase in the level of QR charity support and business research funding based on the 2011/12 HESA Finance Record, but a slightly larger loss of Research Degree Supervision funding following a change in the calculation methodology. Funding from the National College for Teaching and Leadership, which provides funding for teacher education, has fallen from £1.9M to £0.7M reflecting the increase in tuition fees paid by the student.

Overall tuition fee income rose significantly by £17.6M following an increase of £21.8M in the previous year. The main reason for this increase was a £16.0M rise in the value of income from full-time home and EU students, arising from the second year of the new fee arrangements. The University has continued to perform strongly in this area, with recruitment close to target and better than expected student retention. Tuition fees from overseas students grew by £1.3M, an increase of 14.8% compared to 2012/13. This is due to an increase in the level of fees charged combined with an improvement in recruitment. These fees continue to provide an important source of income which is not constrained by caps on recruitment and the University is committed to growing income from international students.

Part time recruitment continues to be challenging across the sector. Despite the fall in part time numbers, the University's fee income was up by £1.3M, the increase arising due to a decision to increase part time fee levels following the withdrawal of HEFCE funding. NHS contract income fell from £13.9M to £12.4M reflecting the continuing impact of recent cuts in the number of new students the University is allowed to

take. The position is expected to stabilise in 2014/15. The University continues to invest in making improvements to student attrition rates.

Research grant and contract income fell by £0.1M, whilst commercial income fell by 3.6% during the year, mainly due to some large projects finishing in year. This has been matched by a reduction in pay and non-pay costs. Income from residences, catering and conference operations fell back slightly due to the loss of a summer conference booking. Overall trading performance was close to budget. Investment income fell by 44% to £0.45M. This was mainly due to a worsening of rates available on cash balances, and a reduction in longer term lending due to the University's capital programme.

### **Expenditure**

The main area of expenditure, salaries and wages, rose by 1.3% to £88.2M excluding restructuring costs. This follows a rise of 1.7% in 2012/13, but falls of 0.9% and 6.1% in the previous two years. Following significant pay increases in the three year period 2006 to 2009, pay rises have been at much lower levels in the five years since. In 2013/14, the University agreed a 1% pay rise, with a further 2% increase to follow in 2014/15. The University has continued to exercise stringent post control procedures, which has resulted in the maintenance of pay costs at more sustainable levels. However, following the revaluation of the West Midlands Pension Fund, increased employer pension costs were introduced from 1<sup>st</sup> April 2014. Future increases are also expected following revaluation of the Teachers' Pension Scheme.

In 2013/14, the impact of adjustments due to FRS 17 and enhanced pensions resulted in an additional charge of £0.6M to pay costs (2012/13: £1.5M). A further £1.2M (2012/13: £1.2M) pension interest cost has also arisen, meaning that the total expenditure arising from FRS17 and enhanced pensions was £1.8M, a decrease of £0.9M compared to 2012/13. The level of pension costs is influenced by a number of factors. In this case the rate of salary increase, pension increase and CPI inflation are all assumed to rise, but are partially offset by a small increase in the discount rate. The major factor causing the fall was a significant increase in employer contributions resulting from the deficit recovery payment.

Other expenses have risen significantly to £55.9M from £50.5M. This is driven by a further significant rise in the level of student bursaries and scholarships under the new fees regime and the University's OFFA submission, combined with increases in estates repairs & maintenance spend, equipment purchase and advertising activity.

In 2012/13 depreciation increased sharply following significant levels of capital investment in buildings. In 2013/14, depreciation fell back by £0.8M due to a number of large items capitalised in prior years, including the refurbishment of MK building, becoming fully amortized,. There were no impairments of fixed assets during the financial year. The cost of depreciation is expected to rise again in 2014/15 as the new Rosalind Franklin building comes into use.

### **Cash Flow**

The consolidated Cash Flow Statement shows a net increase in cash of £23.1M compared to £6.0M in 2012/13. The difference is mainly driven by the net movement of funds out of short term deposits to give greater liquidity. Overall cashflow from operating activities was £20.8M compared to £27.8M in the previous year. The University made total payments in the year on fixed assets of £18.2M, spent on a range of projects, the largest of which was the new Rosalind Franklin building at City Campus. The University's overall funding position remains strong with net funds in the year increasing by £3.2M to £69.2M.

### **Key Future Financial Issues**

Recent demand for places in higher education has been buoyant, and the University has recruited well for the last five years. Overall funding from HEFCE has fallen over the last two years with the loss in funding being offset by tuition fee income tied directly to the recruitment and retention of full-time home students. This process is set to continue for a further year. In 2015/16 the Student Number Control will be removed entirely enabling HEIs to recruit as many students as they wish to take. The impact of this on individual universities is unclear at this time.

Currently available data indicates that the University has recruited strongly to full time undergraduate courses in 2014/15. However, retention of these students becomes critical in the new fees regime.

Furthermore, it is likely that competition from existing and new providers will increase as understanding of the new market arrangements improves and market positioning is refined.

Student number restrictions do not currently apply to postgraduate, part-time undergraduate and international students, and the University is actively pursuing growth in these areas. Recruitment of part-time students is difficult across the sector and there are concerns that the postgraduate market will be affected as higher fees at undergraduate level begin to impact on overall levels of student debt and consequential repayment levels.

The initial signs for 2014/15 are that University recruitment of international students for postgraduate study in the UK will reach target, although this is subject to achieving normal levels of recruitment in semester 2. The impact of UKBA 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.

Recent reductions in contract numbers on pre-registration NHS courses are continuing to impact on total income from this source. The introduction of Schools Direct into teacher education has created a level of uncertainty with respect to that source of funding.

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 three years and this will impact further on investment income.

Pay rises have been below the level of inflation for five years. The University has already agreed the pay rise for 2014/15. Control of pay costs remains a critical area to ensure institutional financial sustainability.

The latest 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. This has increased the pension payments the University will have to make to WMPF. 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 Student Experience**

Enhancing the Student Experience remains at the core of the University's efforts and activities and is a significant feature of our investment and expenditure. In this year we have seen significant investment in high-profile projects; the new Science Centre (the Rosalind Franklin Building – to open October 2014) and the beginnings of the development of the new Business School – to open October 2015. At the heart of these developments is the continuous improvement of the student experience, whether in new laboratory spaces, new technologies, new classrooms and overall an improved campus environment. Alongside these major investments in the student experience we have continued to work hard to respond to student feedback in all areas of student life. We have continued to invest in longer opening periods for the Campus Learning Centres at Walsall and City Campuses. In direct response to student feedback these facilities are now open 24/7 at peak periods. We have continued to invest in improving access to new technologies in response to the proliferation of mobile devices, and in classroom based technology.

Continuing investment in the campus environment has created a visible and better defined "University Quarter" at the Wolverhampton City Campus. Research amongst students and applicants continues to evidence a perceived benefit of a safe and secure campus in fostering a sense of belonging – which, in turn, has a positive impact on recruitment and retention of students. Developments at our Walsall Campus include additional security measures and a process of the re-designation of building names – to give our buildings status and recognition, as well as to assist in navigation and way-finding across the campus. At the Telford Innovation Campus we are investing circa £500,000 in new facilities for Engineering Students:



*“Existing laboratories and workshops will be transformed and refurbished, and new engineering laboratories will be created, to support engineering courses and to enable students to take part in extra-curricular activities. These will include national and international challenge events such as Formula Student, Human Powered Flight and Engineers without Borders. The new workshops will include two car bays, benches and professional tools to support the Formula Student competition and to set-up a racing car that students will pit-crew at racing events. There will also be a large new computer suite”<sup>1</sup>*

The University has been expanding its presence in the wider-region to recruit new students, support current students in a new location and to develop partnerships for progression with Schools and Colleges in the Stafford Region (historically part of the Black Country) We have opened (August 2014) a new accessible advice and guidance site at the Shire Hall in Stafford Town Centre<sup>2</sup> and we have set out a new form of partnership with Schools and Colleges across the region through a new Schools Engagement Strategy.

### **Measuring Student Satisfaction**

The University collects and monitors a significant quantity of “student satisfaction” data to ensure that we are regularly meeting student expectations and regularly responding to new demands from student feedback. All of this feedback is carefully digested to inform our planning and investment decisions to enhance the student experience.

The most recent results available from the National Student Survey (conducted amongst the graduating class of 2013/14) are disappointing after the previous year’s record high levels, but still represent the second best results the University has achieved. Together with the Students’ Union we are analysing the results carefully and will act to see a return to our previous upward trend in this particular measure. Despite a downward dip we remain highly rated for the quality of our learning resources (still ahead of the national average by 1%) and overall 80% of our students remain satisfied (a return to 2012 levels).

### **In other measures of success and satisfaction we are pleased to report –**

- Student Jodie Myers won a silver medal in the female judo over 78kg category at the Glasgow Commonwealth Games and is now back in training at the British Judo Centre of Excellence at the University’s Walsall Campus.
- The University was recognised with first class honours in the Green League – People and Planet Awards for its work on sustainability, the environment and as a Fairtrade University.
- 3600 students will graduate at ceremonies in September 2014 alongside honorary award recipients, including Olympic gold medallist Denise Lewis, multiple gold medal winning Paralympian Dame Sarah Storey and Director General of the BBC Lord Tony Hall.

As the University of Opportunity we are careful to monitor the diversity of our student population, retention, progression and achievement. In each of these areas we have seen continuous, measurable improvements<sup>3</sup> as indicators of our successful approaches.

- The University leads the sector and exceeds its HEFCE benchmark position for participation in higher education amongst under-represented groups (entrants from low participation neighbourhoods, mature students and students from lower socio-economic classes)
- Most recent reporting (2012-13) show that the University has improved retention (measured by the rate of non-continuation following year of entry) and has improved on its benchmark threshold.
- Most recent reporting (2012-13) shows that the University has improved overall levels of achievement (students who complete their course) to meet or exceed its benchmark position for the first time.

The University continues to invest in supporting student’s achievement and is concerned to improve levels of under-achievement by students from an ethnic minority background – which is a trend that is mirrored throughout the sector. The University is an active participant in the National **What Works** Project – with a

<sup>1</sup> Full Story at : <http://www.wlv.ac.uk/Default.aspx?page=40728>

<sup>2</sup> Full Story at : <http://www.wlv.ac.uk/Default.aspx?page=40699>

<sup>3</sup> Data taken from the Higher Education Statistics Agency (HESA) Performance Indicators – [www.hesa.ac.uk](http://www.hesa.ac.uk)

focus on tackling disparities in student attainment<sup>4</sup>. In the coming year we are investing in a pilot project to examine the benefits of smaller class and seminar groups and we have appointed 20 new Graduate Teaching Assistants to support classroom teachers, share the benefits of their own recent experience and provide support in assessment activities to promote successful outcomes.

As a final note we are delighted to highlight the successful outcomes of our graduates in achieving record high levels of employment following graduation. From the most recent Destinations of Leavers from Higher Education (DLHE) Survey (the graduating class of 2013) 94% of our undergraduate cohort is reported to be in work or further study 6 months after graduation. 98% of our postgraduate students are similarly employed or in further study after six months. The University has improved this position against all measures and exceeded its benchmark position in every category. Our recent graduates report good levels of employment in graduate level careers and with 76% of our graduates finding work in the West Midlands region, contributing to economic development and regeneration. This measure, perhaps more than any other, defines the student experience as positive and empowering with an outcome that students value highly, whatever their subject or chosen career.

### Student Numbers

In 2013/14 the University enrolled 20,741 students (2012/13 21,087), comprising 14,781 full time and sandwich students (2012/13 14,643) and 5,960 part time students (2012/13 6,444). 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 2013/14.

Home, EU and Overseas numbers	2013/14	2012/13
Home	17,213	17,528
EU	669	836
Overseas	2,859	2,723
<b>Grand Total</b>	<b>20,741</b>	<b>21,087</b>

Level of Study	2013/14	2012/13
Foundation	678	770
Undergraduate	16,712	16,622
Postgraduate taught	3,010	3,446
Postgraduate research	341	249
<b>Grand Total</b>	<b>20,741</b>	<b>21,087</b>

Mode	Faculty of Education, Health & Wellbeing	Faculty of Science & Engineering	Faculty of Social Sciences	Faculty of the Arts	International Academy	Other	Grand Total
Full Time/Sandwich	4,755	3,567	3,729	2,613	115	2	14,781
Part Time	2,992	1,295	1,186	329	145	13	5,960
<b>Grand Total</b>	<b>7,747</b>	<b>4,862</b>	<b>4,915</b>	<b>2,942</b>	<b>260</b>	<b>15</b>	<b>20,741</b>

<sup>4</sup> [www.wlv.ac.uk/whatworks](http://www.wlv.ac.uk/whatworks)

## Campus Developments

In the changing higher education landscape, the University of Wolverhampton recognises that its campuses are a vital element in symbolising what the University stands for: **'vision, ambition and pride.'** The University seeks to consolidate what is good about the existing campuses and to create a vibrant, friendly place to study, work and live. It will provide fit for purpose facilities within a genuine campus community, which will create focused improvements to deliver business performance that the University stakeholders' will be proud of.

The University is committed to maintaining and improving the quality of its physical estate, provide sustainable facilities to support the increased use of technology for teaching and learning, and promoting safety, security, wellbeing, accessibility and environmental awareness on the University's campuses. The University is committed to developing efficient and effective integrated systems that support students, staff and visitors. These are provided through the use of appropriate information technology based on a resilient infrastructure.

Indicators of success include:

- A fit for purpose, vibrant University estate;
- Excellent and well-used Learning Centres and IT facilities for students and staff;
- Technology enriched learning and teaching facilities
- Improved energy efficiency and waste recycling;
- Positive feedback from recognised survey data, such as NSS and Green League.

Thus far the University has made huge strides towards the consolidation of its estate and continues to adopt a hybrid structured approach towards the reduction of the Estate's backlog maintenance, through the Capital Programme, together with a prioritised annual backlog maintenance fund.

## 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. The 2010 output data report continues to be used as a reference point for the prioritisation of backlog maintenance elements and is updated annually. Funding to date has been used to eliminate the legislative compliance scheduled DX and D works.

## Space Utilisation

The University's position with regard to space utilisation has been on a trajectory of gradual improvement over recent years. The 2012/2013 data indicates a slight, temporary blip in this trend, however, it is reasonable to assume, particularly in light of the ongoing Masterplanning projects and the formation of the Learning and Teaching Space Advisory Group (LaTSAG), that improvements will continue in 2013/2014. Space utilisation will continue to be considered a key issue for the University as a whole, and will be addressed by means of a full consultation with the key Faculty stakeholders to develop and deliver a co-ordinated space utilisation strategy.

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.

The physical space audit of the occupancy of centrally timetabled space continues to be carried out on an annual basis by Academic Registry. This information is used as the evidence base for the Estates Management Record return to HESA.

Working in conjunction with Estates Management, Academic Registry has been instrumental in establishing structured management and reporting arrangements in respect of space utilisation. The space audit carried out in October 2013 has recorded the same percentage return as the previous year (32%).

Emphasis continues to be placed on good space management with a view to reducing the overall buildings footprint, whilst generating better space utilisation.

### **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, which included a CHP scheme on City Campus. 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 2012/13 financial year were 12,217 tonnes, which indicates that the University is on schedule to achieve its target by 2015.

### **Sustainability & Environmental Management**

The University of Wolverhampton recognises that virtually all activities in Higher Education have some impact on the environment. The University's performance as a well-recognised Higher Education Institution operating from Wolverhampton and its associated campuses will be measured not only by our pedagogic performance, but also by our impact on the shared environment. The University acknowledges and recognises its responsibilities towards protecting the environment for future generations. 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 has been updated and approved by Campus Committee in September 2013. Within the Policy there is provision for various pilot schemes and initiatives such as increased waste recycling, and waste stations. In addition to the policy, the Sustainability, Environment and Carbon Management Group have recently completed the Sustainability and Environmental Policy Annual Report (Jan 2012- Jul 2013), which provides an update of progress made on objectives and targets set in the previous year.

The University Sustainability Enabling Strategy was completed in July 2012, together with a brief for an Environmental Impact Assessment

The University of Wolverhampton completed the Green League submission to People and Planet for 2013 and successfully gained a 1st Class position, which gave a league position of 39th. Due to the significant format and criteria requirements for the proposed People & Planet 2014 submission, the University of Wolverhampton, together with the majority of the sector, has declined to submit a return. The University will be working with the Association of University Directors of Estate, at Executive level, to develop an HE sector Green League.

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

The current Estates Strategy adopted on the 4th November 2010, is to be updated in 2014/15. The proposed Estates Strategy will be developed utilising the Strategic Plan 2012-17, associated Enabling Strategies, and will capture the strategic direction of the new Faculty structure.

The main Masterplanning project for City Campus Molineux is the new Business School on Molineux Street, this project commenced in May 2014 and is scheduled for completion in August 2015.

The main Masterplanning project for City Campus Wulfruna is the proposed Science Centre, the Rosalind Franklyn Building constructed on the former MB Building site, utilising the existing structure. The first phase of this project, which will comprise of the Ground and First Floor, was completed in September 2014 and Phase 2 will be ready by December 2014.

Working in partnership with Wolverhampton City Council in the development of the Area Action Plan, the concept of the University Quarter (education and culture) from The Gateway @ The George on Wulfruna Street to the Fiveways roundabout has been established and incorporated in the Area Action Plan and City Prospectus.

The proposed wayfinding solutions for the City of Wolverhampton will be shared with the University of Wolverhampton in order to develop a consistent offering for students, staff and visitors. Also, proposals have been developed for the pedestrianisation of Camp Street, with restrictions on access to come into force following completion of the Business School. In addition, the University of Wolverhampton Science Park is included in the development of the Area Action Plan for the Stafford Road development.

At the University's Walsall Campus, the British Judo Association Centre of Excellence for the UK was completed in November 2013.

Further City Campus Wulfruna Projects include the redevelopment of part of MA Building for Pharmacy – National Pharmaceutical Accreditation, and the redevelopment of part of MI Building for Architecture - RIBA/CIAT Accreditation.

On the Telford Innovation Campus, projects include the redevelopment of part of SC Building for the development of Engineering for the Faculty of Science & Engineering: Phase 1 of this project will be completed by October 2014 for the IET Accreditation. In addition, the University has submitted a bid to HEFCE for STEM funding for the proposed development of Automotive, Aerospace and Chemical Engineering associated with the food industry.

The University of Wolverhampton Science Park has been successful in securing funding of £4.9m from the Regional Growth Fund, in order to develop a Science Technology & Prototyping Centre, which will comprise *circa* 3500m<sup>2</sup> of office, laboratory and prototype laboratory space within an overall gross floor area of *circa* 4500m<sup>2</sup>. The Project Management led Design Team was appointed in July 2014 and the RIBA Design Stage 0/1 (Briefing) Report is scheduled to be signed off by 12 September 2014. Submission for planning is anticipated in December 2014, with planning approval required for March 2015, to enable contractor appointment by July 2015. Anticipated building completion will be in August 2016.

The University of Wolverhampton is in the process of acquiring the 12 acre Springfield Brewery site in Wolverhampton city centre, which was the former Mitchells and Butlers brewery, which closed in 1991. It is proposed to redevelop the site as part of on-going investment in education, training and economic regeneration across the Black Country. The proposed Springfield Campus will be a local, regional, national and international centre of excellence for the Built Environment. On this campus, it is anticipated that a partnership arrangement will be created with the Construction Industry Training Board (CITB), the Baker Dearing Trust and the Department for Education, to create a state-of-the-art set of facilities for teaching, research, training and professional development. The first phase will be the construction of the West Midlands Construction University Technical College (WMCUTC) which will be led by the CITB and funded by the Education Funding Agency. The WMCUTC is scheduled to open in temporary premises in September 2015 before moving to Springfield Campus in 2016.

The Capital Programme for 2014/17 was developed and considered by Governors in May 2014.

### **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 Executive to initiate, oversee and monitor the implementation of the policy.

The University has an Equality and Diversity Committee that is responsible to the Executive. 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 is in the process of developing a comprehensive internal communications strategy for its staff. This will build on the mechanisms that we already have in place for involving and engaging staff. These include 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. One of the key elements of this work stream is the roll-out of the Staff Opinion Survey in November and December 2012 (the first for many years) which will be issued to all staff. The responses from this survey will provide us with clear evidence on *how* our staff wish to be engaged and involved, and *what* they want to be engaged and involved with in the future.

The University of Wolverhampton has four active staff networks: BME, Disabled, LGBT, Women in Research. And we are hoping to work more closely with these groups in the coming months around active staff participation and involvement, particularly around equality and diversity issues. The University has had wide-spread consultations with disabled staff and students to comply with its duties and previous disability legislation, and has continued to hold focus groups to review the progress of its policies and plans in respect of disability/equality.

## 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 at the forefront of the Higher Education sector in working with SME 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. Last year's award by the Times Higher Education for Knowledge Exchange/Transfer Initiative of the Year has been further enhanced in 2013/14 through the award of:

- The Guardian University Awards 2014 – Best International project
- The PraxisUnico Impact Awards 2014 – Best Collaboration

In addition, the University is delivering innovation and enterprise in the Black Country, Telford & Wrekin and Shropshire. It continues to lead the University of Wolverhampton Science Park as well as providing leadership for the other West Midlands Universities in the delivery of a range of regional collaborative projects such as the 'Classic KT Partnership' programme (which includes the above mentioned West Midlands KEEN programme).

The University has a number of centres and institutions that provide services to individuals and businesses for business incubation and business start-up including: an ICT business incubator (e-Innovation Centre), business grow-on space (Business and Technology Centre), a Creative Industries incubator (SP/ARK), a Student / Graduate business incubator (SP/ACE) which facilitates University of Wolverhampton graduate start-up businesses supported by the regional Student Placements Programme for Entrepreneurs in Education (SPEED Plus) and active support of the Talent Navigator Enterprise Hub which is a private sector start-up initiative based in Walsall. The University's knowledge transfer and incubation activities are delivered primarily from the University of Wolverhampton Science Park and Telford Innovation Campus locations. This activity was strengthened through the creation of a Business Solutions Centre located on each of the sites, which is now expanding to accommodate the National Growth Hub initiative on behalf of the Black Country.

In the past, the University of Wolverhampton has been particularly successful in attracting both revenue and capital public sector funding to part fund many of these activities. These funds have either reduced significantly or disappeared altogether over the last 3 years, partly due to changing Government priorities. With the emergence of the Black Country and Marches Local Enterprise Partnerships (LEPs), the University is represented on both Boards and is contributing to Skills, Innovation and Enterprise leadership. This is complemented by engagement in the Strategic Economic Plans for each LEP that will influence the allocation of future funds to LEP areas. The University also participates in the design of new UK Research Development and Innovation (RDI) programmes with other universities, UUK and government departments, DBIS and DCLG. Business to business activities are driven by the University's Business Solutions team to maximise additional income generation opportunities for the University's Faculties and supported by an enhanced centralised University Project Support Office.

To access new EU funding including Horizon 2020 (worth some €90billion across the EU over the life of the programme) and niche areas associated with European challenges that align with University expertise, the University launched an office in Brussels in September 2013. Located close to the UK Research Office, national embassies and the European Parliament buildings, the office provides the University with an opportunity to be at the centre of the political and programme decision-making process in Brussels. It is a focus for collaboration with other trans-European partners and academic institutions including business representatives for some of the University's most successful researchers. Whilst success rates for bids to UK Research Councils have fallen in recent years, the number of European funded projects in the University is growing as more University staff engage in EU funding opportunities.

All current business involving knowledge transfer, training and similar activities that are intended to be surplus generating, and do not lead to a university level qualification, are now carried out through University of Wolverhampton Corporate Services Ltd. Activities that are not surplus generating (e.g. research contracts, European and U.K. Government contracts for knowledge transfer), or that lead to a university level qualification, operate through the University's accounts.

### 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. Each KPI is awarded a status from 1 – 4 where:

- 1 = Good
- 2 = Satisfactory but room for improvement
- 3 = Requires further action
- 4 = Unsatisfactory

Following approval from the Board of Governors, the objective and measures for KPI No.3 "Maintain the financial health and performance of the University" were updated following receipt of the ASSUR Financial Health Report.

The KPI Overview sheet summarises the status of the University KPIs and now includes the direction of travel of each KPI (improved, maintained or downgrading) together with the date the status was last updated by the Board of Governors for auditing purposes.

The status of KPIs was last reported to Board of Governors in July 2014. At this stage:

- 5 had a status of good
- 5 were satisfactory with room for improvement
- 4 required further action
- 2 KPI statuses have improved since last year
- 10 KPI statuses remain the same as last year
- 3 KPIs had not been reported on previously so they don't have a status comparison

No KPIs were given a status of unsatisfactory; No KPIs have declined since the last reporting period.



From the KPIs presented at the July 2014 Board of Governors, KPI no. 7 “Improved student retention and progression” saw a significant annual improvement to our performance against the sector benchmark, with a recommended status increase from 3 (requires further action) to 1 (good) which is testament to the continued and sustained investment the University provides to enhance the educational experience of the student population. KPI No.12 “To reduce the University carbon footprint by 40% by 2020, using the HEFCE starting point baseline year” also retained its recommended status of 1 (good), evidencing the progress made by the implementation of the University’s Carbon Management Plan (CMP), both in terms of CO2 reductions and financial cost savings. The combined heat and power unit (CHP) on the City Campus Wulfruna was brought into service in August 2013. During 2013/14 Estates Management are carrying out the upgrading of some internal and external lighting to modern low energy LED lighting.

In those areas where a less than satisfactory performance has been reported, the University is committed to reviewing statuses throughout the year, introducing and monitoring improvement measures as required to meet and surpass sector benchmarks where possible, even in those areas where the national trend has also seen a decline in performance levels. The University’s recent emphasis on a targeted, structured maintenance investment approach, together with a hybrid approach of strategic capital investment in the estate, i.e. Master planning projects, is demonstrating an upturn, particularly in the residential estate and is considered to be a crucial factor in the continued recruitment and retention of both students and staff. It also has an impact on the delivery of positive outcomes and required improvements to business performance for the institution.

The University continues to remain committed to maintaining and enhancing the diversity of student and staff populations, co-ordinated via the Institution’s Equality and Diversity Unit which develops, embeds and monitors policies and plans to fulfil the positive duty to promote equal opportunities and to take active steps to prevent discrimination occurring. Over the last two years, process developments have resulted in all decision documents, including policies and procedures requiring completion of an Equality Check Proforma, which both satisfies legislative requirements and further integrates equality and diversity within a policy management framework most suited to support the University’s needs. All staff are also actively encouraged to complete staff development ‘Equality Impact Assessment E-Learning Module’ to this avail.

## **Risk Management**

The University continues to maintain its Risk Management process and monitor the changes implemented. As in previous years, the University has taken on board advice received via the annual Internal Audit Review. These changes ensure control measures/mitigating activities put in place to manage individual risks are reviewed regularly, thus providing assurance in the management of key risks.

Significant changes occurred with the transition from Schools to Faculties. During this period, initial support has been provided to Faculties, in conjunction with the Annual Planning process, in taking forward Risk Registers. Further development included implementation of the Faculty performance monitoring reviews. In addition to this, the new Faculty structure creates a more robust management system by creating specific roles, with the responsibility of taking forward Faculty Risk Registers.

The Corporate Risk Register contains 19 high-level risks, which link to the corporate strategic objectives. The risk areas cover: recruitment and retention of students and staff; student expectation; changes in government policy; implementation of the University change process; business continuity and emergency planning. The Risk Register is updated regularly and reported to CMT and Audit Committee.

This year, there have been key developments in the following areas:

- Implementation of the Faculty performance monitoring reviews;
- The Risk Committee continues to review high-level red risks at a local level via Risk Committee;
- The Risk and Business Continuity Officer conducted review meetings with the Corporate Service areas as part of the Annual Planning process;
- Training sessions were conducted at strategic and management levels to raise awareness in Emergency Planning response. Further media training will be explored for key personnel;
- The continual review of the University Major Incident Plan remains on-going.

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

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

- *Loss of funding through shifts in Government Funding Policy.* The disbandment or reduction of traditional funding streams, and increase in the importance of student fees in recent years remains as a key risk for the University. Mitigating activities include the development of new courses (including DL and TNE programmes) to strengthen international links; revised commercial income generation processes and targets; the implementation of the conversion process review and new budgeting allocation model. Overall, the University has recognised the development of new income sources as a key strategic driver and actively manages the risks and opportunities through a range of management processes and mitigating activities.
- *Recruitment of International Students.* Changes to Government policy regarding the allocation of visas coupled with increased global competition for students has made recruitment in non-EU markets more challenging. This would be impacted more should we fail to comply with the UKVI requirements, thus affecting our Sponsors Licence status. The development of new products for the International market and establishment of additional Regional Offices is being implemented via the Internationalisation strategy and the establishment of the International Academy. UKVI developments are also monitored very closely via Working Group chaired by DVC Access & Lifelong Learning.
- *External Audit Performance of University.* With on-going scrutiny by external agencies, in particular the Quality Assurance Agency which will be reviewing all collaborative link provision at the University in 2014-15, the University has made investments to ensure performance management and quality assurance processes remain strong. This includes the employment of an Assistant Registrar for Partnerships; a review of partnership and due diligence practices and establishment of an effective quality assurance framework.
- *Change Management Processes.* The University continues to go through a significant period of change following the re-structuring of Schools into Faculties, completion of the School Administrative Review, and delivery of a number of new initiatives.
- *Opening of Health Futures UTC.* This highlights the reputational and financial risks associated with potential delays or disruptions to the opening of the first Health Futures University Technical College. Staff are currently developing a recruitment and marketing strategy in consultation with external advisors and in collaboration with all Partners and have established a Project Steering Group with the building contractors to ensure the initiative is successfully implemented.

- *Recruitment and retention of UK/EU students.* Under the new student funding system, the ability to recruit and retain students is critical to financial sustainability. Coupled with this change, student numbers will increasingly be made available to direct competition, and the HE market will be opened up to new entrants. Furthermore, changes are being made to the way teacher training is organized and funded which will bring greater uncertainty into this area of provision.
- *Academies and UTCs.* The University has incorporated a subsidiary of University of Wolverhampton Social Enterprises Limited as a Multi-Academy Trust for schools which convert to academy status. Funding for this is provided by the Department for Education. The MAT currently has 12 academies and is in discussion with a number of others. The University is lead sponsor of the proposed Health Futures UTC in Sandwell.
- *Funding and Associated Impact of Capital Programme.* The University has developed an ambitious capital programme covering the next three years. The current intention is to fund this without further borrowing. Whilst cash balances are currently very healthy, the University must continue to generate cash from operating activities to ensure both that the programme can be funded and that cash reserves remain at reasonable levels.
- *The Business School.* The new Business School will be delivered in time for the 2015/16 academic year. The delivery of the growth contained in the business plan for the new building will be important in ensuring that the development delivers economic benefits to the University and the wider community.

## Conclusion

The University continues to be in a strong position. The University recruited to target in 2013/14 and initial signs are that full time undergraduate recruitment remains strong in 2014/15. Trading continues to generate significant positive cash balances.

The overall financial health of the University continues to improve as a result of four years of improved surpluses. The University is in the process of delivering two significant capital builds at its Wolverhampton campus and has an ambitious capital programme for delivery over the next 3 years. The current cash position is vital in ensuring that this can be funded and that the University continues to be financially sustainable.

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 20<sup>th</sup> November 2014 and signed on its behalf by:

M.Elliott

Chairman of the Board of Governors

## PUBLIC BENEFIT STATEMENT

The University of Wolverhampton's mission is:

*To be an employer-focused university connected with our local, national and global communities delivering opportunity and academic excellence.*

We are a Higher Education Corporation incorporated under the provision of the Education Reform Act 1988. Section 124 of the Act confers the powers of the University to provide higher and further education, the conduct of research and anything necessary or expedient in the exercise of those powers.

Since university status was conferred we have been an exempt charity, meaning today, just as we did when we first opened our doors nearly 190 years ago, we exist to provide education to people from across the Black Country, West Midlands, UK and beyond. We are a leading modern university and a major part of the UK higher education sector, a key contributor to knowledge transfer, economic development, wealth creation and social justice.

The University's Vision (2012-2017) 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.*

We strive to build ladders of progression and social mobility in order to improve individual life chances. We provide an outstanding student experience, ensuring our students are fully supported to achieve academic success and are well equipped for the world of work. We work with businesses to be more employer focused and to ensure that our research grows, informing our teaching and changing practices.

The University's core values are:

- Ethical
- Respectful
- Transparent
- Inclusive and fair
- Challenging
- Confident
- Collaborative
- Professional

*How do our activities deliver public benefit?*

We are committed to providing a broad range of educational opportunities focused on making a real difference to the lives of individuals, communities and businesses. Our main charitable purpose is **the advancement of education** and our activities broadly fit into the following themes:

- Opportunity: social inclusion and social change
- Research
- External engagement: enterprise and employability

### Advancement of education

In 2013/14, the University provided education in the fields of: Art and Design; Applied Sciences; Education, Health and Wellbeing; Law, Social Sciences and Communications; Sports, Performing Arts and Leisure; Technology and Business. We provided undergraduate education to over 16,700 students from across the UK and overseas. We provided postgraduate education, including research opportunities, to over 4,000 students from the UK and overseas.

### Opportunity: Social inclusion and social change

As the University of Opportunity, we will promote social mobility and improve individual life chances within the communities in which we operate. We aim to:

- Raise aspirations within the region
- Raise attainment levels across the region
- Raise the quality of schools within the region
- Raise the level of progression to HE and graduate employment

We have a particular role in raising aspirations amongst those who are from groups underrepresented in higher education and we have a programme of outreach and inreach activities with schools and colleges designed to raise both aspiration and attainment. We aim to work with all age groups from primary school upwards.

A prime example of this work is SciFest. The 3<sup>rd</sup> Science and Engineering Festival (SciFest) began on 1<sup>st</sup> July 2014 with teachers and industry representatives coming together for staff development. From 1<sup>st</sup> to 4<sup>th</sup> July 2014 SciFest hosted school children to experience practical hands-on science and engineering. On 5<sup>th</sup> July 2014 SciFest was open to the public with a series of workshops and family activities.

In September 2013 we offered school and college pupils free taster sessions in law, social sciences, film and languages. Each session was run by University lecturers and specialist staff to provide pupils with a realistic experience of University life and teaching.

As part of our commitment to raising aspirations and attainment levels in 2013/14 we commenced work on two new buildings. Work began on our new £25m Science Building at City Campus, the Rosalind Franklin Science Building. The six storey building will feature state-of-the-art lab facilities for about 2,500 undergraduate and postgraduate students and will also include an area through which the public can view the inside of the building and see experiments and teaching in action. This new development is part of a wider aim to raise aspirations and create a STEM (Science, Technology, Engineering and Maths) resource for local schools and colleges.

Work also began on our new £18m Business School which will provide teaching and learning space with the aim of adding to our growing reputation and engagement with the business community in the region.

During 2013/14 we opened the British Judo Centre of Excellence at our Walsall Campus, a £1m state-of-the-art performance environment, funded by the University. The centre will play a key role in nurturing some of the country's best players in years to come, in particular Great Britain's junior athletes between the ages of 17 and 22 years old. It will also cater to the Great Britain's VI squad and provide a base for all of Great Britain's senior and junior squad players on the programme, providing free access to the Centre's facilities and high quality training.

The University's Arena Theatre successfully secured more than £300,000 worth of funding from Arts Council England, with approximately £110,000 each year for the next three years. The Arena Theatre has made a commitment to continue hosting the best of small-scale touring work for local communities, BME groups, Disability Arts and work with the student body, as well as commissioning new work in these fields.

Our aim is to ensure that no student is deterred from applying to the University because of the costs of living and studying here. The University awards significant sums in financial support to students from low-income groups in the form of scholarships and Access to Learning Fund payments. The amount distributed by the Access to Learning Fund (formerly the Hardship Fund) in 2013/14 was £630,711. In 2013/14 the University disbursed 778 Scholarships each worth £3000 under the National Scholarship Programme to new students from low income households, care leavers and disabled students with deafness or other hearing impairment.

During 2013/14 we were awarded the Athena Swan Bronze Award which recognises and celebrates good employment practice for women in Science, Engineering and Technology subject areas in higher education and research.

As part of our efforts to raise the quality of schools in the region, we actively support nine academies (two Secondary Schools, seven Primary Schools) and sponsor three UTCs. One of these is the Health Futures

UTC which was approved by the Department of Education in 2012/13. This is sponsored by the University in conjunction with 23 partners including all NHS Trusts in the Black Country and Birmingham. The UTC will offer opportunities to undertake full-time academic, practical, vocational and technical studies in a wide range of specialist skills that will help prepare 14-19 year olds for a career in the future NHS or health science based industries. Students will be prepared for, and gain direct insight into, a wide range of health careers such as nursing, paramedic services, radiography, pathology, physiotherapy and pharmacy within the NHS and private sector.

We view graduate employability as a vital part of what we do, not only for the benefit of the individual, but in terms of contributing to the prosperity, economic and social growth of our region.

In 2012/13 (these are the latest Destination of Leavers of Higher Education figures available at the time of writing) 94% of students who graduated from the University of Wolverhampton are in work or further study after they leave – a 4% increase on the previous year. We have made a number of improvements in the way we support graduates. These include:

- Increasing opportunities for placements to gain vital work experience with regional and national employers
- Working closely with businesses in the region via the Wolverhampton Business Solutions Centre
- Enhancing the employability of new graduates with skills development both within the curriculum and through a new University Employability Award
- Supporting graduates after they have left through training opportunities and updates about job vacancies
- Supporting students and graduates who wish to set up their own businesses

To prepare students for their careers beyond university we have increased the number of STEP placement and training schemes by more than 50% in comparison to the previous year, to over 600 employment opportunities. There has also been a 50% increase in the number of Graduate Internships and other placement activities within the University.

### Research

Our research activities impact on business, public and voluntary sector organisations in a variety of different ways by advancing knowledge or by addressing real world problems. We recognise that the intellectual capital we hold or have an interest in is of critical importance to the benefit of society as a whole and to this end have continued to make significant investments in research in 2013/14. Over the last 20 years, we have invested heavily in growing our research activity and as a result, we now have national and international recognition for some of the research we undertake.

Our research centres encompass a broad range of disciplines, from the use of recycled materials in construction, the development of the education system in the West Midlands, and representations of social and cultural reality, to engineering and manufacturing innovation, boardroom efficacy and governance and the latest developments in healthcare, exercise, sport and performance.

The University conducts its research objectives in selected areas in a user-led collaborative way aimed at maximising the societal impact of our 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.

We have established a Research Policy Unit which develops implements and monitors our research strategy. During 2013/14 we have continued to demonstrate our commitment to research activities by creating up to 20 PhD studentships which provide a bursary for students whilst completing their PhD, and then provide employment within the Faculty for a two year period.

The academic year 2013/14 saw us open our Doctoral College which all postgraduate research students are a member of, in addition to their Faculty. The Doctoral College assists us in building an overarching and vibrant research community that unites and supports all research students and co-ordinates and delivers a comprehensive programme of research training for research students and supervisors.

Our public lectures give University and visiting speakers the chance to talk about their research to staff, students and members of the public. With free entry, they provide the perfect opportunity to discuss interesting and topical matters with the speaker and other members of the audience. Such an example of events was our Performance Hub Research Festival held in October 2013 which offered a unique opportunity for both PhD students and Wolverhampton's Performing Arts lecturers to showcase their creative research interests.

### Enterprise and Employability

We aim to contribute to economic development and wealth generation in the development and commercialisation of innovative products, processes and services, as well as making our advice and expertise readily accessible to the business community and the development of firm and long-lasting relationships.

We play a leading role in the economic prosperity of the region by encouraging the creation of start-up businesses. We have two incubator facilities providing support to new business start-ups and those in the early stages of operation; the e-Innovation Centre in Telford and SP/ARK, based at the University of Wolverhampton Science Park. We are also at the forefront in Knowledge Transfer Programmes, providing businesses with the opportunity to make best use of the skills of our graduates.

We provide business support, consultancy, skills development and research, which contribute significantly to the economic regeneration and prosperity of those living and working within the West Midlands area. During 2013/14 the University of Wolverhampton Business School was awarded a Small Business Charter Bronze Award recognising the role we have played in helping to kick-start British Enterprise.

The University also aims to offer continuing professional development to businesses and individuals to maintain the competitive edge for the region in an internationally competitive and ever changing economy, seeking to secure and optimise the skills and opportunities for the communities we serve. For example in September 2013 we held introductory workshops designed to showcase the ways innovative technology can aid companies. These free sessions were developed by Innovation 1<sup>st</sup>, a University of Wolverhampton project partly financed by the European Regional Development Fund, and were aimed at SME's in the West Midlands region and explored how advanced technology could potentially help businesses in reducing their costs and increasing their efficiencies.

We have a global outlook and in October 2013 we opened an office located in the heart of Brussels to ensure we are at the centre of political decision making at the home of the EU, as well as providing opportunities for collaborations with other European academic institutions and businesses in regards to research, knowledge transfer and skills development. This will allow us to build new partnerships with scientific or industrial projects and firms and bid directly for EU funding to support new, innovative developments and forge a network of contacts throughout the EU.

In February 2014 we won the award for best International Project at the Guardian University Awards 2014 for our work in Nigeria helping to develop business and entrepreneurship for SMEs.

## CORPORATE GOVERNANCE STATEMENT

The University is committed to exhibiting best practice in all aspects of corporate governance. The University conducts its corporate governance in accordance with the Committee on Standards in Public Life (Nolan Committee) and the Committee of University Chairmen Guide for Members of Higher Education Governing Bodies in the UK. The University adopted the CUC Governance Code of Practice and formally undertakes review of governance every five years with interim reviews every two years. The last interim review took place in spring/summer 2013.

### The Governing Body

The membership of the University's Board of Governors, the majority of which are independent members and comprises of independent, co-opted, staff and student members together with the Vice-Chancellor, appointed in accordance with the University's Instrument of Government. 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 Act") and the Articles of Government of the University, and under the Financial Memorandum with the 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 Away Day. All meetings are minuted. The Board of Governors has the following sub-committees:

- Audit Committee
- Equality and Diversity Joint Committee
- Finance and General Purpose Committee
- Nominations Committee
- Remuneration Committee

All of these committees are formally constituted with Terms of Reference and are chaired by a Governor.

In addition, the Articles of Government provide for matters of academic policy to be determined by the Academic Board. Four members of the governing body are also Academic Board members and a report of Academic Board business is provided to the Board of Governors at each meeting throughout the academic year.

### Audit Committee

The Audit Committee meets regularly throughout the year and has been granted plenary powers from the Board of Governors. 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 the Audit Committee as necessary, they are not members of the Committee. Committee members have the opportunity to meet with External Auditors in private for independent discussions, at least once a year. The 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 and staff. The committee acts on behalf of the Board and Academic Board to consider and determine matters of equality and diversity for staff and students. The committee meets twice a year.



### **Finance and General Purpose Committee**

The Finance and General Purpose Committee has powers to act on behalf of the Board on all matters of employment and financial policy, except where provided otherwise by the Act or by the Articles of Government, or by a specific decision of the Board. The Committee also advises on all matters of estates acquisition, development or disposal and the efficient utilisation of the estate and other physical resources. The Committee further advises on all matters of health and safety and oversees the University's major external operations. The Committee meets six times a year.

### **Nominations Committee**

The 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. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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. The complete process was in place at the start of the financial year 2013/2014, namely:

- a. an approved Risk Management Policy;
- b. a Risk Committee, with appropriate terms of reference, which normally meets 3 times a year and reports to Audit Committee;
- c. a ranked University Risk Register and local risk registers within Academic Faculties and Service Departments;
- d. an annual assurance report;
- e. 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
- f. the identification of key risks by OVC members in the light of the strategic plan.

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

- a. The Audit Committee provides oversight of the process of internal control. The Board receives periodic reports from the audit committee concerning the processes of internal control and risk management;
- b. The 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 the 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 the Audit Committee regarding the operation of risk management processes; and
- g. The work of the managers within the institution, 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 2014 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 modest surplus in 2014/15, and 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 2014. 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 continues to press forward with initiatives aligned to the five-year strategic plan that was adopted by the Board of Governors on 24 November 2011. 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 of The University of Wolverhampton is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure 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 addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the University's Board of Governors, The Board of Governors, through the Vice-Chancellor as its designated office holder, 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 cash flows for that year.

In causing the financial statement to be prepared, the Board of Governors has ensured that:

- Suitable accounting policies are selected and applied consistently;
- Judgements and estimates are made that are reasonable and prudent;
- Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 Financial Memorandum 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 team whose annual programme is approved by the 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 the 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 2010/11, with an interim review in 2012/13. A full review is scheduled to take in 2015.

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

We have audited the group and University financial statements (the "financial statements") of the University of Wolverhampton for the year ended 31 July 2014, which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies 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).

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 set out on page 24 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 Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Independent auditor's report to the Board of Governors of the University of Wolverhampton (continued)****Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2014 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

**Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992**

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes
- income has been applied in accordance with the University's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

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

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and group.

**Andrew Argyle**

**For and on behalf of KPMG LLP, Statutory Auditor**

Chartered Accountants

One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

Date: 20 November 2014

*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.*

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

## STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

### 1. Accounting Convention

The Financial Statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings inherited from Walsall and Wolverhampton Local Authorities and transferred from the Commission for the New Towns at valuation, and in accordance with both the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions (SORP - 2007) and applicable Accounting Standards.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements except as noted below. The accounts have been prepared on a going concern basis as disclosed on page 24.

### 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 2014. 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 £40,866 in 2013/2014 (£40,698 in 2012/2013). 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 2013/14 ECMAT was in its second 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.

### 3. Recognition of Income

The recurrent grant from HEFCE and the NCTL represents the funding allocation which is attributable to the current financial year and is credited direct to the income and expenditure account.

Grants which are applied to acquire tangible fixed assets are credited to deferred capital grants and released to the income and expenditure account over the estimated useful lives of the relevant assets.

Tuition fees represent all fees chargeable to students, or their sponsors, received and receivable where service provision is attributable to the current accounting year. This is shown net of any fees waived by the University.

Income from research grants, contracts and other services rendered is included to the extent of the completion of the contract or services concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contribution towards overhead costs.

#### 4. Pension Schemes

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 FRS17 "Retirement 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. There are also twenty seven members of staff in the Universities Superannuation Scheme. This scheme is accounted for in a similar manner to TPS.

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. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses

#### 5. Foreign Currencies

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.

#### 6. Leases

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

#### 7. Tangible Fixed Assets

##### (a) Land and Buildings

Freehold land and buildings are stated at valuation except for the buildings constructed since the last valuation, which are shown at cost. The basis of valuation is depreciated replacement costs for specialised buildings or open market value for other buildings. The valuation was carried out by W S Atkins Consultants Limited, Chartered Surveyors, as at 31 July 1996 in accordance with the RICS Statements of Asset Valuation Practice and Guidance Notes.

On adoption of FRS 15, the University followed the transitional provisions to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful life. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings. The buildings' expected useful lives vary from 5 to 50 years as recommended in the valuation report from W S Atkins Consultants Limited.

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

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 treated as a deferred capital grant and released to income over the expected life of the equipment.

**8. 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.

**9. Stocks**

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.

**10. Maintenance of Premises**

The cost of long term and routine maintenance is charged to the Income and Expenditure Account in the period it is incurred.

**11. Taxation Status**

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

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 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.

## 12. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The provision for enhancing the on-going pensions of former members of staff is renewed annually with reference to updated actuarial tables.

Contingent liabilities are disclosed by way of a note, when the definition of a provision is not met and includes three scenarios: possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow.

Contingent assets are disclosed by way of a note, where there is a possible, rather than present, and asset arising from a past event.

**CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT****For the year ended 31 July 2014**

	Notes	2013/14 £'000	2012/13 £'000
<b>INCOME</b>			
Funding Council Grants	1	28,713	41,977
Academic Fees and Support Grants	2	101,244	83,610
Research Grants and Contracts	3	3,033	3,171
Other Operating Income	4	32,517	31,944
Endowment Income and Interest Receivable	5	447	798
		<hr/>	<hr/>
<b>Total Income</b>		165,954	161,500
		<hr/>	<hr/>
<b>EXPENDITURE</b>			
Staff Costs	6	88,161	86,992
Restructuring Costs	6	120	340
Other Operating Expenses	7	55,914	50,506
Depreciation	10	8,403	9,177
Interest Payable	8	2,234	2,293
		<hr/>	<hr/>
<b>Total Expenditure</b>		154,832	149,308
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Fixed Assets at Valuation and Before Tax		11,122	12,192
Taxation		0	0
		<hr/>	<hr/>
Surplus before Disposal of Fixed Assets		11,122	12,192
Profit on Disposal of Fixed Assets		0	113
		<hr/>	<hr/>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax		11,122	12,305
		<hr/>	<hr/>
Deficit for the Year Transferred from Accumulated Income in Endowment Funds		17	9
		<hr/>	<hr/>
Surplus for the Year Retained Within General Reserves		11,139	12,314
		<hr/> <hr/>	<hr/> <hr/>

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

The Governors believe that there is no corporation tax liability for the year.

**NOTE OF HISTORICAL COST SURPLUSES AND DEFICITS****For the year ended 31 July 2014**

	<b>Notes</b>	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Surplus on Continuing Operations		11,122	12,305
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	22	924	924
		—————	—————
Historical Cost Surplus for the Year before Taxation		12,046	13,229
		=====	=====

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

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Surplus on Continuing Operations after Depreciation of Assets at Valuation, Disposal of Assets and Tax	11,122	12,305
Actuarial Gain on Local Government Pension Fund	3,711	5,713
New Endowments	8	4
	-----	-----
Total Recognised Gains Relating to the Year	14,841	18,022
Reconciliation:		
Opening Reserves and Endowments	108,457	90,435
Total Recognised Gains Relating to the Period	14,841	18,022
	-----	-----
Closing Reserves and Endowments	123,298	108,457
	=====	=====

**BALANCE SHEETS AS AT 31 JULY 2014**

	Notes	Consolidated		University	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>					
Tangible Assets	10&11	190,379	181,494	179,914	170,698
Investments	12	36	36	36	36
		<hr/>	<hr/>	<hr/>	<hr/>
		190,415	181,530	179,950	170,734
		<hr/>	<hr/>	<hr/>	<hr/>
<b>ENDOWMENT ASSET INVESTMENTS</b>	13	134	143	134	143
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>					
Stock and Stores in Hand	14	222	243	212	233
Debtors	15	15,145	11,085	14,999	12,450
Investments		47,244	68,638	47,244	68,456
Cash at Bank and in Hand		39,649	16,526	38,720	15,673
		<hr/>	<hr/>	<hr/>	<hr/>
		102,260	96,492	101,175	96,812
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	34,820	30,056	33,292	29,407
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		67,440	66,436	67,883	67,405
		<hr/>	<hr/>	<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		257,989	248,109	247,967	238,282
		<hr/>	<hr/>	<hr/>	<hr/>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	15,840	17,395	13,365	14,663
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	19	4,917	4,896	4,917	4,896
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS excluding pension liability</b>		237,232	225,818	229,685	218,723
		<hr/>	<hr/>	<hr/>	<hr/>
<b>PENSION LIABILITY</b>	30	58,145	60,476	58,145	60,476
		<hr/>	<hr/>	<hr/>	<hr/>
<b>NET ASSETS including pension liability</b>		179,087	165,342	171,540	158,247
		<hr/>	<hr/>	<hr/>	<hr/>

**BALANCE SHEETS AS AT 31 JULY 2014**

	Notes	Consolidated		University	
		2014 £'000	2013 £'000	2014 £'000	2013 £'000
<b>DEFERRED CAPITAL GRANTS</b>	20	55,789	56,885	48,707	49,563
<b>ENDOWMENTS</b>					
Restricted Expendable	21	134	143	134	143
<b>RESERVES</b>					
Revaluation Reserve	22	23,252	24,176	22,860	23,789
I and E Excluding Pension Reserve	23	158,057	144,614	157,984	145,228
Pension Reserve		(58,145)	(60,476)	(58,145)	(60,476)
I and E Including Pension Reserve		99,912	84,138	99,839	84,752
<b>TOTAL FUNDS</b>		<u>179,087</u>	<u>165,342</u>	<u>171,540</u>	<u>158,247</u>

The Financial Statements on pages 28 to 58 were approved by the Board of Governors on 20<sup>th</sup> November 2014 and signed on its behalf by:

M. Elliott                      Chairman of the Board of Governors

Professor G. Layer              Vice-Chancellor and Accountable Officer

A. Holding                      Finance Director

**CONSOLIDATED CASH FLOW STATEMENT****For the year ended 31 July 2014**

	<b>Notes</b>	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	24	20,822	27,794
Returns on Investments and Servicing of Finance	25	(493)	(377)
Capital Expenditure and Financial Investment	26	(17,153)	(12,290)
Management of Liquid Resources	27	21,394	(7,268)
Financing	28	(1,456)	(1,878)
		—————	—————
<b>INCREASE IN CASH IN THE YEAR</b>	29	23,114	5,981
		=====	=====
 <b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/DEBT</b>			
Increase in Cash in the Year	29	23,114	5,981
(Decrease)/Increase in Short Term Deposits	27	(21,394)	7,268
Repayment of Debt	28	1,456	1,878
		—————	—————
<b>Movement in Net Funds in the Year</b>	29	3,176	15,127
<b>Net Funds as at 1 August</b>	29	65,988	50,861
		—————	—————
<b>Net Funds as at 31 July</b>	29	69,164	65,988
		=====	=====

**NOTES TO THE ACCOUNTS**

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
<b>1. FUNDING COUNCIL GRANTS</b>		
<b>Recurrent Grants</b>		
HEFCE	22,941	34,260
NCTL	386	851
<b>Specific Grants</b>		
HEFCE:		
Special Initiatives	3,651	4,345
NCTL:		
Graduate Teacher Scheme	(6)	771
Other Special Initiatives	354	266
<b>Deferred Capital Grants Released in the Year</b>		
HEFCE:		
Buildings	1,238	1,328
Equipment	149	156
	-----	-----
	28,713	41,977
	-----	-----
<b>2. ACADEMIC FEES AND SUPPORT GRANTS</b>		
Full-time UK and EU Students	70,486	54,508
Full-time Students Charged Overseas Fees	9,827	8,564
Part-time UK and EU Students	5,279	3,991
Franchised Courses	3,255	2,666
Education Contracts	12,397	13,881
	-----	-----
	101,244	83,610
	-----	-----
<p>The above figures are gross of fee discounts and waivers of £3.3M (2012/13: £2.0M). These costs have been included in Other Operating Expenses.</p>		
<b>3. RESEARCH GRANTS AND CONTRACTS</b>		
Research Council	314	205
UK Based Charities	383	416
Other Research Grants and Contracts	2,336	2,550
	-----	-----
	3,033	3,171
	-----	-----



**NOTES TO THE ACCOUNTS**

	<b>2013/14</b> <b>£'000</b>	<b>Restated</b> <b>2012/13</b> <b>£'000</b>
<b>4. OTHER OPERATING INCOME</b>		
Residences, Catering and Conferences	7,440	7,710
Other Services Rendered	18,948	19,656
Released from Deferred Capital Grants	665	665
Other Income	5,464	3,913
	<hr/>	<hr/>
	32,517	31,944
	<hr/>	<hr/>

The 2012/13 comparative figures for Other Services Rendered and Other Income have been restated. This reflects the misclassification of activity due to coding changes. The total for Other Operating Income is unchanged.

	<b>2013/14</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>
<b>5. ENDOWMENT INCOME AND INTEREST RECEIVABLE</b>		
Transferred from Endowments	0	0
Other Investment Income	447	798
	<hr/>	<hr/>
	447	798
	<hr/>	<hr/>
<b>6. STAFF</b>		
Staff Costs:		
Wages and Salaries	71,892	71,160
Social Security Costs	5,846	5,866
Other Pension Costs (Including FRS 17 Adjustment)	10,423	9,966
Restructuring Costs Excluding Pension	120	266
Restructuring Costs Pension Element	0	74
	<hr/>	<hr/>
	88,281	87,332
	<hr/>	<hr/>
Emoluments of the Vice-Chancellor for the year to 31 July	224	206
	<hr/>	<hr/>

The emoluments of the Vice-Chancellor are shown inclusive of employers' pension contribution. The University's pension contributions to the Universities Superannuation Scheme are paid at the rate of 9.3% and amount to £17,420 (2012/13 £25,872).

	<b>Number</b>	<b>Number</b>
The full time equivalent number of staff employed on 31 July by major category:		
Academic	759	758
Technical, Administrative and Clerical	1,018	935
Other, including Manual	300	306
	<hr/>	<hr/>
	2,077	1,999
	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS**

Remuneration of the other higher paid staff, excluding employers' pension contributions

	<b>2013/14</b>	<b>2012/13</b>
£100,000 - £109,999	0	0
£110,000 - £119,999	1	3
£120,000 - £129,999	3	2
£130,000 - £139,999	0	0
£140,000 - £149,999	0	0

	<b>2013/14</b>	<b>Restated</b>
	<b>£'000</b>	<b>2012/13</b>
		<b>£'000</b>
<b>7. OTHER OPERATING EXPENSES</b>		
Residences, Catering and Conferences	1,243	1,207
Books and Consumables	2,457	2,326
Equipment	5,623	4,709
Printing and Stationery	1,221	1,292
Heat, Light, Water and Power	3,565	3,295
Repairs and Maintenance	2,751	2,093
Grants to University of Wolverhampton Students' Union	782	793
Rents	1,351	1,150
Rates	478	526
Auditors' Remuneration	186	133
Auditors' Remuneration in Respect of Non-Audit Services	50	51
Equipment Operating Lease Rentals	99	95
Franchise Payments to Colleges	2,747	2,815
Staff Travel and Subsistence	2,573	2,727
Staff Recruitment Costs	106	145
Staff Development	1,733	738
Student Scholarships, Bursaries, Placements and Travel Costs	9,836	7,984
Payments to Partners	5,081	3,539
Consultancies on External Projects	3,300	4,018
Other Consultancies	754	1,619
Telecommunications and Postage	539	572
Provision for Bad Debts	810	672
Cleaning Costs	533	489
Legal, Professional and Other	4,104	3,211
Insurance	434	488
Publicity	1,975	1,528
Subscriptions	815	749
Other	768	1,542
	<hr/>	<hr/>
	55,914	50,506
	<hr/>	<hr/>

The 2012/13 comparative figures for Payments to Partners, Consultancies on External Projects and Legal Professional & Other have been restated. This reflects the misclassification of activity due to coding changes. The total for Other Operating Expenses is unchanged.

Auditors remuneration includes:	<b>2013/14</b>	<b>2012/13</b>
Auditors remuneration:	<b>£'000</b>	<b>£'000</b>
- Financial statements audit	64	61
- Internal audit	76	77
Auditors remuneration in respect of non-audit services includes:		
- Financial statements audit – other services	96	46

Fees paid to external auditors for the audit of the University were £33,132 (2012/13: £31,940) including irrecoverable VAT.

**NOTES TO THE ACCOUNTS****Trustees**

No trustee has received any remuneration/waived payments from the University Group during the year (2012/13 Nil)

The total expenses paid to or on behalf of trustees was £592 (2012/13 £1,473). This represents travel and subsistence expenses incurred in attending meetings and training events connected with their roles as trustees.

**8. INTEREST PAYABLE**

	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Bank Loan Not Wholly Repayable Within Five Years	1,029	1,054
Net Pension Interest Cost in respect of FRS17	998	1,050
Net Pension Interest Cost in respect of Enhanced Pensions	207	189
	<hr/>	<hr/>
	2,234	2,293
	<hr/>	<hr/>

**9. ANALYSIS OF EXPENDITURE BY ACTIVITY**

	<b>Staff</b>		<b>Other</b>	<b>Interest</b>	
	<b>Costs</b>	<b>Dep'n</b>	<b>Operating</b>	<b>Payable</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>Expenses</b>	<b>£'000</b>	<b>£'000</b>
			<b>£'000</b>		
Academic Departments	47,369		10,197		57,566
Academic Services	6,558		3,642		10,200
Research Grants and Contracts	1,386		1,922		3,308
Residences, Catering and Conferences	2,673		3,024		5,697
Premises	5,990		6,537		12,527
Administration	17,435		18,375		35,810
Other Expenses	6,870	8,403	12,217	2,234	29,724
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	88,281	8,403	55,914	2,234	154,832
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The Depreciation Charge has been funded by:

Deferred Capital Grant	2,052
Revaluation Reserve Released	924
General Income	5,427
	<hr/>

8,403

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**NOTES TO THE ACCOUNTS****10. TANGIBLE ASSETS**

	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>Consolidated Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation</b>				
At 1 August 2013	253,625	40,296	1,626	295,547
Additions at Cost	3,845	368	13,075	17,288
Transfers at Cost	0	0	0	0
Disposals at Cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	257,470	40,664	14,701	312,835
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2013	75,519	38,534	0	114,053
Charge for Year	7,603	800	0	8,403
Eliminated on Disposal	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	83,122	39,334	0	122,456
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2014	174,348	1,330	14,701	190,379
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2013	178,106	1,762	1,626	181,494
	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant	55,121	668	0	55,789
Other	119,227	662	14,701	134,590
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2014	174,348	1,330	14,701	190,379
	<hr/>	<hr/>	<hr/>	<hr/>

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained. The basis of valuation is depreciated replacement cost or open market value for existing use and was carried out by a firm of independent surveyors in 1996.

**NOTES TO THE ACCOUNTS****11. TANGIBLE ASSETS**

	<b>Land and Buildings Freehold £'000</b>	<b>Equipment £'000</b>	<b>University Assets in the Course of Construction £'000</b>	<b>Total £'000</b>
<b>Valuation/Cost</b>				
At 1 August 2013	237,958	39,287	1,626	278,871
Additions at Cost	3,845	368	13,075	17,288
Transfers at Cost	0	0	0	0
Disposals at Cost	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	241,803	39,655	14,701	296,159
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1 August 2013	70,662	37,511	0	108,173
Charge for Year	7,279	793	0	8,072
Eliminated on Disposal	0	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 2014	77,941	38,304	0	116,245
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2014	163,862	1,351	14,701	179,914
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 2013	167,296	1,776	1,626	170,698
	<hr/>	<hr/>	<hr/>	<hr/>
Financed by Capital Grant	48,039	668	0	48,707
Other	115,823	683	14,701	131,207
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net Book Value</b>				
At 31 July 2014	163,862	1,351	14,701	179,914
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS****12. INVESTMENTS**

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Balance as at 1 August	36	36	36	36
Acquisitions	0	0	0	0
Impairment	0	0	0	0
	—	—	—	—
Balance as at 31 July	36	36	36	36
	—	—	—	—

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 is 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 Limited do not currently trade.

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.

During the year, the University disposed of its shareholdings in Unibyte Ltd., Flyte Ltd., and Equiami Ltd.

**NOTES TO THE ACCOUNTS****13. ENDOWMENT ASSET INVESTMENTS**

	<b>Consolidated and University</b>	
	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Balance as at 1 August	143	148
Net Reduction	(9)	(5)
	<hr/>	<hr/>
Balance as at 31 July	134	143
	<hr/>	<hr/>
Represented by:		
C.O.I.F. Charities Deposit	3	3
Cash Balances	131	140
	<hr/>	<hr/>
	134	143
	<hr/>	<hr/>

**14. ASSETS HELD FOR RESALE/STOCK AND STORES IN HAND**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Computer Bulk Purchases	66	66	66	66
Catering Provisions	83	74	83	74
Print Unit Services	15	23	15	23
Fuel	4	7	3	7
Other Materials	54	73	45	63
	<hr/>	<hr/>	<hr/>	<hr/>
	222	243	212	233
	<hr/>	<hr/>	<hr/>	<hr/>

**NOTES TO THE ACCOUNTS****15. DEBTORS**

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Amounts Falling Due Within One Year:				
Debtors:				
Subsidiary Companies	0	0	2,136	3,096
Other	14,294	10,584	12,049	8,896
Prepayments and Accrued Income	851	501	814	458
	<u>15,145</u>	<u>11,085</u>	<u>14,999</u>	<u>12,450</u>

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

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Mortgages and Unsecured Loans	2,041	1,956	1,797	1,725
Subsidiary Companies	0	0	1,214	815
Payments Received on Account	7,936	8,823	6,140	7,704
Trade Creditors	22,600	16,298	21,898	16,184
Other Taxation & Social Security	2,243	2,979	2,243	2,979
	<u>34,820</u>	<u>30,056</u>	<u>33,292</u>	<u>29,407</u>

**17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
Unsecured Loans	15,819	17,360	13,365	14,663
Other	21	35	0	0
	<u>15,840</u>	<u>17,395</u>	<u>13,365</u>	<u>14,663</u>

Unsecured Loans represent a bank loan in respect of the Science Park Buildings and the University Capital Programme taken out in March 2003 for 20 years, at 0.42% over LIBOR for the first two years and 5.74% fixed for the remaining years. In addition, the figure incorporates an interest free loan from the Higher Education Funding Council for the construction of the Performance Hub. The loan was received in 2010, and was for £2M repayable over a period of 4 years.

In 2013/14 the University received a loan of £0.5M from HEFCE under the Revolving Green Fund initiative. This loan is repayable in instalments from 2015/16.



**NOTES TO THE ACCOUNTS****18. BORROWINGS**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Bank Loans are repayable as follows:				
In one year or less	2,041	1,956	1,797	1,725
Between one and two years	1,754	1,916	1,495	1,672
Between two and five years	5,741	5,183	4,868	4,359
In five years or more	8,324	10,261	7,002	8,631
	—————	—————	—————	—————
	17,860	19,316	15,162	16,387
	—————	—————	—————	—————

**19. PROVISIONS FOR LIABILITIES AND CHARGES**

	<b>Consolidated and University</b>		
	<b>Enhanced Pensions £'000</b>	<b>Other £'000</b>	<b>Total £'000</b>
At 1 August 2013	4,845	51	4,896
Expenditure in the year			
Unused Provision Released in Year	(353)	0	(353)
Transfer from Income and Expenditure Account	374	0	374
	—————	—————	—————
At 31 July 2014	4,866	51	4,917
	—————	—————	—————

The enhanced pension provision comprises an estimate of the amounts payable by the University in respect of pension contributions for members of staff who have taken early retirement.

**NOTES TO THE ACCOUNTS****20. DEFERRED CAPITAL GRANTS**

	Consolidated			University		
	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000	Funding Council £'000	Other Grants and Benefactions £'000	Total £'000
At 1 August 2013						
Buildings	41,193	14,889	56,082	41,193	7,567	48,760
Equipment	476	327	803	476	327	803
	-----	-----	-----	-----	-----	-----
Total	41,669	15,216	56,885	41,669	7,894	49,563
	-----	-----	-----	-----	-----	-----
Cash Received/Receivable						
Buildings	865	0	865	865	0	865
Equipment	91	0	91	91	0	91
	-----	-----	-----	-----	-----	-----
Total	956	0	956	956	0	956
	=====	=====	=====	=====	=====	=====
Released to Income and Expenditure:						
Buildings	1,238	588	1,826	1,238	348	1,586
Equipment	149	77	226	149	77	226
	-----	-----	-----	-----	-----	-----
Total	1,387	665	2,052	1,387	425	1,812
	=====	=====	=====	=====	=====	=====
At 31 July 2014						
Buildings	40,820	14,301	55,121	40,820	7,219	48,039
Equipment	418	250	668	418	250	668
	-----	-----	-----	-----	-----	-----
Total	41,238	14,551	55,789	41,238	7,469	48,707
	=====	=====	=====	=====	=====	=====

**NOTES TO THE ACCOUNTS****21. ENDOWMENTS****Consolidated and University**

	<b>Restricted Expendable &amp; Total £'000</b>
At 1 August 2013	143
Additions	8
Income for Year	0
Expenditure for Year	(17)
	—
At 31 July 2014	134
	—
Representing:	
Prize Funds	134
Accumulated Income	0
	—
	134
	—

**22. REVALUATION RESERVE**

	<b>Consolidated</b>		<b>University</b>	
	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Balance b/fwd at 1 August	24,176	25,100	23,789	24,718
Release to the Income and Expenditure Account	(924)	(924)	(929)	(929)
	—	—	—	—
At 31 July	23,252	24,176	22,860	23,789
	—	—	—	—

**NOTES TO THE ACCOUNTS****23. INCOME AND EXPENDITURE ACCOUNT**

	Consolidated		University	
	2013/14 £'000	2012/13 £'000	2013/14 £'000	2012/13 £'000
As at 1 August	84,138	65,187	84,752	65,701
Surplus for the Year	11,139	12,314	10,447	12,409
Transfer from Revaluation Reserve	924	924	929	929
Pension Gain FRS17	3,711	5,713	3,711	5,713
	_____	_____	_____	_____
As at 31 July	99,912	84,138	99,839	84,752
	_____	_____	_____	_____

**24. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FROM OPERATING ACTIVITIES**

	2013/14 £'000	2012/13 £'000
Surplus before Tax	11,122	12,305
Depreciation (Note 10)	8,403	9,177
Deferred Capital Grants Released to Income (Note 20)	(2,052)	(2,149)
Interest Payable	2,234	2,293
Pension Cost less Contributions Payable	382	1,340
Decrease/(Increase) in Stock	21	(62)
(Increase)/Decrease in Debtors/Pre-payments	(4,244)	2,682
Increase in Creditors/Receipts in Advance	5,589	3,321
Decrease in Provisions excl. enhanced pensions interest	(186)	(202)
Interest Receivable	(447)	(798)
Profit on Sale of Tangible Assets	0	(113)
	_____	_____
<b>Net Cash Inflow from Operating Activities</b>	<b>20,822</b>	<b>27,794</b>
	_____	_____

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

	2013/14 £'000	2012/13 £'000
Income from Endowments	0	0
Income from Short Term Investments	536	734
Interest Paid	(1,029)	(1,111)
	_____	_____
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(493)</b>	<b>(377)</b>
	_____	_____

**NOTES TO THE ACCOUNTS****26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Purchase of Tangible Fixed Assets	(18,212)	(13,272)
Deferred Capital Grants Received	1,051	865
New Endowment	8	4
Receipt from Sale of Tangible Assets	0	113
	-----	-----
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>	<b>(17,153)</b>	<b>(12,290)</b>
	-----	-----

**27. MANAGEMENT OF LIQUID RESOURCES**

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Withdrawals from Deposits	21,394	0
Placing of Deposits	0	(7,268)
	-----	-----
<b>Net Cash Inflow/(Outflow) from Management of Liquid Resources</b>	<b>21,394</b>	<b>(7,268)</b>
	-----	-----

Liquid resources comprise money on short terms deposit with a maturity date within one year of the balance sheet date.

**28. FINANCING**

	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Mortgages and Loans acquired	500	0
Repayment of Amounts Borrowed	(1,956)	(1,878)
	-----	-----
<b>Net Cash Outflow from Financing</b>	<b>(1,456)</b>	<b>(1,878)</b>
	-----	-----

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

	<b>At 1 August 2013 £'000</b>	<b>Cash Flows £'000</b>	<b>Other Changes £'000</b>	<b>At 31 July 2014 £'000</b>
Cash at Bank and in Hand	16,526	23,123	0	39,649
Endowment Asset Investments	140	(9)	0	131
	-----	-----	-----	-----
	16,666	23,114	0	39,780
Short Term Deposits	68,638	(21,394)	0	47,244
Debt Due within One Year	(1,956)	1,956	(2,041)	(2,041)
Debt Due after One Year	(17,360)	(500)	2,041	(15,819)
	-----	-----	-----	-----
	65,988	3,176	0	69,164
	-----	-----	-----	-----

**NOTES TO THE ACCOUNTS****30. PENSION SCHEMES**

The two principal pension schemes for the University's staff are Teachers' Pension Scheme (TPS) and the West Midlands Metropolitan Authorities' Pension Fund (WMMAPF). The pension charged for the period is shown below. There were twenty seven members of staff in the Universities Superannuation Scheme (USS) at the end of July 2014.

	<b>2013/14</b> <b>£'000</b>	<b>2012/13</b> <b>£'000</b>
TPS and USS – contributions	4,611	4,650
WMMAPF – contributions	5,263	3,904
WMMAPF – FRS 17 adjustment	382	1,340
	—————	—————
	10,256	9,894
Enhanced pensions	167	146
	—————	—————
Total per note 6	10,423	10,040
	—————	—————
Enhanced Pensions Interest Cost	207	189
Benefits Paid	(353)	(348)
	—————	—————
Total Movement on Enhanced Pension Provision (note 19)	21	(13)
	—————	—————

**Universities Superannuation Scheme**

Due to the low value of contributions and small number of participants in the USS no disclosures have been made on the grounds of materiality.

**Teachers' Pension Scheme**

The Teachers' Pension Scheme (TPS) is an unfunded defined benefit pension scheme. Contributions are made to a notional fund held by the Exchequer under arrangements governed by the Superannuation Act 1972.

Rates payable during the 2013/14 financial year were set by the actuarial valuation carried out as at 31<sup>st</sup> March 2004. Key assumptions used in the valuation were:

Rate of return on investments	6.5%
Real rate of return in excess of prices	3.5%
Real rate of return in excess of earnings	2.0%
Real rate of earnings growth	1.5%

Based on these assumptions, the valuation assessed scheme liabilities as £166,500 million and assets as £163,240.

**NOTES TO THE ACCOUNTS**

For the period from 1 April 2003 to 31 March 2004 the employer contribution rate was 8.35%, increasing to 13.5% with effect from 1 April 2004. As from 1<sup>st</sup> January 2007, as part of the cost sharing agreement agreed between employers' and teachers' representatives, the total contribution to the scheme was assessed as 20.5%, which translates into an employee contribution rate of 6.4% and an employer rate of 14.1%.

The most recent actuarial valuation of the Scheme took place as at 31<sup>st</sup> March 2012 in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. This has resulted in revised contribution rates of 16.4% for employers and an average contribution rate for employees of 9.6%. These rates will apply for a four-year period from April 2015; however, following agreement between the Department for Education and HM Treasury, the employer contribution rate will not be implemented until September 2015.

**FRS 17**

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

**West Midlands Metropolitan Authorities' Pension Fund**

The WMMAPF is a funded defined benefit scheme, with the assets held in separate administered funds. The scheme is valued every three years by professionally qualified independent actuaries using the projected unit method.

The actuarial valuation of the scheme that was carried out as at 31<sup>st</sup> March 2010 revealed a shortfall of £2.614M, giving a funding level of 75%. As a result of the valuation, employer contribution rates for the University were set at a baseline rate of 11.4% for future service plus a past service lump sum for each year of the three year period, to be recovered as a percentage of the pension payroll each year. For the year to 31<sup>st</sup> March 2014 this equated to a total employer contribution rate of 13.8%.

The latest actuarial valuation of the Scheme was carried out as at 31<sup>st</sup> March 2013. This resulted in a fall in the level of funding for the scheme as a whole to 67%, driven mainly by changes in the financial assumptions, in particular the low level of gilt yields. For the University, this generated an increase in the future service rate from 11.4% to 12.7%, and a substantial rise in the overall deficit to be recovered over the remainder of the deficit recovery period. The University will make a deficit recovery payment of £1.4M in the year to 31<sup>st</sup> March 2015. This is equivalent to an aggregate rate of 18.0%, an increase of 4.2% over the previous period.

**FRS 17**

The figures as at 31<sup>st</sup> July 2014 are based on projecting forward the results of the latest actuarial valuation as at 31<sup>st</sup> March 2013. The projection is based on cashflows (e.g. contribution income, pension payments, etc.) over the year to 31<sup>st</sup> March 2014.

**NOTES TO THE ACCOUNTS****Amounts recognised in the balance sheet**

	<b>At year-end 31/07/2014 £'000</b>	<b>At year-end 31/07/2013 £'000</b>
Present value of funded obligations	(193,572)	(185,378)
Fair value of plan assets	<u>135,427</u>	<u>124,902</u>
	(58,145)	(60,476)
Present value of unfunded obligations	<u>-</u>	<u>-</u>
	(58,145)	(60,476)
Related deferred tax assets	<u>-</u>	<u>-</u>
Net amount recognised	(58,145)	(60,476)
Amounts recognised as:		
Liabilities	(58,145)	(60,476)
Assets	<u>-</u>	<u>-</u>
Net amount recognised	(58,145)	(60,476)

**Components of pension cost**

	<b>Year to 31/07/2014 £'000</b>	<b>Year to 31/07/2013 £'000</b>
Current service cost	5,645	5,227
Interest cost	8,424	7,440
Expected return on plan assets	(7,426)	(6,390)
Past service cost	-	-
Effect of curtailments or settlements	<u>-</u>	<u>17</u>
Total pension cost recognised in the I&E account	6,643	6,294
Actuarial gains immediately recognised	(3,711)	(5,713)
Change in surplus cap	<u>-</u>	<u>-</u>
Total pension cost recognised in STRGL	(3,711)	(5,713)
Actual return on plan assets	4,799	15,608

**Change in benefit obligation**

	<b>Year to 31/07/2014 £'000</b>	<b>Year to 31/07/2013 £'000</b>
Benefit obligation at beginning of year	185,378	171,610
Current service cost	5,645	5,227
Interest cost	8,424	7,440
Member contributions	1,837	1,741
Past service costs	0	0
Actuarial (gains)/losses	(3,858)	3,505
Curtailments	0	17
Benefits paid	(3,854)	(4,162)
Effect of exchange rate changes	<u>-</u>	<u>-</u>
Benefit obligation at end of year	193,572	185,378



**NOTES TO THE ACCOUNTS****Change in plan assets**

Fair value of plan assets at beginning of year	124,902	107,811
Expected return on plan assets	7,426	6,390
Actuarial (losses)/gains	(147)	9,218
Employer contribution	5,263	3,904
Member contributions	1,837	1,741
Benefits paid	(3,854)	(4,162)
Effect of exchange rate changes	-	-
Fair value of plan assets at end of year	135,427	124,902

**Plan assets**

The weighted-average asset allocation at the year-end were as follows

<b>Asset Category</b>	<b>Expected rate of return</b>	<b>Plan assets at 31/07/2014 £000s</b>	<b>Expected rate of return</b>	<b>Plan assets at 31/07/2013 £000s</b>
Equities	7.00%	60,536	7.00%	52,959
Government Bonds	3.20%	10,834	3.30%	10,492
Other Bonds	4.10%	13,949	4.30%	13,989
Property	6.20%	11,647	5.70%	10,866
Cash/Liquidity	0.50%	6,094	0.50%	5,121
Other	7.00%	32,367	7.00%	31,475
	6.04%	135,427	6.01%	124,902

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns from each asset class. The expected return for each asset class was then weighted based on the asset allocation to develop the expected long-term rate of return on assets assumed for the portfolio. This resulted in the selection of the above assumptions.

**Weighted average assumptions used to determine benefit obligations at:**

	<b>31/07/2014</b>	<b>31/07/2013</b>
Discount rate	4.30%	4.50%
Rate of salary increase	4.05%	4.15%
Rate of pension increase	2.30%	2.40%
CPI Inflation assumption	2.30%	2.40%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	22.9	22.1
Females	25.5	24.8
Retiring in 20 years		
Males	25.1	23.9
Females	27.8	26.7

**NOTES TO THE ACCOUNTS****Weighted average assumptions used to determine net pension cost for year ended:**

	31/07/2014	31/07/2013
Discount rate	4.50%	4.30%
Expected long-term return on plan assets	6.01%	6.03%
Rate of salary increase	4.15%	3.85%
Rate of pension increase	2.40%	2.10%
CPI Inflation assumption	2.40%	2.10%

Assumed life expectations on retirement at age 65 are:

Retiring today		
Males	22.1	22.0
Females	24.8	24.7
Retiring in 20 years		
Males	23.9	23.8
Females	26.7	26.6

**Five year history****Financial year ending in**

	2014	2013	2012	2011	2010
Benefit obligation at end of year	(193,572)	(185,378)	(171,610)	(155,323)	(147,860)
Fair value of plan assets at end of year	135,427	124,902	107,811	103,161	97,474
Deficit	(58,145)	(60,476)	(63,799)	(52,162)	(50,386)
Difference between expected and actual return on scheme assets					
Amount (£'000)	(147)	9,218	(3,715)	(1,912)	8,768
Percentage of scheme assets	-0.1%	7.4%	-3.4%	-1.9%	9.0%
Experience gains and losses on scheme liabilities					
Amount (£'000)	(1,641)	-	-	4,368	-
Percentage of scheme liabilities	-0.8%	0.0%	0.0%	2.8%	0.0%
Total amount recognised in STRGL					
Amount (£'000)	3,711	5,713	(8,874)	1,120	2,487
Percentage of scheme liabilities	1.9%	3.1%	-5.2%	0.7%	1.7%

**Contributions**

The University expects to contribute £5,385,000 in the year to 31<sup>st</sup> July 2015.

**NOTES TO THE ACCOUNTS****31. CAPITAL COMMITMENTS**

	<b>Consolidated and University</b>		
	<b>2013/14</b>	<b>2012/13</b>	<b>2011/12</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commitments Contracted at 31 July	19,085	2,063	668
Authorised but not Contracted at 31 July	24,005	30,877	552
	<u>43,090</u>	<u>32,940</u>	<u>1,220</u>

**32. FINANCIAL COMMITMENTS**

	<b>Consolidated and University</b>	
	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Operating Lease Commitments in Respect of Land, Buildings and Equipment on Leases Expiring:		
Within One Year	118	125
Between Two and Five Years	310	426
Over Five Years	0	0
	<u>428</u>	<u>551</u>

**33. ACCESS FUNDS**

	<b>Consolidated and University</b>	
	<b>2013/14</b>	<b>2012/13</b>
	<b>£'000</b>	<b>£'000</b>
Balance Unspent as at 1 August	20	0
Funding Council Grants	630	627
Interest Earned	1	1
	<u>651</u>	<u>628</u>
Disbursed to Students	(632)	(608)
	<u>19</u>	<u>20</u>

Funding Council Grants are available solely for students; the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

**NOTES TO THE ACCOUNTS****34. TEACHER TRAINING BURSARIES**

	<b>Consolidated and University</b>	
	<b>2013/14 £'000</b>	<b>2012/13 £'000</b>
Balance Unspent as at 1 August	275	139
Funding Council/Agency Grants	1,702	1,920
	<hr/>	<hr/>
Disbursed to Students	1,977 (1,626)	2,059 (1,784)
	<hr/>	<hr/>
Balance Unspent as at 31 July	351	275
	<hr/>	<hr/>

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.

**35. LINKED CHARITIES**

On 1<sup>st</sup> June 2010, HEFCE became principal regulator of English higher education institutions (HEIs) that are exempt charities. HEFCE's remit extends to those exempt charities that are administered by or on behalf of an exempt charity HEI and fall within paragraph 28 of Schedule 3 of the Charities Act 2011. HEFCE's accounts direction 2011/12 requires disclosure of details of linked charities within the accounts of the parent HEI.

The Education Central Multi-Academy Trust (ECMAT) is a wholly-owned subsidiary of the University of Wolverhampton Social Enterprises Limited. ECMAT is an exempt charitable company limited by guarantee. ECMAT 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.

ECMAT's financial year runs from 1<sup>st</sup> September to 31<sup>st</sup> August. At the time the University's accounts were approved, ECMAT's accounts for 2013/14 had yet to be finalised. The figures shown below are in draft, and exclude an outstanding property valuation on one of the newer academies and the impact of FRS17 calculations.

	<b>Opening balance £'000</b>	<b>Income £'000</b>	<b>Expenditure £'000</b>	<b>Assets brought in on conversion</b>	<b>Liabilities brought in on conversion £'000</b>	<b>Closing balance £'000</b>
ECMAT	32,445	23,781	(22,747)	25,431	0	58,910