



UNIVERSITY OF
LEICESTER

2014-2015

Financial Statements



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Treasurer's Report

For the year ended 31 July 2015

Format of the Financial Statements

The University was established by Royal Charter in 1957 and acts as an autonomous, self-governing institution. The University has exempt charitable status and is regulated by the Higher Education Funding Council for England (HEFCE).

The Financial Statements include the University and its subsidiary companies College Court Conference Centre Limited, and the now-dormant Leicester Academic Library Services Limited. Leicester Academic Library Services Limited was rendered dormant on 24 July 2015. The University's interests in spin-out companies are listed but none are material for inclusion in the Financial Statements.

The Mission and Strategy for the University

The University of Leicester is a leading UK university committed to undertaking research that saves, improves and enriches lives, and to fostering a teaching and learning environment that transforms the prospects of our students and those they will go on to influence. We aim to pioneer a distinctive elite of research-intensive universities which are open to anyone with talent. The four key pillars of activity to deliver this mission are:

- Discovery-led research
- Discovery-led learning
- Discovery-enabling culture
- Discovery-enabling environment.

More details on our University's vision are set out in the Strategic Plan document, available on the University website.

The Strategic Plan was developed during the 2014/15 academic year and formally launched in September 2015.

Highlights of the Year

The University has maintained its ranking as a top university in the UK this year, ranking 24th in the Complete University Guide, 32nd in the Guardian University Guide and 28th in the Times and Sunday Times league table. The University is now firmly established in the world's top 2% of universities by QS World University rankings and rated 5 stars for excellence as well as being ranked in the top 1% of universities in the world by Times Higher Education.

The University is ranked in the top 25 in the UK in the Times Higher Education REF Research Power rankings. 75% of our research was judged to be internationally excellent demonstrating the world leading research which our academics continue to develop and build upon.

Student recruitment remains satisfactory in a challenging market. Student numbers have reduced overall, principally in the part-time and distance learning market. However it is pleasing to note a 1% increase in full-time overseas students and an overall stable undergraduate population.

The distribution of students in 2014/15 and 2013/14 was:

	2014/15	2013/14
Undergraduate	11,302	11,255
Postgraduate	8,749	9,389
Occasional/Exchange	99	332
	20,150	20,976
Full-time	13,966	13,904
Part-time/distance learning	6,184	7,072
	20,150	20,976

The University is developing an ambitious investment plan for the University's infrastructure in support of the recently announced Strategic Plan. This will involve a programme of investment in information technology, academic and student facilities, including research infrastructure and focus on spaces for social learning and collaborative interaction.

Among on-going investment, worthy of note is the Centre for Medicine which is a £42 million project to create state of the art facilities for medical teaching and research, which is being built to Passivhaus requirements, demonstrating our University's commitment to a high-quality, sustainable estate. The Centre will open in the 2015/16 year.

In January 2015 work commenced on an extension to the University's Attenborough Arts Centre to create a new galleries wing providing accessible gallery space and an outdoor sculpture court. It expands the existing arts centre, one of only two purpose-built venues in the East Midlands for the promotion of arts and disability and will open in Autumn 2015.

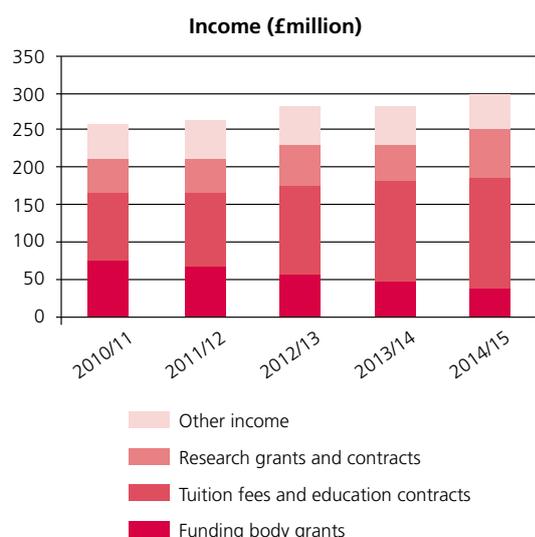
Work to replace the roof and glazed facades of the Engineering Building started in May 2015. Designed by architects Stirling and Gowan, it is Grade II* listed and is recognised nationally as one of the most important and iconic buildings of the 20th century. The roof and glazed walls of the building, originally constructed in the 1960s, have now reached the end of their useful life. The building is protected from changes by its statutory listing so in consultation with English Heritage and other stakeholders the University is investing £19 million to extend the building's functionality and iconic status for another 50 years.

Treasurer's Report

For the year ended 31 July 2015

Income and Expenditure Account

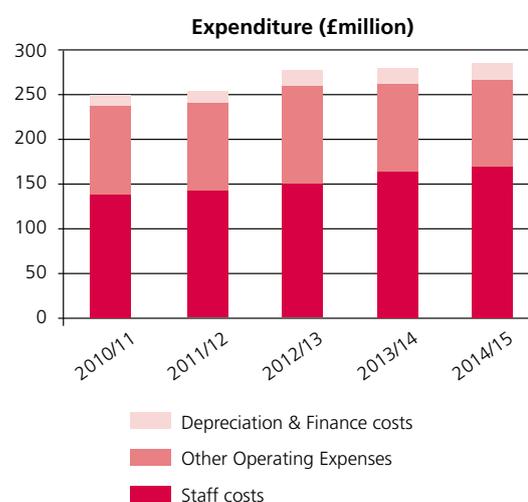
Total income rose by 5.4% to £302.179 million, passing the £300 million mark for the first time, while total expenditure increased by 2.1% to £284.975 million. The University's income comes from a number of sources, as shown in the chart below.



Tuition fee income again reached the highest ever level for the University at £150.026 million, this represented 49.6% of the University's total income and was 9.5% higher than in 2013/14. The majority of the increase arose from full-time campus-based UK and EU students who accounted for 45.9% of tuition fee income. Income from part-time and distance learning students remains a significant proportion of total fees at 13.8%. This is despite a reduction in overall student numbers and income on prior year which is being tackled within the Strategic Plan framework. Grants from funding bodies reduced by 14.2% to £40.057 million; reflecting the continuing shift in government funding from block grant to tuition fees.

Income from research grants and contracts increased by 15.4% to £59.573 million in 2014/15. This is due to the recognition of tax claims for Research and Development Expenditure Credits (RDEC) in respect of 2013, 2014 and 2015. Underlying research income excluding RDEC is therefore £52.213 million, showing an increase of 1.2%.

As noted expenditure of £284.975 million was incurred, of which 59.1% related to staff costs.



The total surplus for the year was £15.480 million (5.1% of income), after the transfer from endowed funds, which compares to £7.556 million in 2013/14 (2.6% of income). Excluding the nonrecurring RDEC income (see above) of £7.360 million and the associated tax charge of £1.612 million the underlying surplus is a robust £9.732 million (3.3% of income).

Balance Sheet as at 31 July 2015

Net assets have increased by £11.394 million to £184.041 million as at 31 July 2015.

Cash and short-term investments totalled £47.036 million as at 31 July 2015; £15.724 million higher than the previous year.

Fixed assets have increased by £18.543 million in the year to reach £277.881 million. This increase reflects total capital additions of £33.178 million, disposals of £0.712 million and depreciation of £14.546 million. The additions include a retrospective £1.085 million VAT refund on the cost of the Cardiovascular clinical research facility at Glenfield Hospital reducing the value of additions in the year. Capital grants of £5.350 million were recognised in the year. The main capital expenditure items were in respect of the new Centre for Medicine, the Attenborough Arts Centre gallery extension, refurbishment of teaching facilities at Brookfield and ongoing enhancements and refurbishments to teaching and research infrastructure.

Endowed assets have increased by 7.1% to £13.062 million in the year.

Long term creditors of £80.224 million include loans from NatWest, Barclays and the European Investment Bank. During the year the final £25 million balance of the facility from the European Investment Bank has been drawn down. Short term creditors increased by £2.913 million to £78.877 million at 31 July 2015. Net current liabilities reduced from

Treasurer's Report

For the year ended 31 July 2015

£14.186 million as at 31 July 2014 to a net current asset position of £2.434 million at 31 July 2015.

The FRS 17 pension liability for the Pension and Assurance Scheme (see below) increased by £2.323 million to £28.245 million.

Cash Flow for the Year to 31 July 2015

There was a net cash inflow of £27.431 million from operating activities during the year, compared to £11.488 million in the previous year, an increase of £15.943 million principally arising from working capital debtor and creditor movements and a significant increase in surplus on the prior year.

Net debt at 31 July 2015 was £34.509 million compared to £31.940 million at 31 July 2014.

Pension Schemes

The University provides pension provision for its employees through three defined benefit schemes; the University of Leicester Pension and Assurance Scheme (PAS), the Universities Superannuation Scheme (USS), the NHS Pension Scheme, and two defined contribution scheme; the University of Leicester Stakeholder Scheme and the Aviva Group Personal Pension Scheme.

The University's subsidiary College Court Conference Centre Limited provides pension provision through a defined contribution scheme; the College Court Stakeholder Scheme.

The PAS and the USS have the most direct impact on the University's expenditure and pose the greatest risk to the University's financial position. The risks in USS are being addressed by the changes to the benefits structure and the increased contribution rates following the consultation held in 2015. The PAS was closed to new members in 2003 but remained open to future benefit accrual for existing members. Following a consultation which commenced in May 2015, the University decided to close PAS to future benefit accrual from 31 March 2016 in order to contain the risks associated with future benefit accrual.

The PAS is included in the financial statements on the basis of its FRS 17 valuation undertaken at 31 July 2015. The valuation shows that the Scheme had assets of £139.547 million at 31 July 2015, liabilities of £167.792 million and a resultant shortfall of £28.245 million, a deterioration of £2.323 million compared to 2014. The value of the assets has increased during the year by £7.808 million reflecting better than expected investment returns and University contributions. The present value of the liabilities reduced from that reported in 2014 by £10.131 million, mainly as a result of the use of a lower discount rate in the assumptions to reflect economic conditions.

Whilst the FRS17 valuation is required to be incorporated into the University's financial statements, the funding of the Scheme is determined by an assessment at each triennial actuarial valuation, which is undertaken by the scheme's Actuary.

The last full actuarial valuation of the PAS was completed as at 1 August 2013. The results of this showed that at that time the Scheme's assets fell short of the value of its liabilities by some £29.6 million. This is equivalent to an 81% funding level. The PAS' Actuary undertook a funding update as at 31 August 2014 and this showed a deterioration in the funding position, with a deficit of £33.8 million being reported and a resultant funding ratio of 80%.

Following the 2013 actuarial valuation, a recovery plan was put in place whereby the University agreed to remove the shortfall by 2027. This is to be achieved by annual payments of £1.8 million and an index-linked contribution of £321,000 pa to administration costs plus full reimbursement each year of the Pension Protection Fund Levy.

The current accounting rules do not require the inclusion of USS in the University's Financial Statements as it is a multi-employer scheme. The overall position of USS is reported in note 33.

The most recent triennial actuarial valuation of the USS was undertaken as at 31 March 2014, and showed an asset level of £41.6 billion and liabilities of £46.9 billion resulting in a shortfall of £5.3 billion, equivalent to a funding level of 89%. This represents a deterioration of £2.4 billion over the March 2011 shortfall of £2.9 billion and the main cause of this is the fall in gilt yields.

The assets and liabilities reported in the 2014 valuation take into account the revised benefit structure which is to be introduced from 1 April 2016 as agreed by the USS' Joint Negotiating Committee and the USS Trustee following the consultation exercise held in 2015.

The shortfall of £5.3 billion is being met from within the employer's contribution rate, initially at a level of 0.7% for the period to April 2016 whilst the employer's contribution rate remains at 16%. The employer's contribution rate will increase to 18% from April 2016 and the deficit contribution will increase to a level of 2.5% for an interim period and then, following the introduction of the full revised benefit structure, at a level of 2.1% until March 2031.

Treasury Management

The University has an in-house Treasury team who manage the working capital of the University in accordance with the Treasury Management Policy. This policy determines the limits in terms of the credit ratings of institutions used for investments and on the sums placed with any one provider.

Treasurer's Report

For the year ended 31 July 2015

The level of endowment and interest income before pension scheme gains in the year was £606,000 compared to £712,000 in 2013/14.

At 31 July 2015 the University had £82.586 million of borrowing. The University has six loans repayable on different terms. The key features of the loans are:

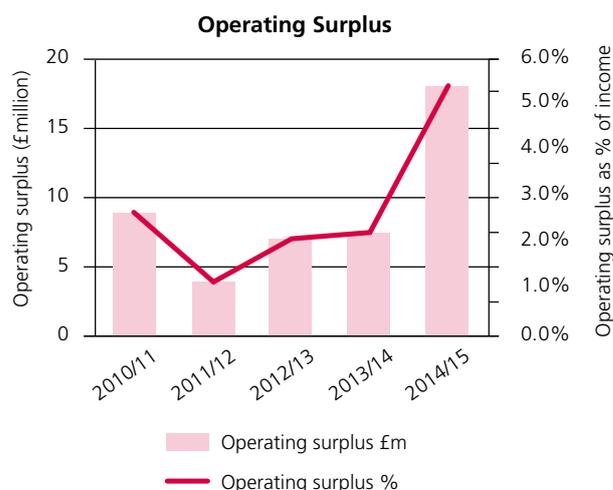
- A loan from NatWest Bank with an outstanding balance of £2.178 million. This loan is repayable in instalments over periods to 2019, with interest payable at a fixed rate of 9.8%.
- Two on-going loans from Barclays Bank, one repayable in instalments over periods to 2018 with an outstanding balance of £1.778 million and one repayable in instalments over periods to 2031 with an outstanding balance of £9.039 million. Swap arrangements are in place fixing the interest payable at 6.0%.
- A further loan from Barclays with an outstanding balance of £13.583 million. This loan facility is to fund capital schemes and is repayable in instalments over periods to 2037. A swap arrangement is in place for the loan, fixing the interest rate at approximately 5.4%.
- A £55 million loan facility from the European Investment Bank which is now fully drawn down. The first tranche of £30 million was drawn down in previous years and will be repayable by 2038, with interest payable fixed at 3.5%. The remainder of the loan was drawn down during 2014/15 and will be repayable by 2040, with interest payable fixed at 2.9%.
- A revolving credit facility of £15 million, which is a short term facility made available to the University by Barclays until 2018. At 31 July 2015 this was not utilised.
- An interest free loan provided through the HEFCE and Salix Revolving Green Fund Scheme with a balance of £861,000. The loan is used to fund initiatives to reduce the University's carbon emissions and only becomes repayable once there are no longer new schemes to reinvest the savings generated by previous schemes. At this point it is not known when this loan will be repaid.
- A further HEFCE loan through the Revolving Green Fund 2 of £184,000 is repayable in bi-annual instalments finishing in November 2016.

Financial Strategy

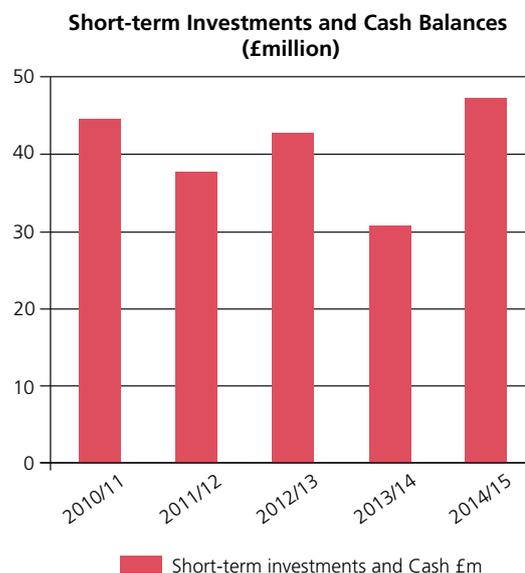
Through its financial strategy the University aims to continue to be financially sustainable while providing continued funding for the on-going capital programme.

Within the financial strategy there are two key performance indicators. The first is to achieve a minimum operating

surplus, measured as the surplus before exceptional items such as asset disposals and tax as a percentage of total income. Council approved a target surplus of 1.8% for 2014/15, recognising a need for revenue investment in the short term. The surplus for 2014/15 exceeded target by 3.3%. Excluding nonrecurring RDEC income the surplus exceeded target by 1.5%. The operating surplus results from recent years are shown in the chart below.



The second key performance indicator is the level of short-term investments and cash. The aim within the financial strategy is to hold a prudent level of cash and short-term investments as measured at the year end, recognising that the revolving credit facility is available for short term requirements. The level of short-term investments and cash is shown in the chart below.



Treasurer's Report

For the year ended 31 July 2015

The balance of £47.036 million as at 31 July 2015 is satisfactory and is required to fund working capital requirements and the planned investment in fixed assets over the University's forecast period to 2017/18.

Future Financial Outlook

The overall position of Higher Education in the UK remains largely positive but there has been a significant shift in the market during the course of the last five years. The introduction of the £9,000 fee and the gradual opening up of a genuine market for student recruitment is the biggest change in recent decades.

The 2015/16 financial year has a budget for income to grow to £309.664 million and for a surplus of £3.101 million, based on UK GAAP before the changes to UK accounting rules required by FRS102. The budgeted surplus is in line with the revised financial strategy, at 1.0% of income. The challenge for 2015/16 remains to maintain Home/EU undergraduate recruitment and control costs. At this point in the year both aspects are within the budget parameters.

Key Opportunities, Threats and Risks

There are a number of factors impacting on the University's strategic position which may be summarised as follows:

- There is strong demand for undergraduate student places at the University. For 2015 entry Home/EU undergraduate applications were up by more than the national average.
- The cap on the number of Home/EU undergraduate students that can be recruited has been removed for 2015/16. This was both a significant opportunity and also a risk. It opened up the possibility of growing student intake without financial penalty. However, the response of other institutions to this could have impacted on our position as potentially more institutions could have aggressively targeted student number growth. Our clearing and confirmation strategy addressed this issue, resulting in a strong level of student intake for October 2015. However we recognise that competition will increase in intensity in future years and we will need to strengthen our competitive position to maintain and then grow student numbers.
- The market for postgraduate taught students (PGT) is shrinking. Nationally the Home/EU market has been declining since 2011/12 and this year the University's Home/EU applications are also down. International student numbers have fallen in the last two years. Although the recruitment has remained steady the University did not meet its target intake for international PGT for the past few years.

- The £9,000 fee is regulated by the Government and has not increased since it was introduced in 2012, the impending Teaching Excellence Framework could impact on this. In addition government spending reviews continue to impact on grant funding for both teaching and research activity.
- The University has previously ranked consistently in the top 20 of UK universities and has disappointingly fallen below that marker over the last year. The development of the new strategic priorities is designed to strengthen performance with clear aims to demonstrate research and learning excellence.
- Although the financial performance this year is strong, the University needs to perform better relative to its benchmark group to reach financial sustainability in the longer term.

Conclusion

As a University, we are as determined as ever to continue along the path of progress that has now been mapped out in our ambitious Strategic Plan. We will continue to take advantage of the opportunities to achieve our strategic objectives in research, teaching, our culture and our environment while ensuring we have a firm and sustainable financial foundation on which to build. We fully recognize that to achieve our objectives we will need to make significant investments to create the solid and sustainable foundation which will in the longer term provide the basis for the realisation of significant returns. In so doing we will at all times ensure that our prudent financial strategies are in no way compromised and that the risks to it are fully identified and mitigated.

I would encourage you all to read our Strategic Plan that is on the University's website; this outlines the journey we are on which is both exciting and challenging and continues to place our University at the centre point of academic excellence in Higher Education.

Mr D. Moore
Treasurer
24 November 2015

Public Benefit Statement

For the year ended 31 July 2015

The University has exempt charitable status and is regulated by HEFCE under the Charities Act 2011.

The members of Council serve as trustees, and in setting the University's mission and strategy have due regard to the Charity Commission's public benefit guidance, and the guidance issued by HEFCE. The two general principles of the guidance are:

1. There must be an identifiable benefit or benefits.
2. Benefit must be to the public, or a section of the public.

Our University's public benefit is related to the mission and strategy of the University, highlighted in the Treasurer's report. Through this our University brings a presence and positive impact to the local community, regionally, nationally and internationally.

Our University's Charter sets the overall objectives of the University to provide "a University within Our City and County of Leicester for the Advancement of Knowledge, the Diffusion and Extension of Arts, Sciences and Learning, the Provision of Liberal, Professional and Technological Education". This objective is articulated through the Strategy, launched in September 2015.

We aim for excellence. Already one of the very best British and global universities, we enjoy an enviable record of research discoveries, a flair for teaching innovation and proven success in broadening access to higher education.

We are long established, yet focused on a future that will see us pioneering a distinctive elite of research-intensive institutions, open to all who have talent. This will ensure that employers know that a degree from the University of Leicester is second to none.

The most significant direct beneficiaries of the University's charitable objects are the undergraduate and postgraduate students, who come to the University to enhance their academic qualifications, life skills, and employability. The regional economy also directly benefits from the activities of the University, analysis shows the annual economic benefit of the University to be £729 million both through direct consumption by the student body, but also by provision of jobs and the integration of University activity into local communities. The national economy benefits significantly from the strength of overseas representation in the University's student body. The University has a strong reputation in overseas territories, contributing significantly to the HEI export market.

Public benefit can also be clearly felt via the learning opportunities and the creation of jobs in territories in which the University's distance learning activities are present. The University has around 5,000 students studying by distance

learning, making it part of its' core educational provision.

The University's public benefit is also demonstrated through high quality research and teaching.

High quality teaching

The University's high standards in teaching are affirmed by the most recent institutional audit completed by the Quality Assurance Agency for Higher Education which gave confidence (the highest category of outcome) in the soundness of the management of academic standards. The University caters for students at all levels of Higher Education, from undergraduate certificates, to postgraduate doctorates. Study can be carried out on campus or by accessing our large distance learning portfolio of programmes. The University encourages access to higher education from all areas of the community, using the flexibility of distance learning and innovative e-learning solutions.

The University's students enter the workplace with a well-rounded university experience, having undergone rigorous academic assessment and been offered numerous opportunities to engage with CV enhancing activities (e.g. volunteering, student enterprise projects, part time work), The most recently published DLHE (Destinations of Leavers from Higher Education) statistics show that only 6.4% of graduates are still seeking employment or further study six months after graduation (compared to a sector average of 7.0%). This is testimony to the University's investment in ensuring our beneficiaries are provided with the best skills possible to contribute to their communities. The students leaving the University do so in the knowledge that they will have the skills to contribute to a strong and vibrant workforce which can substantially influence the health of their nation.

High quality research

The year 2014-2015 has seen the University's researchers continue to conduct high quality research (75% of our research was judged internationally excellent in the 2014 REF) across the University which continues to drive innovation and provide public benefit at local, national and global levels.

The discovery of Richard III continued to make headlines for the University, as the King was reinterred in March 2015 and the University's work on the DNA and genealogical analysis of his remains was cited as one of the top science achievements of 2014. The discovery of the Last Plantagenet King brought in more than £59 million to Leicester's economy from the time of the discovery in 2012 to this year's reinterment.

The University is playing a key role in harnessing the power of genetic data to advance modern medicine, through development of 'an internet for DNA'. Researchers in our Department of Genetics, which celebrated its 50th anniversary in October, have made fascinating discoveries by analysing

Public Benefit Statement

For the year ended 31 July 2015

DNA variation, demonstrating that most European men descend from just a handful of Bronze Age forefathers, and that millions of modern Asian men are descended from 11 powerful dynastic leaders, including Mongolian warlord Genghis Khan.

Other medical advances this year included the launch of the Leicester Cancer Research UK Centre in September 2014 which will help set the pace for national and international progress in lung cancer and cancer that affects the immune system. Our respiratory experts are investigating a potentially ground-breaking 'breath test' to detect lung cancer in the early stages. We were also pleased to announce: a significant advance in understanding of the mechanics of cell division which could reveal new targets for cancer therapy; new insights into the best post-operative treatments for heart surgery patients, revolutionary procedures for people with uncontrolled high blood pressure and new drug treatments for those with heart failure; breakthroughs which could help understand schizophrenia and epilepsy and support the development of robotic limbs; and, advances in our understanding of tinnitus, kidney disease, asthma and other respiratory diseases, which hold the key to developing new treatments and medicines for patients around the world.

Our social science and legal research explores societal challenges, finding new ways to protect the vulnerable and disenfranchised, as well as improve efficiency and productivity. Studies ongoing this year have investigated employment conditions in the UK textile industry, an ageing workforce in the NHS, hate crimes and national workplace disciplinary and grievance procedures as well as more international themes in relation to key issues faced by migrant communities, asylum seekers and other vulnerable groups. This year also saw the launch of a €2.9 million EU-funded project enabling 10 early stage researchers to pursue innovative research degrees focusing on areas applicable to the forensic sciences. The researchers will investigate forensic technologies with the potential to impact crime across Europe and globally.

The University contributes to our cultural lives through research in the Arts and Humanities which enriches our culture and sense of place, offering new insights into our collective past, present and future and opening access to culture and heritage.

In February, archaeological research uncovered the mysteries of a lost civilisation of Saharan people, whose settlements date back 3,000 years. Closer to home, the School of Archaeology this year launched a Field School at Bradgate Park, where academics, professional archaeologists and students will work together to uncover the hidden history of this local attraction.

Academic staff are harnessing the power of new technologies to share the findings of their research with the wider public. Researchers this year teamed up with a mobile app development company to use the latest locative

technology to deliver an immersive experience for visitors to the city's Cultural Quarter, allowing them to envisage the lifestyle of Leicester in the past.

Satellite applications, earth observation and big data have the power to inform policy and practice in areas of major importance to the public. Our research in these areas is making a difference on a global scale. Over the past year, physical geographers have mapped climate and human impacts on land resources using satellite mapping technology, and in partnership with industry, they have developed a software app that shows optimal sites for locating run-of-river micro-hydro turbines that could eventually transform the use of this renewable technology in the UK and overseas. Further uses of satellites have been explored by our researchers in Physics and Astronomy, a concept for using satellite imagery to improve the chances of locating ships and planes lost at sea has been trialled.

Computer scientists are working on a Pan-European project to enable more young people to discover and enjoy science through online labs, and are exploring how innovative software can lead to greener, more sustainable ways of living.

Our scientific research pushes the boundaries of knowledge of our world and beyond. A final paper published by the late Professor George Fraser, Director of the Space Research Centre, identified an X-ray signal which is the first potential detection of dark matter. If confirmed, it will have a fundamental impact on our theories of the universe and the Mercury Imaging X-ray Spectrometer, designed and built by Leicester researchers will help unlock the secrets of Mercury's surface as part of a European Space Agency mission.

Through enterprise and business development activities, the University offers many different ways for external organisations and companies to access and benefit from University expertise, from leading-edge research, continuing professional development and consultancy, to first-rate testing facilities and technologies. The University also runs a number of projects which boost regeneration and support local businesses through expert advice from our leading academics and graduate internships. The University has a portfolio of cutting-edge technologies available for licence as well as an active role in a number of spin-out companies.

We have an Open Access policy for our research. Unless contractual arrangements place restrictions on publication, the results of the University's research are placed in the public domain through journals, books or online on the Leicester Research Archive within the University Library. Over the past year, with funding from the Alumni Association, the Library have digitised all PhD theses published since the University was founded in 1921 and these will be freely available in the Leicester Research Archive.

Public Benefit Statement

For the year ended 31 July 2015

Inclusive and accessible

The University is consistently one of the most socially inclusive of the UK's leading universities with a long-standing commitment to providing fairer and equal access to higher education.

Outreach into schools and colleges includes substantial work targeted at the most disadvantaged students in the most disadvantaged schools. Every year over 2,000 disadvantaged young people are welcomed onto campus to participate in widening participation outreach activities including university experience days, subject based master-classes and summer schools. Placements are offered for current students to work in these schools – supporting teaching and acting as role models for the students. Last year our students spent approximately 4,000 hours in local classrooms through this scheme. The University also acts as the lead institution of the REACH Partnership, which brings together local schools, colleges and universities to support the progression into higher education of disadvantaged young people across Leicester and Leicestershire.

Working with community groups and the promotion of learning opportunities for 'hard to reach' groups is a key priority for the University's Institute for Lifelong Learning.

The outreach work of the University is complemented by a targeted bursary scheme for students from poorer backgrounds and a clear and transparent policy of fair admissions, set out in our Code of Practice for Admissions.

Tuition fees for full time undergraduate and PGCE courses are regulated by the Office for Fair Access (OFFA). Under the agreement that the University has with OFFA, UK undergraduate students are eligible for University bursaries of non-repayable cash awards.

The University offers substantial discounts to alumni and has participated in the government postgraduate support scheme. Bursaries and scholarships are available for other students for the study of postgraduate courses based on academic merit.

The University recognises that a significant barrier to many postgraduate research students is financial. The University both internally funds standard PhD scholarships but also encourages academic staff to integrate PhD scholarships into research grant contract activity. This has the dual benefit of creating further scholarship opportunities but also increases knowledge transfer within research areas. In addition to standard PhDs, the University offers Graduate Teaching and Graduate Research Assistant scholarships, enabling students to study for a PhD while at the same time gaining experience in either teaching or research. This increases peer to peer learning opportunities and provides additional opportunities to 'up-skill' postgraduate students before they enter the workplace.

The University engages with the local community in a wide variety of other ways including public lectures, the Attenborough Arts Centre, the Literary Leicester Festival, the University's Botanic Gardens and the recently enhanced sports facilities. Many of these facilities include free access for the public and are promoted as part of the University's outreach programme.

The University continues to enhance its estate to not only provide a campus that allows for a growing student base but also entices the local diverse community and national and international visitors to take advantage of the facilities offered.

The University has a well-established unit working with local business and enterprise to ensure strong links between teaching, the community and industries students will go on to work in. It has strong partnerships with both traditional graduate employers and public sector partners, who see the benefit that research led teaching brings to a student body and their ability to be flexible and adaptive in a changing economic environment.

The University has a Regional Engagement Team to work with and engage agencies, policy leaders, government bodies and all types of stakeholders including trade associations, working together to establish effective partnerships and collaborations for mutual benefit. A number of local businesses in the East Midlands are reaping the benefits of Innovation Partnerships with the University and have already seen major improvements to both their business practices and their future prospects. Such schemes have made a positive difference to local companies and the communities that then use their services.

The University will continue to promote public benefit to raise aspirations and transform lives in the local, national and international communities it engages with.

Corporate Governance

For the year ended 31 July 2015

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the governance procedures of the University. The University endeavours to conduct its affairs in accordance with published guidance on good governance in higher education, issued by the Committee of University Chairs (CUC), and in accordance with the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The University has applied the principles set out in Section 1 of the revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2003, incorporating internal control guidance as amended by the British Universities Finance Directors Group. The University is satisfied that it has complied with the provisions of the Code, in so far as it is applicable.

Summary of the University's Structure of Corporate Governance

Council, the governing body of the University, comprises a number of ex-officio, appointed and elected lay and academic persons, the majority of whom are non-executive. Council normally meets four times a year. The role of the Chair of Council is separated from the role of the University's Chief Executive, the President and Vice-Chancellor. The powers of Council are set out in the Statutes and Ordinances of the University and in its Statement of Primary Responsibilities, which is published on the University's website, and are consistent with Council's accountability obligations to the Higher Education Funding Council for England. Council holds responsibility for the on-going strategic objectives of the University, including approval of major new developments, and for monitoring progress against these. Council receives regular reports from its committees on the operation and performance of the University and its subsidiary companies.

In the financial year 2014-15 the principal Committees of Council included the Finance Committee, Audit Committee, two Remuneration Committees and a Nominations Committee, all formally constituted with terms of reference and all including some members drawn from the lay membership of Council.

During the year the Finance Committee was responsible for recommending to Council the University's annual Financial Statements, financial forecasts and annual budgets, for the monitoring of the University's overall financial health, and for advising on the University's overall financial strategy. The Finance Committee also monitored the financial resources allocated to the administrative and other support service areas.

The Audit Committee met with the external auditor to discuss audit findings, and with the internal auditor to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The work of internal audit was guided by an assessment of the key areas of risk in the University's activities. In addition, as part of statutory audit, the external auditors reviewed and tested the system of internal control to the extent that they considered necessary to support their audit opinion. The Audit Committee received reports on value for money, considered any items from the Higher Education Funding Council for England as they affected the University's business, and monitored adherence to regulatory requirements. The Committee reviewed the audit of the University's annual Financial Statements together with the accounting policies. University officers attended meetings of the Audit Committee as necessary during the year, but not as members of the Committee, which is made up solely of lay members of Council and other external members co-opted for their expertise. The Committee met privately with the internal and external auditors for independent discussions as necessary. Under the Audit Committee's Terms of Reference no member of the Committee may also be a member of the Finance Committee unless Council makes a formal decision to allow one Audit Committee member to sit on both.

The two Remuneration Committees determined and reported to Council on the remuneration of professorial and senior administrative staff, including the President and Vice-Chancellor, the Registrar and Secretary and the Director of Finance.

On behalf of Council and Court, the Nominations Committee maintained oversight of and provided advice on matters relating to the lay membership of Council and its committees, and of Court, as specified in the University's Statutes and Ordinances.

Risk Management

Council is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and provides reasonable but not absolute assurance against material misstatement or loss. Council has approved a comprehensive risk management policy reporting procedure for the University, which is reviewed regularly and updated as required in response to changes in the risk environment.

The senior management team receives regular reports setting out key performance and risk indicators and considers possible control issues brought to its attention

Corporate Governance

For the year ended 31 July 2015

by early warning mechanisms which are embedded within the operational units. The senior management team and the Audit Committee also receive regular reports from the internal auditors, which include any necessary recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. Council receives regular reports on Risk Management and Internal Control from the President and Vice-Chancellor and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

During the year Council approved termly amendments to the Corporate Strategic Risk Register to reflect changes in the level of exposure to recognised risks, and the emergence of new risks, as indicated by the Internal Control Reports submitted to Council.

As part of this process, throughout 2014-15 Council and the Audit Committee both received regular progress reports on steps taken by the University, with recommendations and support from the internal auditor, to further improve and strengthen its risk management procedures. Changes were implemented to achieve a greater focus on high/critical risks and to provide more concise and specific information on the key controls and improvement actions and progress against these. Further work will continue in order to identify any material risks to the emerging objectives in the University's new strategic plan, including the University's appetite for risk and its willingness to tolerate certain strategic high risks.

Changes to the Governance Structure

At its meeting in July 2015 Council approved a number of proposed changes to the University's governance structure for implementation in 2015-16, to coincide with the launch of the new strategic plan. Whilst retaining the 'statutory' committees required in order to comply with external reporting obligations, the overarching objective of the new structure will be to enhance the performance of the institution against its strategic objectives. It will also seek to enable greater decisiveness and speed of response to opportunities or risks, and to promote the professionalization and accountability of leadership and management inside the University through the delegation of more decision-making powers to individual managers, under a revised Schedule of Delegation.

Responsibilities of the Council of the University of Leicester

For the year ended 31 July 2015

In accordance with the University's Statutes and Ordinances, the Council of the University of Leicester is responsible for the administration and management of the affairs of the University.

The Primary Responsibilities of Council are as follows:

- To approve the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
- To delegate authority to the President and Vice-Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the institution, and to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the President and Vice-Chancellor.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, safeguards against fraud, and procedures for handling internal grievances and for managing conflicts of interest.
- 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.
- To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
- To conduct its business in accordance with the CUC Governance Code of Practice and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard the good name and values of the University.
- To appoint the President and Vice-Chancellor, on the recommendation of a Joint Committee of Council and Senate, and to put in place suitable arrangements for monitoring his/her performance.
- To appoint the Registrar, on the recommendation of a Joint Committee of Council and Senate, who will be secretary to Council. Council will ensure that appropriate arrangements are in place to maintain a separation of the Registrar's functions as Head of the University's Corporate Services, with direct accountability to the President and Vice-Chancellor, and as Secretary to Council, with direct accountability to the Chair of Council and Council members.
- To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
- To be the principal financial and business authority of the University, 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.
- To be the University'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.
- To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
- To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
- To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

Council is required to present audited financial statements for each financial year and is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Statutes and Ordinances, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms of its accountability obligations to the Higher Education Funding Council for England Council, through its designated accountable officer (the President and Vice-Chancellor), is required to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the University of Leicester and of the surplus or deficit, the cash flows and the total recognised gains and losses for that year.

In causing the financial statements to be prepared Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Council has reviewed the University's Financial Forecasts for the period to 31 July 2019, prepared under the direction of the Funding Council and on the basis of assumptions made as to the continuance of government

Responsibilities of the Council of the University of Leicester

For the year ended 31 July 2015

grants to be given by the Funding Council. On that basis, Council has a reasonable expectation that the University has adequate resources to continue operations for its foreseeable future. For this reason, the financial statements continue to be prepared on the going concern basis.

Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, and income for other specific purposes, are used only for the purposes for which they have been given and in accordance with all conditions which the Funding Council may from time to time prescribe;
- ensure that income for grants and specific purposes and from other restricted funds administered by the University have been expended on the purpose for which they have been provided;
- ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided;
- ensure that the University has a sound system of internal financial management and control to safeguard public funds and funds from other sources and takes into account any relevant guidance on accountability or propriety issued from time to time by the Funding Council, the National Audit Office or the Public Accounts Committee;
- 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; and
- plan and conduct its financial and academic affairs to ensure that the University remains solvent.

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:

- definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approved levels set by Council;

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee; and
- a professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by Council. The internal audit manager provides Council with an annual report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Signed on behalf of Council
Dr B. E. Towle, Chair of Council
24 November 2015

Members of Council

The Members of Council who served in the 2014-15 financial year, and up to the date of signing of this report were as follows:

Mr P. Ash
Professor M Barstow
Professor Sir Robert Burgess (until 30.9.2014)
Professor P Boyle (from 1.10.2014)
Mr G. Dixon
The Right Hon the Lord Grocott (Chancellor)
Judge A. Hampton
Mr M. Hindle
Mr I. Johnson
Professor J. Ketley
Mr P. Lawson
Professor M. Lester
Dr D. Lockett
Mr A Morgan
Mr D. Moore
Professor M. Peel
Professor E Raven
Dr N. Reed
Mr M Rubin (until 30.6.2015)
Ms V. Sharma
Professor M. Thompson (until 31.7.2015)
Ms C Thorogood
Dr B. Towle (Chair of Council)
Mr L Trotman
Professor D. Wynford-Thomas (until 31.5.2015)
Dr M. Rawlinson (until 31.7.2015)
Ms R Holland (from 1.7.2015)

New appointments from 1 August 2015:

Professor P Baker
Professor J Coleman
Dr S MacLeod

Independent Auditor's Report to the Council of the University of Leicester

For the year ended 31 July 2015

We have audited the financial statements of the University of Leicester for the year ended 31 July 2015 which comprise the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Debt, and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the members of Council in accordance with the memorandum of assurance and accountability effective August 2014. Our audit work has been undertaken so that we might state to the governing body 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

As explained more fully in the Responsibilities of Council of the University of Leicester Statement, Council is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the University's affairs as at 31 July 2015 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion in all material respects:

- income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2015 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the memorandum of assurance and accountability and with the funding council; and
- the requirements of HEFCE's accounts direction have been met.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

Statement of Principal Accounting Policies

For the year ended 31 July 2015

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and applicable Accounting Standards.

Having made appropriate enquiries, Council considers that the University has adequate financial resource to continue in operation for the foreseeable future, being not less than twelve months from signing the financial statements. Accordingly they continue to adopt the going concern basis in preparing financial statements.

The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the group's financial statements.

2. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the University and all subsidiary and associated undertakings with material financial transactions for the financial year to 31 July 2015. The consolidated financial statements do not include those of the University of Leicester Students' Union as it is a separate organisation in which the University has no significant influence over policy decisions.

3. Recognition of Income

Funding Council recurrent grant income represents income in support of general or specific revenue activities of the University during the year and is credited direct to the Income and Expenditure Account.

Tuition fees represent student fees received and receivable, which are attributable to the current year. Where the amount of a tuition fee is reduced income is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Income from research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year. Contributions towards overhead costs are aligned with expenditure and recognised based on expenditure to date. All income from fixed, current and endowment asset investments is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the Income and Expenditure Account to restricted endowments.

Income from trading activities, including residences, catering and conference services is recognised when the goods or

services are supplied to the customers or the terms of the contract have been satisfied.

4. Accounting for Charitable Donations

Unrestricted donations

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

Endowment funds

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these amounts are accounted for as endowments. There are three main types:

1. Unrestricted permanent endowments are where a donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University. Receipts where the capital amount cannot be spent are credited to unrestricted permanent endowments and only accumulated income is available to be transferred to general reserves.
2. Restricted permanent endowments are where the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective. Receipts where the capital amount cannot be spent are credited to restricted permanent endowments and only accumulated income is available to be transferred to general reserves as the related expenditure is incurred.
3. Restricted expendable endowments are where the donor has specified a particular objective other than the purchase of intangible or fixed assets, and the institution can convert the donated sum into income. These receipts are credited to endowment reserves and transferred to general reserves as the related expenditure is incurred.

Endowment Asset investments are included in the Balance Sheet at market value, with changes taken to the Statement of Total Recognised Gains and Losses.

Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the Balance Sheet as a deferred capital grant. The deferred capital grant is released to the Income and Expenditure Account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'Other Income' using a reasonable estimate of their gross value or the amount actually realised.

Statement of Principal Accounting Policies

For the year ended 31 July 2015

Donations received to be applied to the cost of land are recognised by inclusion as 'Other Income' in the Income and Expenditure Account.

5. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leicester Pension and Assurance Scheme (PAS). The Schemes are defined benefit schemes which are externally invested and contracted out of the State Earnings-Related Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method for USS, and the defined accrued benefit method for PAS, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the Schemes. Pension costs are assessed on the latest actuarial valuations of the Schemes. A small number of staff remain in other pension schemes.

The PAS is accounted for on the basis of FRS 17. The assets of the Scheme are included at market value and Scheme liabilities are measured on an actuarial basis using the defined accrued benefit method. The difference between the fair value of assets and liabilities measured on an actuarial basis, are recognised in the University's Balance Sheet as a pension scheme liability or asset as appropriate. A surplus is only included to the extent that the University is able to recover the surplus either through reduced contributions in the future or through refunds from the Scheme. The movement in the Scheme asset or liability is split as follows. The current service cost is shown within operating charges. The interest cost and the expected return on assets is shown within finance costs. Actuarial gains and losses are recognised immediately in the Statement of Total Recognised Gains and Losses.

The USS is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The institution is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the year.

6. 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 either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

7. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases. Rental income from operating leases is recognised on a straight line basis over the year of the lease irrespective of when such payments are due.

8. Land and Buildings

Land and Buildings are stated at cost. Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives of 50 years. Refurbishment costs that meet the requirements of FRS 15 are capitalised and depreciated over the period of 15 years on a straight line basis. Leasehold buildings are depreciated over 50 years, or if shorter, the period of the lease, on a straight line basis.

Where the University has earmarked assets for sale within one year of the balance sheet date, these are transferred to current assets as held for sale.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

Assets in the course of construction are capitalised but not depreciated.

9. Equipment

Equipment costing less than £25,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life on a straight line basis, as follows:

General equipment including vehicles and computer hardware – 3 years

Equipment acquired for specific research projects – 3 years or the normal project life if less than 3 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 useful life of the equipment (the period of the grant in respect of specific research projects).

Statement of Principal Accounting Policies

For the year ended 31 July 2015

All software costs, including licence fees, are written off to the Income and Expenditure Account as incurred.

10. Fixtures and Fittings

Fixtures and fittings are stated at cost and depreciated over their useful life on a straight line basis for a period of between 5 and 10 years.

Where fixtures and fittings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the fixtures and fittings.

11. Heritage Assets

The University holds a number of collections, exhibits and artefacts most of which have been donated or bequeathed to the University. These assets cannot be reliably valued and are therefore not included within the financial statements. New heritage assets acquired are included at valuation.

12. Investments

Endowment Asset Investments are included in the Balance Sheet at market value, with changes taken to the Statement of Total Recognised Gains and Losses. All other investments are included at the lower of cost and net realisable value.

13. Restructuring Costs

The University continues to operate a voluntary severance and early retirement scheme. Costs are provided for in full from the date applications to the scheme are agreed by the relevant committee.

14. Stocks

Stocks comprise Departmental Bulk Stores, Heating Oil, Sundry Stores and stocks held at Bookshops, Halls of Residence and Catering and are stated at the lower of cost or net realisable value.

15. Maintenance of Premises

The cost of routine corrective and planned maintenance is charged to the Income and Expenditure Account in the year it is incurred. Expenditure that extends the useful life of an asset or enhances an asset is capitalised.

16. Provisions

Provisions are recognised when the University has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 present obligation; a possible rather than probable outflow of economic benefit; an inability to measure the economic outflow.

17. Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 (formerly Schedule 2 of the Charities Act 1993) and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. For this reason the University is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation (with the exception of College Court Conference Centre Limited which is VAT grouped with the University).

18. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No other investments are included in cash.

Liquid resources comprise Current Asset Investments which are readily disposable. They include term deposits arising from the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

19. Agency Arrangements

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

20. Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

Consolidated Income and Expenditure Account

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Income			
Funding Body Grants	1	40,057	46,674
Tuition Fees and Education Contracts	2	150,026	137,063
Research Grants and Contracts			
<i>Research Grants and Contracts</i>		52,213	51,619
<i>Research and Development Expenditure Credits</i>		7,360	–
Total Research Grants and Contracts	3	59,573	51,619
Other Income	4	50,804	49,950
Endowment and Investment Income	5	1,719	1,359
Total Income		302,179	286,665
Expenditure			
Staff Costs	6	168,377	162,464
Other Operating Expenses		99,085	98,504
Depreciation	10	14,546	15,283
Interest and Other Finance Costs	7	2,967	2,905
Total Expenditure	8	284,975	279,156
Surplus Before Tax		17,204	7,509
Taxation	9	(1,612)	–
Surplus After Tax		15,592	7,509
Transfer from Accumulated Income in Endowment Funds	19	(112)	47
Surplus for the Year Retained Within General Reserves	20	15,480	7,556

- There is no difference between the retained surplus shown above and its historical cost equivalent.
- All items of income and expenditure arise from continuing operations.
- There are no exceptional items in the financial years reported other than Research and Development Expenditure Credits.

Consolidated Statement of Total Recognised Gains and Losses

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Surplus on Continuing Operations After Tax		15,592	7,509
Appreciation of Endowment Asset Investments	12	592	148
New Endowments	19	419	320
Transfer of Endowed Fund to Deferred Capital Grants	19	(258)	–
Valuation Gain on transfer to current assets	20	211	–
Actuarial Loss in Respect of Pension Scheme	33	(5,543)	(6,721)
Total Recognised Gains Relating to the Year		11,013	1,256

Reconciliation

	2014/15 £000	2013/14 £000
Opening Reserves and Endowments	68,591	67,335
Total Recognised Gains for the Year	11,013	1,256
Closing Reserves and Endowments	79,604	68,591

Balance Sheets

As at 31 July 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
Fixed Assets					
Tangible Assets	10	277,881	259,338	276,044	257,081
Investments	11	132	82	432	382
		278,013	259,420	276,476	257,463
Endowment Asset Investments	12	13,062	12,197	13,062	12,197
Current Assets					
Stocks		536	563	518	557
Debtors	13	33,748	29,903	37,430	33,033
Investments	14	6,319	2	6,319	2
Cash at Bank and in Hand		40,717	31,310	40,682	31,242
		81,320	61,778	84,849	64,834
Creditors: Amounts Falling Due Within One Year	15	(78,877)	(75,964)	(78,629)	(75,761)
Net Current Assets/(Liabilities)		2,443	(14,186)	6,320	(10,927)
Total Assets Less Current Liabilities		293,518	257,431	295,858	258,733
Creditors: Amounts Falling Due After More Than One Year	16	(80,224)	(57,586)	(80,224)	(57,586)
Provisions for Liabilities and Charges	17	(1,008)	(1,276)	(1,008)	(1,276)
Net Assets Excluding Pension Liability		212,286	198,569	214,626	199,871
Pension Liability	33	(28,245)	(25,922)	(28,245)	(25,922)
Net Assets Including Pension Liability		184,041	172,647	186,381	173,949
Deferred Capital Grants	18	104,437	104,056	104,437	104,056
Endowments					
Expendable	19	7,768	7,512	7,768	7,512
Permanent	19	5,294	4,685	5,294	4,685
		13,062	12,197	13,062	12,197
Reserves					
General Reserve Excluding Pension Liability		94,787	82,316	97,127	83,618
Pension Reserve	33	(28,245)	(25,922)	(28,245)	(25,922)
		66,542	56,394	68,882	57,696
Total		184,041	172,647	186,381	173,949

Professor P. Boyle, President & Vice-Chancellor
 Dr B.E. Towle, Chair of Council
 24 November 2015

Consolidated Cash Flow Statement

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Net Cash Inflow From Operating Activities	21	27,431	11,488
Returns on Investments and Servicing of Finance	22	(2,372)	(2,204)
Taxation		–	–
Capital Expenditure and Financial Investment	23	(27,628)	(10,836)
Management of Liquid Resources	24	(6,017)	105
Financing	25	18,218	(9,189)
Increase/(Decrease) in Cash in the Year	26	9,632	(10,636)

Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds

For the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Increase/(Decrease) in Cash in the Year	26	9,632	(10,636)
Change in Short Term Deposits	26	6,017	(105)
Change in Debt	26	(18,218)	9,189
Change in Net Debt		(2,569)	(1,552)
Net Debt at 1 August	26	(31,940)	(30,388)
Net Debt at 31 July	26	(34,509)	(31,940)

Notes to the Financial Statements

For the year ended 31 July 2015

1 Funding Body Grants	2014/15	2013/14
	£000	£000
Higher Education Funding Council for England	33,998	40,288
Non Recurrent Grants		
Higher Education Innovation Fund	2,165	1,781
National Scholarship Programme	–	738
Training and Development Agency for Schools Specific Grants	–	345
Other Specific Grants	520	360
Deferred Capital Grants Released In Year		
Buildings	2,489	2,512
Equipment	885	650
	40,057	46,674
	<hr/> <hr/>	<hr/> <hr/>
2 Tuition Fees and Education Contracts	2014/15	2013/14
	£000	£000
Full-time Home and EU Students	68,812	57,364
Full-time International Students	57,497	53,742
Part-time Students	20,758	23,149
Research Training Support Grants	2,959	2,808
	150,026	137,063
	<hr/> <hr/>	<hr/> <hr/>
3 Research Grants and Contracts	2014/15	2013/14
	£000	£000
Research Councils	17,425	16,786
UK Based Charities	9,988	11,284
UK Government, Health and Hospital Authorities	12,914	13,016
UK Industry, Commerce and Public Corporations	2,696	2,768
EU Government Bodies	6,775	5,599
EU Other	888	896
Other Overseas	1,345	1,165
Other Sources	182	105
	52,213	51,619
Research and Development Expenditure Credits	7,360	–
	59,573	51,619
	<hr/> <hr/>	<hr/> <hr/>

Research grants and contracts income includes £1,305,318 (2014: £2,224,000) in respect of the release of deferred capital grants on equipment and £93,405 (2014: £54,300) in respect of the release of deferred capital grants on buildings. The Research and Development Expenditure Credits (RDEC) income of £7,360,000 relates to claims in respect of 2013, 2014 and 2015. Due to a change in the regulations the University is not eligible to make further RDEC claims for periods after 1 August 2015.

Notes to the Financial Statements

For the year ended 31 July 2015

4 Other Income	2014/15	2013/14
	£000	£000
Residences, Catering and Conferences	26,922	25,733
Health Authority Funded Posts	9,932	9,903
Other Services Rendered	3,619	5,308
Bookshops	934	917
Deferred Capital Grants Released in Year	577	853
Other Income	8,820	7,236
	50,804	49,950

5 Endowment and Investment Income	2014/15	2013/14
	£000	£000
Income from Expendable Endowments	77	204
Income from Permanent Endowments	281	136
Income from Current Asset Investments and Cash at Bank	249	372
	607	712
Net Gain on Pension Scheme	1,112	647
	1,719	1,359

6 Staff Costs	2014/15	2013/14
	£000	£000
Salaries	139,443	134,288
Social Security Costs	10,827	10,638
Other Pension Costs	20,215	19,673
	170,485	164,599
FRS 17 Adjustment	(2,108)	(2,135)
	168,377	162,464

The pension contributions to the Universities Superannuation Scheme (USS) and CARE USS were at the standard rate of 16% of salary.

The pension contributions to the Pension and Assurance Scheme (PAS) were at the standard rate of 19% of salary. In addition, the University made lump sum supplementary contributions of £2,121,000 to the PAS.

The pension contributions to the Friends Life Scheme were at the standard rate of 5, 7, 9 or 11% of salary dependent upon the employee contribution rate chosen.

Notes to the Financial Statements

For the year ended 31 July 2015

6 Staff Costs (continued)

Emoluments of the Vice-Chancellor:	2014/15	2013/14
	£000	£000
Professor Paul Boyle		
Salary	204	–
Relocation Expenses	15	–
Benefits	5	–
	224	–
Employer's Pension Contributions	33	–
	257	–
Professor Sir Robert Burgess		
Salary	43	256
Benefits	6	6
	49	262
Employer's Pension Contributions	7	41
	56	303

Professor Sir Robert Burgess retired from the University on 30 September 2014. His successor Professor Paul Boyle commenced employment with the University on 1 October 2014.

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

Remuneration of higher-paid staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment were within the following ranges:

	All Staff		Staff on Clinical Scales		Staff on Non-Clinical Scales	
	2014/15	2013/14	2014/15	2013/14	2014/15	2013/14
£100,000 – £109,999	21	20	8	6	13	14
£110,000 – £119,999	18	14	9	3	9	11
£120,000 – £129,999	11	13	8	5	3	8
£130,000 – £139,999	5	5	2	1	3	4
£140,000 – £149,999	9	7	7	4	2	3
£150,000 – £159,999	5	5	3	5	2	–
£160,000 – £169,999	4	4	4	4	–	–
£170,000 – £179,999	6	8	6	8	–	–
£180,000 – £189,999	4	5	4	3	–	2
£190,000 – £199,999	2	4	2	3	–	1
£200,000 – £209,999	1	–	–	–	1	–
£210,000 – £219,999	–	2	–	2	–	–
£220,000 – £229,999	–	1	–	1	–	–
£230,000 – £239,999	–	–	–	–	–	–
£240,000 – £249,999	–	1	–	1	–	–
£250,000 – £259,999	1	–	1	–	–	–

One higher paid employee (2013/14: nil) received compensation for loss of office of £127,216 in the year (2013/14: £nil).

Notes to the Financial Statements

For the year ended 31 July 2015

6 Staff Costs (continued)

Average staff numbers (full-time equivalent) by major category:	2014/15	2013/14
Academic and Clinical	875	848
Research	448	428
Administration, Library, Computer and Other Related	766	765
Technical	219	222
Clerical, Manual and Ancillary	1,297	1,243
	3,605	3,506

7 Interest and Other Finance Costs

	2014/15 £000	2013/14 £000
Loans wholly repayable within five years	432	–
Loans Wholly or Partly Repayable in More Than Five Years	2,535	2,905
	2,967	2,905

8 Analysis of Total Expenditure by Activity

	2014/15 £000	2013/14 £000
Academic Departments	119,474	119,004
Academic Services	27,251	26,402
Administration and Central Services	38,784	34,594
Premises	32,370	30,897
Residences, Catering and Conferences	22,586	21,129
Research Grants and Contracts	41,789	42,229
Other Expenses	2,721	4,901
	284,975	279,156

Total expenditure includes:

External Auditor's Remuneration in Respect of Audit Services:		
Deloitte LLP	44	43
External Auditor's Remuneration in Respect of Audit Services to Subsidiaries:		
Deloitte LLP	9	6
External Auditor's Remuneration in Respect of Non-audit Services:		
Deloitte LLP – other assurance services	29	21
Operating Lease Rentals:		
Land and Buildings	566	476
Other	367	299
Payments to Members of Council in Respect of Council Activities	2	3

Notes to the Financial Statements

For the year ended 31 July 2015

9 Taxation

	2014/15 £000	2013/14 £000
Taxation on RDEC income in respect of		
2013 and 2014	1,033	–
2015	579	–
	<u>1,612</u>	<u>–</u>

Taxation in the current year relates to a tax charge on Research and Development Expenditure Credit (RDEC) income and represents a charge at a rate of 20% on the income claimed. There was no tax charge in the prior year.

10 Tangible Assets

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Equipment £000	Fixtures and Fittings £000	Assets in the Course of Construction £000	Total £000
Consolidated						
Cost						
At 1 August 2014	266,411	26,248	48,588	4,004	13,144	358,395
Additions	4,934	(1,085)	2,439	393	26,497	33,178
Disposals	(148)	–	(564)	–	–	(712)
Transfers at cost	1,772	–	162	26	(1,960)	–
At 31 July 2015	<u>272,969</u>	<u>25,163</u>	<u>50,625</u>	<u>4,423</u>	<u>37,681</u>	<u>390,861</u>
Depreciation						
At 1 August 2014	51,169	4,535	42,667	686	–	99,057
Charge for the year	8,184	609	4,987	766	–	14,546
Eliminated on disposals	(59)	–	(564)	–	–	(623)
At 31 July 2015	<u>59,294</u>	<u>5,144</u>	<u>47,090</u>	<u>1,452</u>	<u>–</u>	<u>112,980</u>
Net Book Value						
At 31 July 2014	215,242	21,713	5,921	3,318	13,144	259,338
At 31 July 2015	<u>213,675</u>	<u>20,019</u>	<u>3,535</u>	<u>2,971</u>	<u>37,681</u>	<u>277,881</u>

Notes to the Financial Statements

For the year ended 31 July 2015

10 Tangible Assets (continued)

	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Equipment £000	Fixtures and Fittings £000	Assets in the Course of Construction £000	Total £000
University						
Cost						
At 1 August 2014	266,411	26,248	48,588	1,327	13,144	355,718
Additions	4,934	(1,085)	2,439	393	26,497	33,178
Disposals	(148)	–	(564)	–	–	(712)
Transfers at cost	1,772	–	162	26	(1,960)	–
At 31 July 2015	272,969	25,163	50,625	1,746	37,681	388,184
Depreciation						
At 1 August 2014	51,169	4,535	42,667	266	–	98,637
Charge for the year	8,184	609	4,987	346	–	14,126
Eliminated on disposals	(59)	–	(564)	–	–	(623)
At 31 July 2015	59,294	5,144	47,090	612	–	112,140
Net Book Value						
At 31 July 2014	215,242	21,713	5,921	1,061	13,144	257,081
At 31 July 2015	213,675	20,019	3,535	1,134	37,681	276,044

The Consolidated assets includes a fixtures and fittings asset of the wholly owned subsidiary company College Court Conference Centre Limited with a cost of £2,677,212 and a net book value of £1,836,677.

Land and buildings with a cost of £101,333,406 and a net book value of £76,611,033 have been funded from UK Government Treasury sources; should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the memorandum of assurance and accountability with the HEFCE.

Leasehold land and buildings includes:

	Cost £000	Net Book Value £000
Michael Atiyah Building (125 year lease commencing 1996 from Wyggeston and Queen Elizabeth I College)	6,471	4,613
Main Campus Sports Centre (99 year lease commencing 2000 from Wyggeston and Queen Elizabeth I College)	6,424	5,679
Various NHS Sites	11,506	9,249
Other Sites	955	11,506

Freehold land and buildings includes £9,525,175 in respect of land. In accordance with the University's accounting policies this is not depreciated. The University occupies space in a number of NHS owned properties, for which it pays no rent due to the existence of long-standing reciprocal cost sharing agreements. It is not practicable to assign a value to these occupancies.

Consolidated and University

The depreciation charge has been funded by:

	£000
Deferred capital grants released (note 18)	5,350
General income	9,196
	<u>14,546</u>

Notes to the Financial Statements

For the year ended 31 July 2015

11 Investments

The University has interests in the following subsidiary and associated undertakings, all of which are registered in England and Wales, unless otherwise stated.

Subsidiary Undertakings

Name	2015 % Shareholding	2014 % Shareholding	Principal Activity
Leicester Academic Library Services Limited	100%	100%	Not trading (ceased trading on 28 February 2007)
College Court Conference Centre Limited	100%	100%	Operation of conferencing facility
Axendos Therapeutics Limited	100%	50%	Drug development for pneumococcal disease (dormant)

The consolidated financial statements incorporate the activities of Leicester Academic Library Services Limited and College Court Conference Centre Limited for the period 1 August 2014 to 31 July 2015.

Axendos Therapeutics Limited is a dormant company and is not included in the consolidated financial statements.

Associated Undertakings

Name	2015 % Shareholding or Other Interest	2014 % Shareholding or Other Interest	Principal Activity
Scionix Limited	50%	50%	Development of solvents for industrial purposes
OCB Media Limited	24%	24%	Development and pursuit of electronically distributed high level e-learning material and multimedia products
Bionutrix LLC. (registered in the USA)	10%	10%	Development of the commercial potential of research in Microbiology (inactive)
Haemostatix Limited	6%	6%	Rational design and development of drugs
Bioastral Limited	–	34%	To exploit the potential of adapting optical detection technology developed for space research to use in biological research
Spectral ID Limited	50%	50%	Other research and experimental development on natural sciences and engineering.
Open Brain Limited	32%	39%	Development of software based on Baysig technology platform with a wide range of potential applications
MIP Diagnostics Limited	13%	–	Commercialisation of Molecular imprinted Polymers (MIPs)

The University's share of the profit or loss for the year and the net assets of the associated undertakings are not material to the University's financial statements and have therefore been excluded from the consolidation.

Notes to the Financial Statements

For the year ended 31 July 2015

12 Endowment Asset Investments

	2015 £000	2014 £000
Consolidated and University		
Balance at 1 August	12,197	11,776
Additions: Capital	419	320
Net Expenditure	(146)	(47)
Appreciation on Revaluation	592	148
	<u>13,062</u>	<u>12,197</u>
Balance at 31 July	<u>13,062</u>	<u>12,197</u>
Represented by:		
Securities	11,747	11,105
Cash at Bank Held for Endowment Funds	1,315	1,092
	<u>13,062</u>	<u>12,197</u>

13 Debtors

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Amounts Falling Due Within One Year:				
Research Grants and Contracts	17,163	13,136	17,163	13,135
Amount Owed by Subsidiary Undertaking	–	–	1,181	685
Other Debtors and Prepayments	16,182	16,307	16,006	16,076
Amounts Falling Due After More Than One Year:				
Students' Union Loan	403	460	403	460
Amount Owed by Subsidiary Undertaking	–	–	2,677	2,677
	<u>33,748</u>	<u>29,903</u>	<u>37,430</u>	<u>33,033</u>

14 Current Asset Investments

	2015 £000	2014 £000
Consolidated and University		
Bank and Building Society Deposits	6,019	2
Property held for sale within one year	300	–
	<u>6,319</u>	<u>2</u>

The bank and building society deposits shown above are held on time deposits and notice accounts. The weighted average interest rate receivable was 0.93% and these are held for an average period of 65 days.

Notes to the Financial Statements

For the year ended 31 July 2015

15 Creditors: Amounts Falling Due Within One Year

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Mortgages and Other Loans	2,362	6,782	2,362	6,782
Research Grants and Contracts	28,987	18,163	28,987	21,654
Payments Received in Advance	2,148	7,795	2,139	7,789
Other Creditors	24,630	27,815	24,510	24,085
Social Security and Other Tax Payable	4,176	3,746	4,162	3,693
Accruals and Deferred Income	16,574	11,663	16,469	11,585
Amount Owed to Subsidiary Undertaking	–	–	–	173
	78,877	75,964	78,629	75,761

16 Creditors: Amounts Falling Due After More Than One Year

	2015 £000	2014 £000
Consolidated and University		
Mortgages:		
Barclays Bank Plc repayable by 2018	1,216	1,778
NatWest Bank Plc repayable by 2019	1,763	2,178
Barclays Bank Plc repayable by 2031	8,675	9,039
Barclays Bank Plc repayable by 2037	13,170	13,583
European Investment Bank repayable by 2038	29,540	30,000
European Investment Bank repayable by 2040	25,000	–
Salix Revolving Green Fund	860	984
Other	–	24
	80,224	57,586

The NatWest mortgage is secured on a portion of freehold land and buildings of the University. The NatWest mortgage is repayable in instalments over periods up to 2019, with interest payable at a fixed rate of 9.753%.

The European Investment Bank loan is repayable in instalments over periods to 2038 and 2040, with interest payable at a fixed rate of 3.467% and 2.894% respectively.

The Barclays mortgages are repayable in instalments over the periods up to 2018, 2031 and 2037 respectively. The rates of interest on the loans are fully hedged, at rates of 4.895%, 4.67% and 4.165% respectively. As at 31 July 2014 the cap and swap hedging arrangements in respect of floating rate loans had a negative fair value of £5,420,227 (2014: £4,033,784).

Bank loans are repayable as follows:

	2015 £000	2014 £000
Consolidated and University		
In one year or less (<i>note 15</i>)	2,362	6,782
Between one and two years	2,864	2,354
Between two and five years	9,747	8,210
In five or more years	67,613	47,022
	82,586	64,368

Notes to the Financial Statements

For the year ended 31 July 2015

17 Provisions for Liabilities and Charges

	2015 £000	2014 £000
Consolidated and University		
Balance at 1 August	1,276	409
Expenditure in the Year	(1,016)	(149)
Transferred from Income and Expenditure Account:		
In Respect of Pension Costs and Severance Payments	5	625
In Respect of future adjustments for HEFCE teaching grant	743	391
	<u>1,008</u>	<u>1,276</u>
Balance at 31 July	<u>1,008</u>	<u>1,276</u>

Included within provisions are amounts payable for enhanced pension costs and severance payments in respect of staff who have elected to take early retirement or voluntary severance. This provision is additional to that disclosed for pension costs under FRS 17 (Note 33). Provisions for enhanced pension costs and severance payments are calculated on the basis of estimated costs for members of staff that sign agreements before 31 July each year.

Also included in provisions are:

- the expected costs of decommissioning certain scientific facilities within the University. Based upon knowledge at the date of signing the financial statements it is expected that the decommissioning may take place in 2027.
- the expected reduction in Higher Education Funding Council for England teaching grant for 2013/14 and 2014/15 following the submission of final student number returns for those periods.

18 Deferred Capital Grants

	Funding Council £000	Other Grants & Benefactions £000	Total £000
At 1 August 2014			
Buildings	74,294	27,023	101,317
Equipment	1,224	1,515	2,739
	<u>75,518</u>	<u>28,538</u>	<u>104,056</u>
Cash Received and Receivable			
Buildings	3,071	1,130	4,201
Equipment	755	775	1,530
	<u>3,826</u>	<u>1,905</u>	<u>5,731</u>
Released to Income and Expenditure			
Buildings	2,489	671	3,160
Equipment	885	1,305	2,190
	<u>3,374</u>	<u>1,976</u>	<u>5,350</u>
At 31 July 2015			
Buildings	74,876	27,482	102,358
Equipment	1,094	985	2,079
	<u>75,970</u>	<u>28,467</u>	<u>104,437</u>
Total	75,970	28,467	104,437

Notes to the Financial Statements

For the year ended 31 July 2015

19 Endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2015 Total £000	2014 Total £000
Balances at 1 August	1,118	3,567	4,685	7,512	12,197	11,776
New Endowments	102	60	162	257	419	320
Investment Income	37	244	281	77	358	340
Expenditure	(24)	(73)	(97)	(407)	(504)	(387)
Increase in Market Value of Investments	74	189	263	329	592	148
Balance at 31 July	1,307	3,987	5,294	7,768	13,062	12,197
Represented by:						
Capital	1,292	3,347	4,639	7,108	11,747	11,105
Accumulated Income	15	640	655	660	1,315	1,092
	1,307	3,987	5,294	7,768	13,062	12,197

Expenditure in 2015 includes £258,000 of endowed funds transferred to deferred capital grants. This leaves a net transfer to the income and expenditure account from endowed funds of £112,000.

Funds Exceeding £100,000 at 31 July 2015

	2015 £000	2014 £000
Restricted Permanent		
Burton Holocaust Centre	298	289
The Leicester Judgment and Decision Making Fund	177	150
Tyler Chair	174	170
Fraser Bursary Fund	152	145
Faire and Allaway Fund	134	128
Marc Fitch Fund	116	116
Restricted Expendable		
The van Geest Foundation Heart and Cardiovascular Disease Research Fund	4,627	4,563
Wathes Centenary Scholarship Fund	701	683
Ulverscroft Endowment	548	538
Frears Endowment	343	327
Heartsearch Research Fund	210	148
Spire Endowment	173	169
Centre for Medicine	169	–
Alan Powell Fund	104	99
The Burgess Fund	100	–
Law Jubilee	100	97
Unrestricted Permanent		
Lewis Lilley Fund	301	299
Church Langton Fund	250	246
Simpson Gee Fund	184	180
University of Leicester Endowment Fund	106	–

Notes to the Financial Statements

For the year ended 31 July 2015

20 General Reserve Including Pension Liability

	Consolidated £000	University £000
Balance at 1 August 2014	56,394	57,696
Surplus Retained for the Year	15,480	16,194
Gain in respect of Property Revaluation	211	211
Actuarial (Loss) in Respect of Pension Scheme	(5,543)	(5,543)
Balance at 31 July 2015	66,542	68,558

The gain in respect of property revaluation represents the valuation gain on assets earmarked for sale within one year, which have been transferred from fixed assets to current assets in line with our accounting policies.

21 Reconciliation of Surplus before Tax to Net Cash Inflow from Operating Activities

	2014/15 £000	2013/14 £000
Surplus before Tax	17,204	7,509
Depreciation (<i>note 10</i>)	14,546	15,283
Loss on disposal of fixed assets	–	25
Deferred Capital Grants Released to Income (<i>note 18</i>)	(5,350)	(6,292)
Investment Income (<i>note 5</i>)	(607)	(712)
Interest Payable Excluding FRS 17	2,967	2,905
Decrease in Stocks	27	23
Increase in Debtors	(5,460)	(1,334)
Increase/(Decrease) in Creditors	7,592	(4,004)
(Decrease)/Increase in Provisions	(268)	867
Pension Costs less Contributions Payable	(3,220)	(2,782)
Net Cash Inflow from Operating Activities	27,431	11,488

22 Returns on Investments and Servicing of Finance

	2014/15 £000	2013/14 £000
Income from Endowments (<i>note 19</i>)	358	340
Other Interest Received	252	418
Interest Paid	(2,982)	(2,962)
	(2,372)	(2,204)

Notes to the Financial Statements

For the year ended 31 July 2015

23 Capital Expenditure and Financial Investment

	2014/15 £000	2013/14 £000
Fixed Asset Investments Acquired	(50)	(19)
Current Asset Investments Sold	–	597
New Endowments Received (<i>note 19</i>)	419	320
Endowment Funds Invested (<i>note 19</i>)	(307)	(234)
Payments made to Acquire Fixed Assets	(33,421)	(20,433)
Deferred Capital Grants Received	5,731	8,933
	<u>(27,628)</u>	<u>(10,836)</u>

24 Management of Liquid Resources

	2014/15 £000	2013/14 £000
(Additions to)/Withdrawals from Deposits	(6,017)	105

25 Financing

	2014/15 £000	2013/14 £000
Loans Brought Forward	64,344	73,533
New Unsecured Loan	25,000	–
Capital Repayments	(6,782)	(9,189)
Net Changes	18,218	(9,189)
Loans Carried Forward	<u>82,562</u>	<u>64,344</u>

26 Analysis of Changes in Net Debt

	At 1 August 2014 £000	Cash Flows £000	Other Changes £000	At 31 July 2015 £000
Endowment Assets (<i>note 12</i>)	1,092	223	–	1,315
Cash at Bank and in Hand	31,310	9,409	–	40,719
Cash Resources	32,402	9,632	–	42,034
Short Term Investments (<i>note 14</i>)	2	6,017	–	6,019
Debt Due Within One Year (<i>note 16</i>)	(6,782)	6,782	(2,362)	(2,362)
Debt Due After One Year (<i>note 16</i>)	(57,562)	(25,000)	2,362	(80,200)
Net Funds/(Debt)	<u>(31,940)</u>	<u>(2,569)</u>	<u>–</u>	<u>(34,509)</u>

Notes to the Financial Statements

For the year ended 31 July 2015

27 Capital Commitments

	Consolidated		University	
	2015 £000	2014 £000	2015 £000	2014 £000
Commitments Contracted at 31 July	20,749	33,219	20,749	33,219
Authorised but Not Contracted at 31 July	11,731	28,922	11,731	28,922
	32,480	62,141	32,480	62,141

28 Contingent Liability

A contingent liability exists in relation to the Universities Superannuation Scheme pension valuation recovery plan, since the University is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the University's expenditure is similarly not recognised (2014: £nil).

29 Lease Obligations

At 31 July, the University had annual commitments under non-cancellable operating leases in respect of equipment and land and buildings as follows:

	Land and Buildings		Land and Buildings	
	2015 £000	Equipment 2015 £000	2014 £000	Equipment 2014 £000
Consolidated and University				
Leases expiring:				
Within one year	160	206	23	4
Between two and five years	–	175	319	312
Over five years	409	–	206	–
	569	381	548	316

The University has no finance lease commitments (2014: £nil).

30 Post Balance Sheet Events

There are no post balance sheet events.

Notes to the Financial Statements

For the year ended 31 July 2015

31 Amounts Disbursed as Agent

Access to Learning Fund	2014/15	2013/14
	£000	£000
Consolidated and University		
Income		
HEFCE Grants	–	198
	<u>–</u>	<u>198</u>
Expenditure		
Expenditure in Relation to Eligible Students	–	198
	<u>–</u>	<u>198</u>
Balance at 31 July	–	–
	<u>–</u>	<u>–</u>

HEFCE 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.

Training and Development Agency (TDA) for Schools: Training Bursaries	2014/15	2013/14
	£000	£000
Cash Received	1,820	1,225
Bursaries Paid	(1,731)	(1,535)
Repayable to/(receivable from) TDA	89	(310)
	<u>89</u>	<u>(310)</u>

Cash received (other than income towards administrative costs and training grant) and bursaries paid are excluded from the Income and Expenditure Account.

32 Related Party Transactions

Due to the nature of the University's operations and the members of Council being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council or a member of the senior management team may have an interest.

All such transactions, including those identified below, are conducted at arms' length and in accordance with the University's Financial Regulations and normal procurement procedures.

The University has taken advantage of the exemption within FRS 8 (Related Party Disclosures) and has not disclosed transactions with College Court Conference Centre Limited, Leicester Academic Library Services Limited and Axendos Therapeutics Limited where it holds 100% of the voting rights.

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2014/15.

Notes to the Financial Statements

For the year ended 31 July 2015

32 Related Party Transactions (continued)

These financial statements include the following transactions with related parties. No information has been listed for organisations where the income and expenditure is less than £25,000 in the financial year:

	Income Transactions £000	Expenditure Transactions £000	Balance due to / (from) the University £000
University Hospitals of Leicester NHS Trust	10,930	5,430	(1,028)
Public Health England	329	11	44
University of Leicester Students' Union	25	1,373	364
Open University	2	72	2
University of Liverpool	–	36	–
	<u>11,286</u>	<u>6,922</u>	<u>(618)</u>

University Hospitals of Leicester NHS Trust

The University's College of Medicine, Biological Sciences and Psychology has a close business relationship with the University Hospitals of Leicester NHS Trust. The University employs many staff which serve both organisations and the NHS Trust funds its share of these staff costs in the form of a recharge from the University. These recharges represent the majority of the income transactions disclosed above. Council includes a Non-Executive Director and the Chairman of the NHS Trust.

Public Health England

One member of Council is a Non-Executive Director of Public Health England.

University of Leicester Students' Union

The University contributes towards the running costs of the Union in the form of a grant which represents the majority of the expenditure transactions shown above. Council includes the President of the Students' Union.

Open University

Two members of Council are employed by the Open University.

University of Liverpool

One member of Council is also an Honorary Professor at the University of Liverpool.

33 Pension Schemes

The University provides pension provision for its employees through the following six schemes:

Defined Benefit Schemes

- The Universities Superannuation Scheme (USS)
- The University of Leicester Pension and Assurance Scheme (PAS)
- The NHS Pension Scheme

Defined Contribution Schemes

- The University of Leicester Stakeholder Scheme
- The Aviva Group Personal Pension Scheme
- College Court Stakeholder Scheme

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

	2014/15 £000	2013/14 £000
Universities Superannuation Scheme	14,795	14,161
University of Leicester Pension and Assurance Scheme	3,290	3,369
NHS Pension Scheme	996	1,073
University of Leicester Stakeholder Scheme	1,127	1,065
Aviva Group Personal Pension Scheme	3	3
College Court Stakeholder Scheme	4	2
	<hr/>	<hr/>
	20,215	19,673
FRS 17 adjustment re PAS charges to salaries & wages	(2,108)	(2,135)
	<hr/>	<hr/>
	18,107	17,538
	<hr/> <hr/>	<hr/> <hr/>

Universities Superannuation Scheme (USS)

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The institution is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the institution's employees. In 2015, the percentage was 16% (2014: 16%). The institution 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 FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

As at 31 July 2015, the University had 2,101 active USS members (2014: 2,043).

The total cost charged to the income and expenditure account was £14.8 million (2014: £14.2 million). This includes £1.2 million (2014: £1.2 million) outstanding employer contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

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

FRS 17 liability numbers have been produced using the following assumptions:

	2014/15	2013/14
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

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

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

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2014/15	2013/14
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits

Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Leicester Pension and Assurance Scheme (PAS)

The University of Leicester Pension and Assurance Scheme was established with effect from 23 July 1962 to provide retirement and death benefits for support staff of the University of Leicester and for certain employees of the University of Leicester Students' Union. The Scheme is governed by its Fifth Definitive Trust Deed and Schemes Rules of 25 June 1999. The Scheme is a "registered pension scheme" for tax purposes (Reference number 100222535). It is registered under the Data Protection Act 1998 (Registration number Z8179467). Members are currently contracted out of the State Second Pension Scheme. At 31 July 2015 there were 258 active members in the PAS.

As part of the agreement made between the University, the University of Leicester Students' Union and the Trustees dated 8 September 2011, the Students' Union withdrew from the scheme.

In May 2015, the University began a consultation with affected members and the trade unions on proposals to end future accrual in the scheme at 31 March 2016. Following this consultation in August 2015 it decided to close the scheme to future accrual from 31 March 2016.

The Trustees of the Scheme have the responsibility for its proper and correct management. The Scheme administrators are Aon Hewitt who also act as consultant and actuary to the Scheme.

Subject to the provisions of the Trust Deed and Scheme Rules, the power of appointing and removing Trustees is exercised by deed and is invested in the principal employer, the University of Leicester. Member Nominated Trustees may only be removed if all other Trustees or the Pensions Act allows. Member Nominated Trustees are nominated by active and pensioner members of the Scheme and ballots are held if required.

The contributions made during the financial year 2014/15 were determined following the August 2013 actuarial valuation. The outcome of this valuation was:-

- the value of the Scheme liabilities was £154.0 million
- the Scheme's assets were valued at £124.4 million
- there was therefore a shortfall of £29.6 million
- which represents a funding level (assets divided by liabilities) of 81%

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

The 2013 actuarial valuation was calculated according to the assumptions agreed by the University and the Trustees in the PAS Statement of Funding Principles. The assumptions used in the 1 August 2013 valuation were as follows:-

Actuarial method	Attained Age Method
Post Retirement Mortality – Base Table	110% (Males & Females Actives) / 100% (All other members) of S1PXA
Post Retirement Mortality – Future Improvements	CNI 2013 core projections with long term improvement rate of 1.5% per annum for males and females
Pre-Retirement Discount Rate	Gilt curve plus 1.7% per annum
Post-Retirement Discount Rate	Average of Gilt and AA corporate bond curves
RPI Inflation	Break even RPI curve less 0.2% per annum
CPI Inflation	RPI Inflation less 0.7% per annum
Pension increases per annum	1.0%, 1.5%, 2.0% 3.0% then CPI inflation plus 1.0% per annum as from 1 August 2017. Promotional scale applied in addition.

Following the 2013 actuarial valuation the University agreed a new recovery plan to meet the past service shortfall of £29.6 million by making annual lump sum payments of £1.8 million commencing in August 2014, until 2026. The employer contribution rate for future service was set at 19% of pensionable salary. The University has also agreed to pay a sum of £321,000 per annum, repriced annually by RPI, towards the administration costs of the Scheme and to reimburse the Scheme for the full cost of the Pension Protection Fund levy. The employee contribution remains at 7.5%.

Under the FRS17 accounting standard, the University has a statutory requirement to report on the actuarial position of the Scheme each year. FRS17 uses a different set of assumptions to those used for the actuarial valuation and for 31 July 2015 the net pension liability under these assumptions was £28.2 million. Set out below is the FRS 17 disclosure as at 31 July 2015, prepared in accordance with the requirements of the Actuarial Guidance Note GN36 – Accounting for Retirement Benefits under Financial Reporting Standard 17 as adopted by the Board for Actuarial Standards.

The assumptions used by the actuary in the FRS 17 valuation are:

	2014/15	2013/14
Rate of increase in salaries *	3.25%	3.25%
Rate of increase in pensions in payment:		
Post 05.04.1988 GMPs	2.05%	2.05%
Non-GMPs	3.10%	3.10%
Discount rate	3.65%	4.10%
Inflation assumption RPI	3.25%	3.25%
Inflation assumption CPI	2.35%	2.35%
Expected return on plan assets at 31 July	3.65%	5.70%

* The 2015 FRS 17 assumption for salary increases is 3.25% from 2020 onwards. Up to that period the percentage increase is as follows:

Year 1	(01.08.2016)	1.25%
Year 2	(01.08.2017)	1.50%
Year 3	(01.08.2018)	2.00%
Year 4	(01.08.2019)	2.00%

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

The life expectancies in years based on a retirement age of 65 are:

		2014/15	2013/14
Males	retirals in year	21.6	21.6
	retirals in 20 years	23.3	23.5
Females	retirals in year	24.4	24.3
	retirals in 20 years	25.9	25.8

Scheme Assets

The value of the assets in the Scheme were:

	2015	2014
	£000	£000
Equities	25,172	44,508
Bonds	47,117	33,302
Diversified Growth Funds	64,794	53,594
Cash	2,464	335
	139,547	131,739

Net Pension Liability

The following amounts at 31 July were measured in accordance with the requirements of FRS 17:

	2015	2014	2013	2012	2011
	£000	£000	£000	£000	£000
Fair value of employer assets	139,547	131,739	124,373	110,531	105,946
Present value of Scheme liabilities	(167,792)	(157,661)	(146,356)	(140,453)	(127,890)
Net pension liability	(28,245)	(25,922)	(21,983)	(29,922)	(21,944)

Fair Value of Employer Assets:

	2015	2014
	£000	£000
Opening Fair Value of Plan Assets	131,739	124,373
Expected Return on Assets	7,472	7,106
Contributions by Members	414	463
Contributions by Employer	3,290	3,369
Actuarial Gains	3,359	549
Estimated Benefits Paid	(6,727)	(4,121)
Total	139,547	131,739

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

The University expects to contribute £3.0 million to its defined benefit pension plan from 1 August 2015 to 31 July 2016, on the basis that future accrual ends in March 2016.

Present Value of the Defined Benefit Plan:	2015	2014
	£000	£000
Opening Defined Benefit Obligation	157,661	146,356
Current Service Cost	1,182	1,234
Interest Cost	6,360	6,459
Contributions by Members	414	463
Actuarial Losses	8,902	7,270
Estimated Benefits Paid	(6,727)	(4,121)
	<hr/>	<hr/>
Closing Defined Benefit Obligation	167,792	157,661
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amounts charged to Income and Expenditure Account:	2014/15	2013/14
	£000	£000
Current service cost	(1,182)	(1,234)
Financing:		
expected return on Scheme assets	7,472	7,106
interest on expected Scheme liabilities	(6,360)	(6,459)
	<hr/>	<hr/>
net charge	1,112	647
	<hr/>	<hr/>
Net Income and Expenditure Account Cost	(70)	(587)
	<hr/> <hr/>	<hr/> <hr/>

	2014/15	2013/14
	£000	£000
Actual return on plan assets	10,831	7,655
	<hr/> <hr/>	<hr/> <hr/>

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses:	2014/15	2013/14
	£000	£000
Actual return less expected return on Scheme assets	3,359	549
Experience gains and losses arising on Scheme liabilities	2,727	1,997
Changes in assumptions underlying the present value of Scheme liabilities	(11,629)	(9,267)
	<hr/>	<hr/>
Total actuarial loss recognised	(5,543)	(6,721)
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

The movement in the Scheme's deficit during the year is made up as follows:

	2015 £000	2014 £000
Deficit on Scheme at 1 August	(25,922)	(21,983)
Movement in year:		
current service cost	(1,182)	(1,234)
contributions	3,290	3,369
other finance gain	1,112	647
actuarial loss	(5,543)	(6,721)
Deficit on Scheme at 31 July	(28,245)	(25,922)

The gains and losses for the year ended 31 July 2015 were as follows:

	2015	2014	2013	2012	2011
Difference between the expected and actual return on Scheme assets:					
Amount (£000)	3,359	549	8,117	(2,578)	5,026
Percentage of Scheme assets	2.4%	0.4%	6.5%	(2.3)%	4.7%
Experience gains and (losses) on Scheme liabilities:					
Amount (£000)	2,727	1,997	1,672	(752)	4,538
Percentage of the present value of Scheme liabilities	1.6%	1.3%	1.1%	(0.5)%	3.5%
Total amount recognised in the Statement of Total Recognised Gains and Losses:					
Amount (£000)	(5,543)	(6,721)	7,083	(8,444)	11,865
Percentage of the present value of Scheme liabilities	(3.3)%	(4.3)%	4.8%	(6.0)%	9.3%

NHS Scheme

The University has 101 employees who are members of the NHS Pension Scheme. The University allows continued membership of the Scheme for appropriate employees who are already members of the Scheme, and contributes 14.3% of pensionable earnings to the Scheme. Employees contribute between 5% and 14.5% of pensionable earnings to the Scheme. The employee's contribution rate is based on how much the members earn in a year.

Notes to the Financial Statements

For the year ended 31 July 2015

33 Pension Schemes (continued)

The University of Leicester Stakeholder Scheme

The University of Leicester Stakeholder Scheme ('the Scheme') is a defined contribution scheme offered through Friends Life. It was established on 1 August 2003 following the closure to new members of the University of Leicester PAS. The Scheme is open to support staff in salary grades level 5 and below, and is also made available to casual workers. The Scheme had some 1,140 members at 31 July 2015. The University contributes to the Scheme in proportion to that of member contributions. Members of the Scheme can choose to contribute either 3%, 4%, 5% or 6% of their pensionable pay and the University adds 5%, 7%, 9% and 11% respectively. There were contributions of £27,124 (2013/14: £154,134) outstanding at the year end.

The University's advisers for the Scheme are KPMG. The Scheme carries a basic annual management charge of 0.5% which is applied each year to members' funds. Some individual investment funds carry a higher charge including the default investment fund, the Baillie Gifford Managed Fund, which carries an additional charge of 0.25%. In the 7 years running up to retirement, the default investment strategy provides for members' existing funds and ongoing contributions to be phased into the Annuity Protector Fund (gilts) and a cash fund through a balanced lifestyle programme resulting in all funds being transferred to gilts and cash at the point of retirement. From April 2015, members of defined contribution arrangements have been given greater flexibility over how they use their pension savings once they reach the age of 55. The University is currently reviewing these changes and considering the current member investment options.

The Scheme operates a salary sacrifice arrangement for pension deductions. This is an opt-in scheme.

The University maintains an Advisory and Issues Group, which has trade union membership. This Group supports the governance of the Scheme and provides advice on the Scheme to the University's Finance Committee.

College Court Pension Scheme

The University has a conference centre, College Court, which operates as a separate wholly owned subsidiary company. College Court Conference Centre Limited provides a defined contribution stakeholder scheme for its staff, offered through FriendsLife.

College Court contributes to the Scheme in proportion to that of member contributions. Members of the Scheme can choose to contribute either 3%, 4%, 5% or 6% of their pensionable pay and College Court adds 5%, 7%, 9% and 11% respectively.

The Scheme carries a basic annual management charge of 1% which is applied each year to the member's funds. In the 7 years running up to retirement the default investment strategy moves from the Baillie Gifford Managed Fund to the lower risk FriendsLife Pre-Retirement Fixed Interest Fund and FriendsLife Cash Fund. The fund manager decides the split between the two.

The Scheme has one member. There were no contributions outstanding at the year-end (2013/14: £nil).

Aviva Group Personal Pension Plan

The University contributed to the Aviva Group Personal Pension Plan for one employee who is subject to a TUPE transfer arrangement.

Five Year Summary Accounts

For the year ended 31 July 2015

This information has been drawn from the financial statements and is not subject to audit.

Income and Expenditure Account

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
Funding Body Grants	40,057	46,674	55,055	65,895	74,840
Tuition Fees and Education Contracts	150,026	137,063	120,910	98,274	89,386
Research Grants and Contracts	59,573	51,619	55,206	49,634	48,732
Other Income	50,804	49,950	49,434	49,218	47,003
Endowment Income and Interest	1,719	1,359	830	841	725
Total Income	302,179	286,665	281,435	263,862	260,686
Expenditure					
Staff Costs	168,377	162,464	152,826	148,439	142,466
Other Operating Expenses	99,085	98,504	106,227	97,894	98,068
Depreciation	14,546	15,283	12,476	11,016	8,235
Interest and Other Finance Costs	2,967	2,905	2,922	2,593	2,984
Total Expenditure	284,975	279,156	274,451	259,942	251,753
Transfer from Endowment Funds	(112)	47	213	348	227
Taxation	(1,612)	–	–	–	–
Surplus for the Year	15,480	7,556	7,197	4,268	9,160

Balance Sheet

Fixed Assets	278,013	259,420	254,737	224,660	205,246
Endowment Asset Investments	13,062	12,197	11,776	7,026	6,826
Net Current Assets/(Liabilities)	2,443	(14,186)	(16,003)	(4,259)	(7,055)
Creditors: Amounts Due After One Year	(80,224)	(57,586)	(59,368)	(47,983)	(30,686)
Provisions for Liabilities and Charges	(1,008)	(1,276)	(409)	(493)	(588)
Pension Liability	(28,245)	(25,922)	(21,983)	(29,922)	(21,944)
Total Net Assets	184,041	172,647	168,750	149,029	151,799
Represented By:					
Deferred Capital Grants	104,437	104,056	101,415	101,025	99,819
Endowments	13,062	12,197	11,776	7,026	6,826
General Reserve	94,787	82,316	77,542	70,900	67,098
Pension Reserve	(28,245)	(25,922)	(21,983)	(29,922)	(21,944)
Total Funds	184,041	172,647	168,750	149,029	151,799

Financial Statistics

For the year ended 31 July 2015

Sources of Income

% of Total Income	2014/15	2013/14	2012/13	2011/12	2010/11
Grants from Funding Bodies (HEFCE and TDA)	13.3%	16.3%	19.5%	25.1%	28.8%
Tuition Fees and Education Contracts	49.6%	47.8%	43.0%	37.2%	34.4%
Research Grants and Contracts	19.7%	18.0%	19.6%	18.8%	18.4%
Residences, Catering and Conferences	8.9%	9.0%	8.7%	9.1%	8.4%
Other Income	8.5%	8.9%	9.2%	9.8%	10.0%
Total Income	100.0%	100.0%	100.0%	100.0%	100.0%

Analysis of Expenditure

% of Total Expenditure	2014/15	2013/14	2012/13	2011/12	2010/11
Staff Costs	59.1%	58.2%	55.7%	57.1%	56.6%
Other Operating Expenses	34.8%	35.2%	38.7%	37.7%	38.9%
Depreciation	5.1%	5.5%	4.5%	4.2%	3.3%
Interest Payable	1.0%	1.1%	1.1%	1.0%	1.2%
Total Expenditure	100.0%	100.0%	100.0%	100.0%	100.0%
Surplus for the Year as a % of Total Income	5.1%	2.6%	2.6%	1.6%	3.5%

Indicators of Financial Strength

Days Ratio of Total General Funds to Total Expenditure <i>To indicate the number of days total expenditure which could be met from general funds</i>	121	108	103	100	97
Days Ratio of Net Current Assets/(Liabilities) to Total Expenditure <i>Number of days an institution could meet expenditure from net assets</i>	3	(19)	(21)	(6)	(10)
% Ratio of Long-Term Liabilities to Total General Funds <i>Measures the extent to which an institution is funded by long-term debt</i>	85	70	77	68	46

Indicators of Liquidity and Solvency

% Ratio of Liquid Assets to Current Liabilities <i>Extent to which current liabilities could be met from cash and liquid investments</i>	60	41	49	54	57
Ratio of Current Assets to Current Liabilities <i>Extent to which current liabilities could be met from current assets</i>	1.0	0.8	0.8	0.9	0.9
Debtor Days <i>Days of total income (excluding Funding Council income) represented by debtors</i>	47	45	45	49	51



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