



UNIVERSITY OF  
**LEICESTER**

# FINANCIAL STATEMENTS 2016-17





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## 2016-17 At a Glance

**£9.2 million**

income growth

**£8.5 million**

surplus

**£26.5 million**

capital investment

**£155.9 million**

income from tuition fees

**£5.2 million**

pledged in a single philanthropic gift,  
the University's largest to date

**£177.8 million**

staff costs

**11.6%**

increase in Home/EU students  
registering to begin their studies  
in 2016-17

**65.2%**

of our staff have a teaching  
qualification

**18**

academics have won National  
Teaching Awards

**86%**

of our students are satisfied

**95%**

of our graduates are in full-time  
employment or further study six  
months after graduation

**1,406**

people signed up to the Anthony  
Nolan Stem Cell Register at a  
University recruitment drive

**24**

individuals or teams were recognised  
and celebrated for their achievements  
at two staff award ceremonies

**94.6%**

completion rate

**14,000**

downloads of the MyUoL app

**43,798**

hours of lectures viewed by students  
via Reflect lecture capture

**40%**

increase in funding for research

**173%**

rise in high value grants from  
charities to support research

## University Overview and Strategic Report

The University of Leicester is a university with a truly global outlook. We are committed to fostering a teaching and learning environment that transforms the prospects of our students and those they will go on to influence, and we undertake world-class research that saves, improves and enriches lives.

Our University was founded as Leicester, Leicestershire and Rutland University College in 1921 and was granted a Royal Charter in 1957. The site for our University was donated by a local textile manufacturer, Thomas Fielding Johnson, in order to create a living memorial for those who made sacrifices during the First World War. This is reflected in our motto: *Ut Vitam Habeant* – ‘so that they may have life’.

While proud of our heritage, Leicester is a university that keeps an eye on the future. This approach enables us to adapt to changing landscapes and seize opportunities. We offer our students a unique international perspective and exciting career opportunities, grounded in a vibrant multi-cultural city located in the very heart of the United Kingdom.

Our structure enables us to work across disciplines, bringing innovative and collaborative approaches to our teaching and research.

Our University is governed by Council. It is managed by the University Leadership Team, chaired by the President and Vice-Chancellor. Academic disciplines are organised into three academic Colleges, each of which is divided into a number of departments and schools. Each College is led by a Pro-Vice-Chancellor and Head of College, who sits on the University Leadership Team.

Our professional services, located in the academic departments, colleges and corporate services, work in partnership with academics to support our academic mission of the University. The Registrar and Chief Operating Officer leads professional services.

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





## Discovery-led Research

We seek to create an environment in which both disciplinary excellence and interdisciplinarity thrives. By working together at the intersection of disciplines, we will address complex questions of worldwide significance. We are proud to be one of the world's leading research-intensive universities, elite in the excellence of our research, yet distinctive for the genuine synergy between our research and teaching.

## Our priorities:

### Transforming our national and international position

We will develop and support talent at all levels and stages of the research career, targeting an increase in number and quality of our external grant applications and our standing in national and international research rankings.

### Interdisciplinary institutes and networks

We will continue to promote our interdisciplinary institutes launched in 2015-16 to build on our existing strengths.

### International focus

We are actively engaged in building international research partnerships and networks. We continue to engage with European research funding programmes, notably Horizon 2020, despite the outcome of the referendum result and are continuing to see success in our grant capture from the EU.

### A new city campus

Focusing our world-class strengths in space and Earth observation science we will develop Space Park Leicester. This national centre will provide a new anchor for a vital British industry.

### An enterprise culture

We will develop new strategic partnerships that take our academic expertise into priority sectors and provide increased support and training to student and staff entrepreneurs.

### Incentives for impact

We will develop an even stronger focus on the short, medium and long term impact of our research when planning our activities and collaborations and when evaluating our performance.

## Key achievements:

- In support of our priorities we have:
  - Formed the Leicester Institute of Advanced Studies which will facilitate new interdisciplinary conversations.
  - Progressed our plans for a Doctoral College to provide additional support for postgraduate support and early career researchers.
  - Had our first successes in securing grants under the Global Challenge Research Fund.
- Total research funding awards in 2016-17 of £60.0 million.

This is an increase of 40% on the value of awards in 2015-16. Significant awards include:

- Multiple new awards totalling £7.3 million for the 2016-17 year from the British Heart Foundation.
- Awards of £3.6 million in Physics and Astronomy, Health Sciences and Mathematics through prestigious fellowship schemes funded by the European Research Council, Wellcome Trust and Engineering and Physical Sciences Research Council.
- We led a successful bid, in partnership with the Universities of Birmingham, Nottingham and Warwick, to establish a state-of-the-art Midlands regional cryo-electron microscopy facility. The bid resulted in an award of £3.7 million from the Medical Research Council.
- Funding from the European Regional Development Fund has led to the announcement of The Leicester Innovation Hub, a £5.1 million creative incubation and innovation space in the heart of the city.
- In March the government allocated £12.9 million in funding for Space Park Leicester. Part of the Government's Midlands Engine Strategy, the Park will provide a national hub for space research, learning, public engagement and innovation.
- We also had pledges for two large gifts in support of research:
  - A gift of £5.2 million to our University and University Hospitals Leicester from fashion retailer George Davies to support clinical research into ways to improve outcomes for patients who face losing a limb due to poor circulation. It will also establish the Vascular Limb Salvage Clinic (VaLS).
  - A second gift of £2.7 million from entrepreneur Jimmy Mayer to fund life-saving kidney research. The funding will create dedicated research facilities – The Mayer IgA Nephropathy Laboratories – as well as a named Professorship – the Mayer Chair in Renal Medicine – at the University.

## Key performance indicators:

### Research income and growth

Research income represented 16.8% of 2016-17 total income (2015-16: 17.5%) We are targeting research income to be 20% of total income by 2019-20.

Research income was £52.2 million in 2016-17 and this figure is projected to grow in future years as the impact of the strong awards performance in 2016-17 translates into income.

## Risks to success:

- National policy changes, including the Higher Education and Research Bill, introduction of the Global Challenge Research Fund and Industrial Strategy Challenge Fund, changes to the Research Excellence Framework and the introduction of the TEF have created an uncertain environment for all UK universities.
- Brexit, with its implications for research funding, overseas markets, economic uncertainty and staff recruitment, has added to the shifting nature of the external landscape. Ultimately, there is increased competition for research funding across the UK and internationally.



## Discovery-led Learning

We put students at the heart of our decisions about education and the student experience, because our students matter. We take great pride in the strength of our learning culture and in the passion for excellence that informs both our teaching and our support for students.





## Our priorities:

### New and innovative approaches to education

Our students will enjoy the most flexible curriculum in the UK and will be able to combine a major and minor in different disciplines across most of our subject areas, with dozens of new minors being developed in interdisciplinary areas and vocational niches.

### Graduates with talent

We are engaging employers and graduate recruiters even more directly in our curriculum and teaching. We will also make increased use of our alumni as mentors and role models.

### Broadening access and participation

Through formal access programmes and a broad commitment to outreach, we will explore ways to encourage all talented students to consider and enter higher education.

### Internationalised learning and teaching

Every Leicester programme will make a contribution to the internationalisation of our curriculum so that every Leicester graduate is ready for the wider world. Building on our pioneering role in distance learning, we are also developing a blended and flexible approach in which our students in Leicester and across the globe can benefit from a Leicester education.

### Students as partners in learning

Close and constructive relationships with our students will be enshrined in a Staff and Student Charter, a range of departmental and institutional partnership projects to improve our students' learning and experience.

### Fabulous First Year

We will focus on building the most effective possible links between schools, colleges and our University. This will be complemented by our Fabulous First Year initiative, that ensures an effective transition to university study and university life and builds the skills that will help our students flourish.

## Key achievements:

- The first set of Major/Minor courses, which included 18 major and 37 minor options from humanities, social science and science, began in September 2016, offering students increased

flexibility for their degree. In this first year, 109 students chose these options.

- Through the pilot year of the Leicester OnTrack programme, 881 students from widening participation backgrounds have benefitted from a targeted programme of interventions to support students from widening participation backgrounds to access and engage with support throughout their time at the University.
- Plans for our first international institute, in partnership with Dalian University of Technology, China, were announced in April 2017. This will offer dual degrees for Chinese students studying in Dalian as well as exchange opportunities for UK students to study part of their degree abroad.
- The Fabulous First Year initiative has improved the support new undergraduate students receive when starting university. Highlights of the initiative include a Matriculation ceremony to welcome all new first year and foundation students, and the Peer Mentoring Scheme, which come together to ease the transition from school to university life.

## Key performance indicators:

### Student recruitment

For Home/EU undergraduate intake in 2016-17 we had a target of 3,534. We are pleased to have exceeded this target with 3,658 registrations, an increase of more than 500 students compared to our 2015-16 intake of 3,072. Our target for 2017-18 intake is 3,796.

### Teaching excellence

The University achieved a rating of Silver in the government's new Teaching Excellence Framework (TEF). 65.2% of our staff have a teaching qualification (2015-16: 55%). Our target is to achieve 90% over the next five years. Eighteen of our academics have won National Teaching Awards for their outstanding and distinctive contributions.

### Student satisfaction

86% of our students are satisfied, according to the results of the 2017 National Student Survey (NSS). Our target is 90%.

### Student success

The completion rate for 2015-16 was 94.6% (2014-15: 93.7%). We are finalising our analysis for 2016-17. Our DLHE score has improved from 93.8% in 2015-16 to 95%.

## Risks to success:

- Our NSS and TEF results impact our reputation for ensuring that students matter. These could also have a negative impact on our league table positions. To offset this, we are continuing to improve a number of areas.
- The current government's stance on immigration, which is increasingly making the UK a less appealing place to study. We are aiming to deliver new international partnerships to make our recruitment more resilient.
- The UK's vote to leave the EU in the recent referendum may impact our ability to recruit in the EU market going forward. We will continue to monitor EU recruitment closely.

## Discovery-enabling Culture

We have established a reputation as an open, accessible and friendly university, where people enjoy their work, and both staff and students benefit from our collegial and collaborative approach.



## Our priorities:

### Making decisions in the right way, in the right place

The University's governance structure ensures that we are making well-informed decisions and developing clear lines of responsibility.

### Leading by example on equalities, diversities and wellbeing

We remain committed to our ambitions in relation to Athena SWAN accreditation, the Stonewall Index and other charters of equality and we are proud of our role as one of only 10 universities in the world taking the lead for the UN's HeForShe movement.

### Developing talent in people

Our ambition is for all staff to benefit from improved training, appraisal and mentoring. We will use a workload model to ensure academic staff have time for quality research and enterprise, as well as excellent teaching and student support.

### Celebrating and rewarding success

The University's approach to appraisal, reward, recognition and promotion for all staff is transparent, understandable and fair, acknowledging excellence in colleagues' contributions.

### Outreach and social responsibility

We are committed to working in and with the city of Leicester to improve economic, social and cultural wellbeing, the environment and health, expanding our volunteering schemes and increasing the impact of our social responsibility initiatives.

## Key achievements:

- The newly formed coaching and mentoring academy trained 26 colleagues in 2017. Our qualified coaches aim to develop colleagues by helping them recognise and build on their strengths. As a team they also support organisational change initiatives and projects.
- Sixty colleagues attended the Future Leaders Programme, a new initiative which runs over six months. The programme helps develop our senior staff to become the best leaders they can be, building on their unique and diverse skills and talents.
- The achievements of professional service and academic staff were recognised with the launch of two all-staff awards this year. Nominated by staff and students, the Discovering Excellence Awards in November 2016 celebrated the achievements of staff across 13 award categories. In June 2017, 10 awards were presented during the inaugural Research Impact Awards.

- A record number of 1,406 people signed-up to the Anthony Nolan Stem Cell Register in October 2016 when the University paired up with The Rik Basra Leukaemia Campaign to host a Leicester Heroes event on campus.
- A University-wide academic workload model has been rolled out across the institution with a set of tariffs to be applied consistently across all academic departments. The aim of this model is to ensure consistency in the application of tariffs, and equity and fairness for all academic staff in departments.

## Key performance indicators:

### Gender pay gap

Based on the snapshot date of 31 July 2017 and correct as at 1 August 2017. Based only on annual salary and working hours.

<b>Mean gender pay gap</b>	23.1%
<b>Median gender pay gap</b>	25.5%

The gender pay gap is the percentage difference in mean or median pay per hour between female and male staff. A negative value means that men on average earn less than women.

### Athena SWAN Gender Equality Charter Award

The University achieved three Silver and two Bronze Departmental Athena SWAN Awards in 2016-17 (2015-16: two Silver and one Bronze Awards).

### Aurora Women's Leadership Programme

Sixteen female early career leaders attended the Aurora Women's leadership programme in 2016-17, joining both the 26 who attended in 2015-16 and also our previous cohorts. We have developed an Aurora alumnae network, which includes participants, mentors and role models. Through this we are providing further development and networking opportunities for our whole Aurora community.

### Stonewall Workplace Equality Index

In 2015-16, we increased our ranking by seven places. We did not submit for the 2016-17 Index, but will be resubmitting for the 2017-18 Index.

### Staff equality, diversity and inclusion training

In September 2016, we introduced a mandatory staff development module on Equality, Diversity and Inclusion. As of 31 July 2017, 85% of staff had completed the module.

## Risks to success:

- Our NSS and TEF results impact our ability to attract and retain high quality staff. Our People Strategy includes actions to maintain our high levels of staff satisfaction to ensure staff retention.
- The Home Office may continue to tighten immigration controls on HEIs as sponsors of international staff members. In addition following the UK's vote to leave the EU, it is expected that pressures on recruitment of international staff will increase. We will continue to closely monitor the data around recruitment and retention of international staff.





## Discovery-enabling Environment

We will develop environmentally sensitive, digitally-enabled and world-class campus facilities that will be envied and emulated on a national and international scale. Our campus, infrastructure and processes will reflect our ambitions as an outward-facing and enterprising university.



## Our priorities:

### Forming the heart of the Leicester Educational Quarter

We will continue to develop our Estate Master Plan to deliver a 21<sup>st</sup> century urban campus as the centre-piece of Leicester's Educational Quarter.

### A digital future

We will design and develop our digital campus, creating an inclusive, personalised and interactive environment for our students, staff and partners that will also support excellence in research, enterprise and learning.

### Open scholarship

Embracing open scholarship and the open academy, we will provide tools for scholar-led publishing and open repositories for data and learning materials.

### A great place to live

We will enhance our strong existing focus on residential support and wellbeing. We will focus our City Living accommodation onto an integrated site to provide a vibrant student community, including learning space, close to campus.

### Sustainable finances

With a new approach to strategic and operational planning, we will ensure that we have the tools to track and improve our performance.

## Key achievements:

- Our Engineering Roof project completed in the year and was awarded Construction Project of the Year at the East Midlands Property Dinner Awards 2017.
- Over the past year we have launched our customisable app MyUoL and introduced our Reflect lecture capture system, both of which have proved popular with students. We are now focused on developing a new personalised and integrated staff intranet.

- Works have begun to establish The Leicester Innovation Hub. Part funded by the European Regional Development Fund, the multi-million pound centre aims to foster and accelerate the next generation of innovators in the city.
- We have continued our focus on managing risk, income growth and cost control, and are pleased to report a surplus of £8.5 million for the year. Further details and key performance indicators are included in the Financial Review section of this report.

## Key performance indicators:

### NSS 2017

- Satisfaction with IT resources and facilities: 87%
- Satisfaction with library resources: 87%
- Satisfaction with course-specific resources: 88%

### Facilities in RICS good condition

- 75.5% of our non-residential properties are classified as RICS good condition A/B (2015-16: 75.5%). Our target is to increase this percentage year on year.

### Absolute carbon emissions

- In 2015-16 we reduced our carbon emissions by 12% to 26.7 million tonnes (2014-2015: 30.3 million). We are finalising our 2016-17 analysis and our target is to reduce emissions year on year.

### Digital

- Our MyUoL app has been downloaded over 14,000 times.
- 43,798 hours of lectures have been reviewed using Reflect, an average of four hours per student.

## Risks to success:

- Unauthorised access to systems and compromise of University data. We have robust controls in place around our digital infrastructure.
- Failing to delete or archive data in line with an agreed retention policy may lead to a breach of General Data Protection Regulation (GDPR). We have established a task group to ensure our readiness when GDPR comes into force in May 2018.
- Ageing infrastructure could lead to possible failure of engineering systems and building fabric and/or failure to comply with legislative standards. Our Physical Environment Strategy seeks to address ageing infrastructure as part of our ambitious capital programme.

# Financial Review

## Student numbers

Undergraduate recruitment remained strong and Home/EU undergraduate student numbers have grown by 11.6% from the prior year. International recruitment fell by 4% in 2016-17, a reduction of 150 full-time students. Once again we have had a record year for tuition fee income of £155.9 million. Student recruitment for the 2017-18 academic year is strong with further growth expected.

The distribution of students in 2016-17 and 2015-16 was:

	2016-17	2015-16
Undergraduate	12,555	11,623
Postgraduate	7,750	7,555
	<b>20,305</b>	<b>19,178</b>
Full-time	15,000	13,961
Part-time/distance learning	5,305	5,217
	<b>20,305</b>	<b>19,178</b>

## Capital investment

We have invested £26.5 million (2015-16: £26.2 million) in our estate and infrastructure. Significant investment in the year was in the replacement of the Grade II\* listed roof of the Engineering Building, noted as one of the top 10 post war buildings by Heritage England. Work on site was completed in May 2017 and consisted of complete replacement of the roof and glazed facades of the building. We have also invested £4.1 million in our residential estate, £4.5 million on campus improvements and £4.4 million in our IT and equipment infrastructure.

We have developed an ambitious £500 million investment plan for our University's infrastructure and estate in support of the Strategic Plan over the next 10 years. This will involve a programme of investment in our existing estate, in digital infrastructure, in state-of-the-art teaching and research facilities, and our accommodation provision.

The initial stages of our plan are now underway and we recently published our proposals to extend and enhance the Percy Gee Building, home to our Students' Union, and to renovate our Brookfield campus to provide a new home for our School of Business.

We are in the final stages of appointing a partner to work with us to redevelop our Freeman's Common site. The development will provide 1,200 high-quality residential rooms and a new learning space, close to our academic campus, to support our student growth plans.

## Subsidiary companies

Included in our consolidated financial statements are the results of our two trading subsidiaries - College Court Conference Centre Limited and The Leicester Services Partnership Limited.

College Court Conference Centre Limited has had a successful year, with its financial performance improving for the fourth consecutive year since it commenced trading in 2013.

Leicester Services Partnership Ltd is a new venture, the first of its kind in the UK, with our Students' Union. The company combines the catering and retail activities of both our University and the Students' Union into one entity and trades as Here 4U. This collaboration provides many benefits, one of which is enabling students to use a cashless card at all retail and catering outlets across campus and in our accommodation. Further details can be found in note 24 to these financial statements.

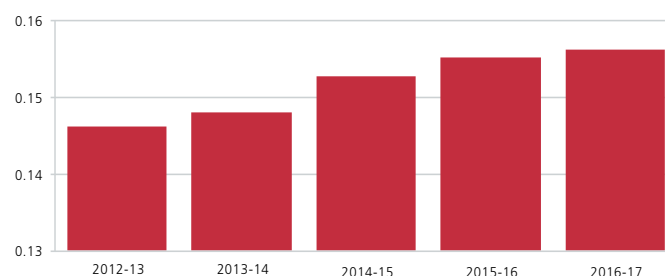
Included within our Discovery-enabling Finance Strategy are a range of performance indicators. The key KPIs are presented below.

## Core income per academic FTE\*

Core income is measured as research income, tuition fees and funding body grants. Income per FTE for 2016-17 was £0.16 million (2015-16: £0.16 million).

\*full-time equivalent staff numbers

### Core income (excluding RDEC) per academic FTE (£m)

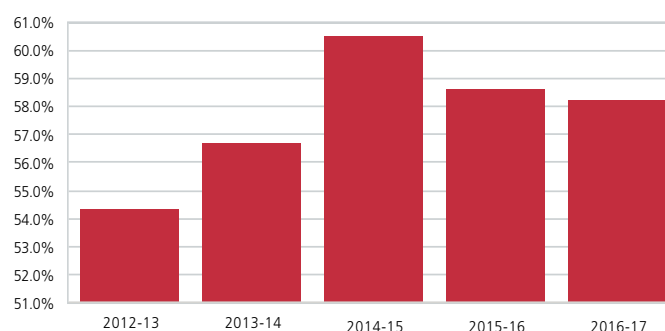


## Staff costs as a % of income

Staff costs increased by £4.2 million (2.4%) from 2015-16 level to £177.8 million and continue to represent the largest element of total costs at 59.2% of total expenditure. We are however pleased to note that as a percentage of income we have continued the reduction noted in 2015-16 with a reduction to 58.2%. This is still above the sector average and continues to be an area of focus going forward.

Staff costs are expected to rise significantly in 2017-18 as the latest valuation of the USS pension scheme is incorporated. In general our staff costs are expected to increase in the coming years in support of our planned growth in student numbers.

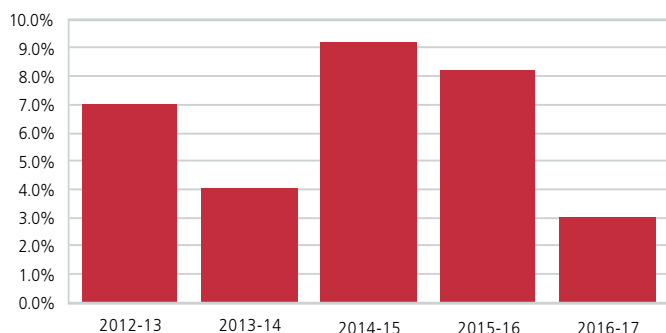
### Staff costs as a % of income



## Operating cash flow as a % of income

There was a net cash inflow of £9.2 million from operating activities during the year, compared to £24.2 million in the previous year. This represents a decrease of £15.0 million, principally as a result of a large net cash outflow on working capital, compared to net cash inflow in the prior year. Continued high levels of cash generation will be required in future years to support increased investment in our infrastructure and we are targeting cash inflow as a percentage of income to be 10%.

Cash inflow as a % of income

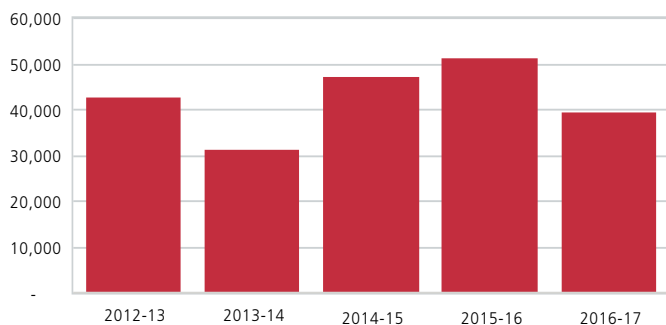


## Year end cash balance

Cash and short-term investments totalled £39.3 million as at 31 July 2017 (2015-16: £51.3 million). This reduction of £12.0 million is principally from increased payments for the acquisition of fixed assets, coupled with significantly reduced capital grant receipts and lower cash generated from operating activities.

We consider a minimum cash holding to be £20.0 million. Debt balances at the year end of £76.1 million (2015-16: £78.5 million) include loans from Barclays and the European Investment Bank.

Cash and cash equivalents balance

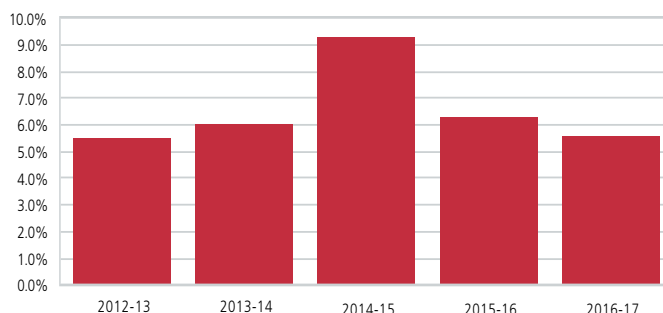


## EBITDA\* as a % of income

EBITDA has decreased by £1.7 million from the prior year (a decrease of 9.1%). As a percentage of income 2016-17 EBITDA is 5.6% of income, compared to 6.3% in the prior year.

\*EBITDA is a measure of surplus: earnings before interest, tax, depreciation and amortisation

EBITDA as a % of income



## Pension schemes

Pension provision for our employees is provided through three defined benefit schemes; the University of Leicester Pension and Assurance Scheme (PAS), the Universities Superannuation Scheme (USS), the NHS Pension Scheme, and four defined contribution schemes; the University of Leicester Stakeholder Scheme, the Aviva Group Personal Pension Scheme, the College Court Stakeholder Scheme and the Leicester Services Partnership Stakeholder Scheme.

The PAS and the USS have the most direct impact on our expenditure and pose the greatest risk to our financial position. The PAS currently has a defined benefit liability of £61.1 million. This is an increase of £6.8 million on the prior year. The PAS was closed to new members in 2003 and closed to future benefit accrual from 31 March 2016 in order to contain the risks associated with future benefit accrual. All current members transferred to the University of Leicester Stakeholder Scheme.

Our obligation to fund the deficit on the USS pension scheme stands at £28.8 million at the balance sheet date, a decrease of £0.3 million on the prior year. There are significant values associated with the ongoing USS actuarial valuation. The implication of the valuation will be clear in 2017-18.

## Treasury management

We have an in-house Treasury team who manage our working capital 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.

We have recognised £3.0 million (2015-16: £0.7 million) of new endowments and generated investment income on endowments of £0.4 million (2015-16: £0.4 million). The significant increase in new endowments principally arises from a £2.7 million pledged endowment donation from entrepreneur Jimmy Mayer as noted on page 7.

## Key opportunities, threats and risks

There are a number of factors impacting on our University's strategic position as noted in our risk register.

## Financial Review

The key financial risks and opportunities are:

- That the tuition fee income planned in the University budgets and forecasts will not be achieved.
- That the growth in research income planned in the University budgets and forecasts will not be achieved.
- That pension costs will increase due to additional costs of funding the PAS or USS schemes.
- That pay costs will increase at unsustainable levels.
- Ensuring sufficient financial capability and capacity to deliver the capital programme.
- That the University does not invoice and recover its debtor income in a timely manner.
- The development of a number of international and local projects are opportunities for financial growth.
- Donations are becoming a strong opportunity as some major donations are finalised.

### Future financial outlook and going concern

The overall position of higher education in the UK remains positive but this has recently become more uncertain. The introduction of the £9,000 fee and the gradual opening up of a genuine market for student recruitment was the biggest change in recent decades. During 2017, the future of tuition fees has become more uncertain and the regulatory environment for higher education in the UK is

changing with the introduction of the Office for Students (OfS) replacing HEFCE. As a result, in the short to medium term, fees appear to be stabilising at £9,250 per year maximum with this no longer being subject to annual inflationary increases. The longer term financial outlook will be determined by ongoing discussions in Parliament and through consultation with the sector.

The 2017-18 financial year has a budget for income to increase to circa £320.0 million and forecasts a surplus of £4.2 million before USS pension adjustments. These adjustments are expected to be significant in the year as the full impact of the latest triennial valuation becomes clear. The challenge for 2017-18 is to grow our student intakes, both from Home/EU and overseas and to control costs. At this point in the year both aspects are within the budget parameters.

Council confirms that it has reasonable expectations that our University has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing the accounts. In reaching this conclusion, it has reviewed the sustainability of strategies, plans and processes in place that will help our University move towards the achievement of its strategy. In particular, it is satisfied that the academic strategies take account of the environment in which our University is operating as an institution and are financially sustainable.

Council obtains assurance in this area through its regular reviews of our University's performance using a number of key performance indicators in areas that are relevant to institutional sustainability.





# Public Benefit Statement

Our University has charitable status as one of the exempt charities listed in Schedule 3 to the Charities Act 2011. It is therefore exempt from certain requirements of the Act, including the need to register with the Charity Commission. Since June 2010, HEFCE has been 'Principal Regulator' for charity law purposes of the English Universities which are exempt charities.

Our Charter sets the overall objectives of our 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". Today, this objective is articulated through the Strategic Plan, launched in September 2015.

The members of Council serve as trustees, and in setting our 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:

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

Our public benefit is related to our strategy as highlighted in the University Overview and Strategic Report on pages 5-13. Through this we bring a presence and positive impact to the local community, regionally, nationally and internationally.

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 our charitable objects are the undergraduate and postgraduate students, who come to our University to enhance their academic qualifications, life skills, and employability. The regional economy also directly benefits from the activities of our University. Estimates of the annual economic benefit of our University are in the region of £750 million both through direct consumption by the student body, but also by provision of jobs and the integration of our activities into local communities and collaborative activities with businesses, large and small. The national economy benefits significantly from the strength of international representation in the student body. We have a strong reputation in international 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 our distance learning activities are present. We have 5,305 students studying part-time or by distance learning, making this part of our core education provision.

We contribute significantly to the city of Leicester, the surrounding county of Leicestershire and further afield. We have a longstanding reputation of working alongside many local agencies, groups and other stakeholders. As a major institution our impact within the local economy is considerable. We add value to the stock of learning and education in schools and colleges via our outreach and widening participation programmes and adult learning courses.

We are working on being good neighbours to our local communities. We recognise that we impact greatly on those

communities alongside our campus and facilities elsewhere in the city. We are committed to working alongside people who live close by us to build strong community relations, designed to address issues and problems. We aim to increase the scope of consultation with our local communities and find ways to involve them in our plans. We do this through a 'community development' approach using dedicated staff to whom local people can have immediate access and with whom they can work collaboratively.

## Corporate Social Responsibility

As our corporate social responsibility strategy has developed, our core themes have grown to include seven areas. These have been selected with input from some of our key partners and in discussion with our local communities. They have been chosen because they are important to the city and county and because they are areas in which we make meaningful contributions. They are:

- Health
- Environment
- Culture
- Education
- Economy
- Social inclusion
- Community liaison

We want to have positive relationships with our neighbours and make a difference to the areas in which we live and work. We are keen to have open and honest dialogue with local community groups about our University and the impact we have on them, and on the city as a whole. We understand that it is important for us to listen to all feedback and, where possible, proactively address issues which have a negative impact on the community.

Specific information is provided below on how the activities of our University support these core themes.

## Teaching

We provide a high-quality learning experience for all of our students, informed by world-leading research. We achieved a rating of Silver in the government's new Teaching Excellence Framework (TEF) and remain committed to providing all of our students with an education that will inspire their learning and prepare them for progression to fulfilling careers.

The most recently published DLHE (Destinations of Leavers from Higher Education) shows that 95% of our graduates are in employment or further study six months after they graduate, and we are proud to be among the top quartile of universities targeted by the top 100 graduate employers.

Our Medical School continues to train the doctors of tomorrow, many of whom choose to stay on and practise in the area after graduation. During 2016-17, we launched the Medicine with Foundation Year programme to open up opportunities for medical training. In partnership with a local charitable trust, the programme which students began at the start of the 2017-18 academic year,

## Public Benefit Statement

is aimed at increasing access to the medical professions from less-represented groups. Eligible students from the East Midlands will receive scholarships worth £9,000, and those who pass the Foundation course and either choose to continue studying medicine or another related course will qualify for a further £2,000 a year scholarship funding for the rest of their degree. This is designed to attract more students from state schools and lower socio-economic groups.

In addition to training future doctors, we are also proud to train future teachers. We offer PGCE courses at both primary and secondary levels, covering a broad range of subjects and also routes into teaching.

We continue to run MOOCs (Massive Online Open Courses) on forensics, Richard III, museums and calculus, and have introduced a fifth course this year on how to write a research proposal for postgraduate applications. These courses run for three to six weeks, on a rolling basis, and allow thousands of people across the world access to university-standard teaching.

Languages at Leicester utilises the expertise of staff in our School of Modern Languages to provide courses at a variety of ability levels, in a wide range of European and Asian languages. These courses are available not only to staff and students but also to members of the local community.

In 2016-17, our Botanic Garden provided educational activities to 10,951 schoolchildren and 3,400 adults. Tens of thousands of members of the public also visited the Garden during this period. The Garden devises and provides both passive and formal education programmes aimed at all age groups, in particular reaching out into the wider community to demonstrate the contemporary significance of plants in a rapidly changing world.

### Research

We are a research intensive institution with a long-established and well-respected reputation in a number of fields. Research within our College of Life Sciences continues to take advantage of Leicester's distinctive population to address culturally specific health issues. Our medical research makes a tangible impact within our local community in a number of vitally important areas including stroke, diabetes, respiratory, heart and kidney disease.

We have a distinguished history in space research and are currently the only formal UK science lead for the Juno mission, NASA's programme to study our solar system's largest planet, Jupiter. This year, in partnership with Leicester City Council and the Leicester and Leicestershire Enterprise Partnership (LLEP), we received £12.87 million in funding as part of the Government's Midlands Engine Strategy to develop a Space Park on the site adjacent to the National Space Centre.

This Park will be a national hub for space research, learning, public engagement and innovation, which is set to deliver around 500 jobs and support up to 100 businesses, making a major contribution to the productivity challenge facing the city of Leicester.

Together with the site owners, Charnwood Campus and the LLEP, we have also revealed our plans to establish a new Innovation

Centre at the UK's first ever Life Sciences Opportunity Zone in Charnwood, near Loughborough to accelerate business growth for the Med-Tech and Biopharma community.

The envisaged Innovation Centre will foster collaboration between businesses and academics to develop diagnostics and therapeutic interventions for our ethnically diverse population. This will build on local and regional strengths in precision medicine and clinical trials, as well as in drug development, trauma rehabilitation, assisted living and wearable technologies. The Centre will create a 'safe space' for new business spin-outs and start-ups, and provide space for a training hub on the site to support the interchange between business and research, and catalyse knowledge transfer activities.

Our School of Education has been helping local schoolchildren to count with the creation of maths materials featuring schoolchildren, adults and celebrities. The imaginative educational materials were launched in summer 2017 and include a Hundred Squares poster of 100 portraits – with each person holding up a number from one to 100. This is a proven educational tool designed to help children feel confident with this range of numbers. In addition, each portrait is included in a set of 100 playing cards that include the person's name, age, the language/s they speak and an interesting fact about themselves to make counting fun. Two posters and 10 packs of cards have been distributed free of charge to every primary school in Leicester, Leicestershire and Rutland. They have also been sent to libraries in the city and are available to purchase at various locations around Leicester.

Also at our University, we are continuing to provide creative solutions to tomorrow's air quality challenges, informing and enabling intelligent decisions grounded in world-class research, and our Centre for Hate Studies continues to work alongside policymakers to offer training and victim support.

Our four research institutes, launched last year, are continuing to bring a renewed focus on our strengths and creating additional opportunities for colleagues from across our University to work together to grapple with fundamental questions. These institutes are delivering an ongoing programme of external collaboration and engagement with different practitioners, policymakers, communities and publics.

### Community, inclusive and accessible

The University works hard, in accordance with its founding principles and widening participation credentials, to bring the city of Leicester into learning. "VardyQuake" was the most popular news story on the national BBC website on 8 March 2016.

This was a research project that started as a schools outreach programme led by undergraduate Geology students who were monitoring seismic signals detected by earthquake monitoring equipment installed in a local school near the King Power Stadium. It is one of the many examples demonstrating how our University promotes active research endeavour and outreach across our student body.

Out Attenborough Arts Centre celebrated its 20<sup>th</sup> anniversary in May 2017 and continues to be a major venue within the city for music and performance art with a particular emphasis on events for children with special needs.

We continue to work closely with the community on a number of projects. Our Heartwise programme continues to train a new generation of lifesavers by equipping them with essential lifesaving skills. To date, the Heartwise Schools Programme has delivered over 500 school training sessions, trained over 250 volunteer community trainers, 16,000 students and 600 school staff, and provided every secondary school with an Automated External Defibrillator (AED).

More than 5,000 members of the public visited the largest archaeological excavation in Leicester in over a decade during two public open days. The excavation of the former Stibbe factory site, between Great Central Street and Highcross Street in central Leicester, carried out by University of Leicester Archaeology Services (ULAS) provided visitors with a glimpse into what Roman life in Leicester was like over 1,500 years ago.

In 2016-17, our annual festival of the written word, Literary Leicester, attracted big name authors and playwrights including Dame Jacqueline Wilson, Patricia Cornwell, Fay Weldon and Sally Wainwright, with over 3,000 attendees coming to more than 20 events over the four-day period.

We engage with learners from primary age to mature learners through a variety of workshops and events. These include visits to campus, workshops in schools and the opportunity for local students to engage with our current undergraduate students. Our primary outreach programme aims to broaden the horizons of young learners from a young age. It also enables us to provide a sustained, progressive programme of support to the learners and their families throughout their education.

After a successful pilot in 2015-2016 we ran The Leicester Academy for the second time in 2016-17. The Leicester Academy is our University's hub for sport related opportunities, producing a workforce who will be deployed into local schools and community clubs who have been selected with the help of Widening Participation. Students who are part of the Academy are given the opportunity to complete coaching/officiating qualifications, enabling them to then deliver in the community, local schools and at our University.

During 2016-17 over 20,000 schoolchildren participated in one or more of the 370 widening participation activities offered by us.

We offer a range of scholarships and are committed to attracting the brightest and the best students to Leicester regardless of background. At Leicester, we do not want fears about finance to stop prospective students from considering further study.





# Corporate Governance

## For the year ended 31 July 2017

The following statement is given to assist readers of the Financial Statements in obtaining an understanding of the governance procedures of our University. We endeavour to conduct our affairs in accordance with The Higher Education Code of Governance, published 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).

### Summary of the University's Structure of Corporate Governance

#### The Council

The Council, which normally meets at least five times a year, is the governing body of our University. It comprises a mixture of ex-officio, appointed and elected lay and academic persons, the majority of whom are non-executive members appointed by Council itself.

Following recommendations from the Nominations Committee submitted in July 2016, formal Privy Council approval was obtained in February 2017 for the total size of our University Council to be reduced from its previous total of 25 members to its current total of 21. This reduction was achieved mostly by reducing the number of staff members of Council, with a consequent increase in the size of the lay majority.

The role of the Chair of Council is separated from the role of our University's Chief Executive; the President and Vice-Chancellor. The powers of the Council are set out in the Statutes and Ordinances of our University and in its Statement of Primary Responsibilities, all of which are published on our website, and are consistent with the Council's accountability obligations to the Higher Education Funding Council for England (HEFCE). The Council holds itself responsible for the ongoing strategic objectives of our 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 our University and its subsidiary companies.

In the financial year 2016-17, the principal Committees of Council included the Audit, Finance, Nominations and Remuneration committees. All are formally constituted committees, with published terms of reference, and all include some members drawn from the lay membership of Council. In addition to the principal committees, the Council also receives regular reports from the University Leadership Team.

#### Audit Committee

During the year the Audit Committee met with both internal and external auditors.

It met with the internal auditors to consider detailed internal audit reports and their recommendations for the improvement of our 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 our activities. It received the internal audit opinion for the year and was pleased to note overall significant assurance was given. Partial assurance with recommendations was given in one area.

It met with the external auditors to discuss audit risks and findings. The Committee reviewed the audit of our University's annual Financial Statements together with the accounting policies. As part of that 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.

In addition, the Audit Committee received reports on value for money, considered any items from HEFCE as they affected our University's business, and monitored adherence to regulatory requirements.

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. At the end of each of its scheduled meetings during the year, the Audit Committee continued in private session with the internal and external auditors, for independent discussions as necessary. No member of the Audit 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. This did not occur in 2016-17.

#### Finance Committee

During the year the Finance Committee was responsible for recommending to Council our University's annual financial statements, financial forecasts and annual budgets and for the monitoring of those budgets in year. The Committee also monitors our overall financial health and advises on our overall financial strategy.

#### Nominations Committee

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

The Nominations Committee reflects regularly on the balance of relevant knowledge, experience and skills amongst the membership of Council, and also on matters in relation to ethnicity and gender balance. During 2017-18 there will for the first time be a female majority on Council.

#### Remuneration Committee

The Remuneration Committee is chaired by the Chair of Council. Independent lay members, including the Chair and the Treasurer, have always formed a clear majority of its membership. Traditionally the President and Vice-Chancellor and the Registrar



and Chief Operating Officer have also been members of the Committee, but they have never been permitted to be present for any discussions that affected their own personal position. From the start of the 2017-18 financial year, the membership of the Committee will consist solely of independent lay members.

During the year the Committee considered and reported to the Council on the remuneration of the President and Vice-Chancellor, the Registrar and Chief Operating Officer, the Director of Finance, the Provost, the Pro-Vice-Chancellors and Heads of Colleges, and other members of the University Leadership Team.

In addition to the Remuneration Committee there is a completely separate Senior Staff Pay Committee, chaired by the President and Vice-Chancellor. During the year this Committee considered and reported to the Council on the remuneration of Grade 10 senior staff, non-clinical professorial staff and non-professorial Heads of Department.

Council was provided with details of the various awards determined by the Remuneration and Senior Staff Pay Committees and the range of factors that had been taken into account, particularly the continued application of robust and objective comparative data, designed to inform the decision-making process for both committees.

## **Risk Management**

Council is responsible for our 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 our University, which is reviewed regularly and updated as required in response to changes in the risk environment.

The University Leadership Team receives regular reports setting out key performance and risk indicators and considers possible control issues brought to its attention by senior managers in the operational units. The University Leadership Team and the Audit Committee also receive regular reports from the internal auditors, which include any necessary recommendations for improvement.

Throughout 2016-17 Council and the Audit Committee both received and discussed termly updates of the corporate strategic risk register. The updates drew attention to any changes identified in our risk environment, and provided details of steps taken by our University, with recommendations and support from the internal auditors, to further improve and strengthen its risk management procedures. This comprehensive approach, not merely reporting by exception, is designed to provide the necessary degree of assurance for the underlying effectiveness of our approach to risk management.

Enhancements were implemented during the year to simplify the risk assessment process and to achieve a more forward-looking focus with the introduction of a 'target risk' classification. Other

developments included the introduction of a regular review of key strategic risks at meetings of the University Leadership Team, and the further embedding ownership of the identification and management of risks within Colleges and Professional Services.

## **Effectiveness Reviews**

In May 2017 an externally facilitated comprehensive review of Council's effectiveness was undertaken. The reviewers' final report and recommendations was presented to Council in July 2017. Council requested the Nominations Committee to fully examine the various detailed recommendations and suggestions arising from the review, and to present its proposed responses/ actions for consideration by Council in due course, with the aim of all agreed changes being fully implemented from 1 August 2018. In accordance with the requirements of the new Higher Education Code of Governance, Council will seek to conduct formal, comprehensive reviews of its own effectiveness at least every four years in future.

The Standing Committees of Council and Senate are also required to formally review their own effectiveness at intervals of no longer than four years, and ideally every other year. Improvement opportunities are taken at other times as they arise. A record of improvement actions taken in response to committee effectiveness reviews is maintained by the Governance Office, so that examples of good practice can be shared across committees as appropriate.

## **Attendance monitoring**

As part of its ongoing commitment to the efficiency and transparency of its activities the Council has agreed that the attendance record of its members at meetings of Council and its Audit, Finance, Nominations and Remuneration committees should be published within the University's Financial Statements. The attendance record for meetings held in 2016-17 is shown in the table overleaf.

## Corporate Governance

### Committee Attendance 2016-17

	Council		Audit Committee		Nominations Committee		Finance Committee		Remuneration Committee	
	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended	Eligible to Attend	Actually Attended
Janet Arthur (Lay)	4	4	3	2						
Professor Paul Boyle (VC)	5	5			3	1			1	1
Gary Dixon (Lay)	5	5			3	3	5	5		
Mehmooda Duke (Lay)	4	4								
Martin Hindle (Lay)	5	5	4	2						
Rachel Holland (SU)*	4	3					5	2		
Ian Johnson (Lay)	5	5	4	4	3	3			1	1
Peter Lawson (Lay)	5	5					5	3		
Dr Dominic Luckett (Lay)	5	3							1	1
Professor Suzanne Macleod (Staff)	5	4								
David Moore (Treasurer)	5	4			3	3	5	5	1	1
Amy Moran (SU)*	1	0								
Andrew Morgan (Lay)	5	3							1	1
Professor Paul O'Brien (Staff)	5	4								
Professor Mark Peel (Provost)	5	4			3	3	5	4		
Professor Emma Raven (Staff)	5	5								
Dr Neville Reed (Lay)	5	4			3	3				
Professor John Schwabe (Staff)	5	4								
Dr Vijay Sharma (Lay)	5	5	4	4						
Carole Thorogood (Lay)	5	4					5	2		
Dr Bridget Towle (Chair)	5	5			3	3	5	5	1	1
Luke Trotman (Lay)	5	2			3	0				

21 Members (14 Lay and 7 Staff/SU)

\*President of SU, term of office runs 1 July to 30 June annually

# Responsibilities of the Council of the University of Leicester

For the year ended 31 July 2017

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 the 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 Higher Education Code of Governance 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 and Chief Operating Officer, on the recommendation of a Joint Committee of Council and Senate, who will be Secretary to the Council. The Council will ensure that appropriate arrangements are in place to maintain a separation of the Registrar and Chief Operating Officer's functions as Head of the University's Corporate Services, with direct accountability to the President and Vice-Chancellor, and as Secretary to the 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.

The 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 HEFCE, the University 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 and cash flows for that year.

In causing the financial statements to be prepared the University 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. The Council has reviewed the University's Financial Forecasts for the period to 31 July 2021, prepared under the direction of the Funding Council and on the basis of assumptions made as to the continuance of government grants to be given by the Funding Council. On that basis, Council has a reasonable expectation that the University has adequate resources to continue its operations for the foreseeable future. For this reason, the financial statements continue to be prepared on the going concern basis.



## Responsibilities of the Council of the University of Leicester

The Council has taken reasonable steps to:

- ensure that funds from HEFCE, 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 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:

- 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 the University Council;
- comprehensive Financial Regulations, detailing financial controls and procedures and the responsibilities of budget holders, approved by the Finance Committee; and
- a professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by the University Council. The internal audit manager provides the University 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 the Council

**Dr B. E. Towle, Chair of Council**  
**22 November 2017**

## Members of Council

The Members of Council who served in the 2016-17 financial year, and up to the date of the signing of this report, were as follows:

J. Arthur (from 16 September 2016)

Professor P. Boyle

G. Dixon

M. Duke (from 6 October 2016)

M. Hindle

R. Holland (until 30 June 2017)

I. Johnson

P. Lawson (until 31 July 2017)

Dr D. Lockett

Dr S. Macleod

A. Moran (from 1 July 2017)

A. Morgan

D. Moore

Professor P. O'Brien

Professor M. Peel

Professor E. Raven

Dr N. Reed (until 31 July 2017)

Professor J. Schwabe

Dr V. Sharma

C. Thorogood

Dr B. E. Towle (Chair of Council)

L. Trotman

New appointments from 1 August 2017:

C. Ellis

Professor Dame J. Finch

### Registered Office

The University of Leicester  
University Road  
Leicester  
LE1 7RH

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

## Report on the Audit of the Financial Statements

### Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the University's affairs as at 31 July 2017 and of the group's and the University's income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice: Accounting for Further and Higher Education.

We have audited the financial statements of the University of Leicester (the 'university') and its subsidiaries which comprise:

- consolidated and university statements of comprehensive income and expenditure;
- consolidated and university statements of changes in reserves;
- consolidated and university balance sheets;
- consolidated cash flow statement;
- the statement of accounting policies; and
- the related notes 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the University in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the governing body's use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the governing body has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the University's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

### Other information

The governing body is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

### Responsibilities of the governing body

As explained more fully in the responsibilities of the Council statement, the governing body is responsible for the preparation of the financial statements that give a true and fair view, and for such internal control as the governing body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the governing body is responsible for assessing the group's and the University's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the governing body either intends to liquidate the group or the University or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities)  
This description forms part of our auditor's report.

### Use of our report

This report is made solely to the governing body in accordance with the charter and statutes of the University. 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 the board of governors as a body, for our audit work, for this report, or for the opinions we have formed.

### Report on other legal and regulatory requirements

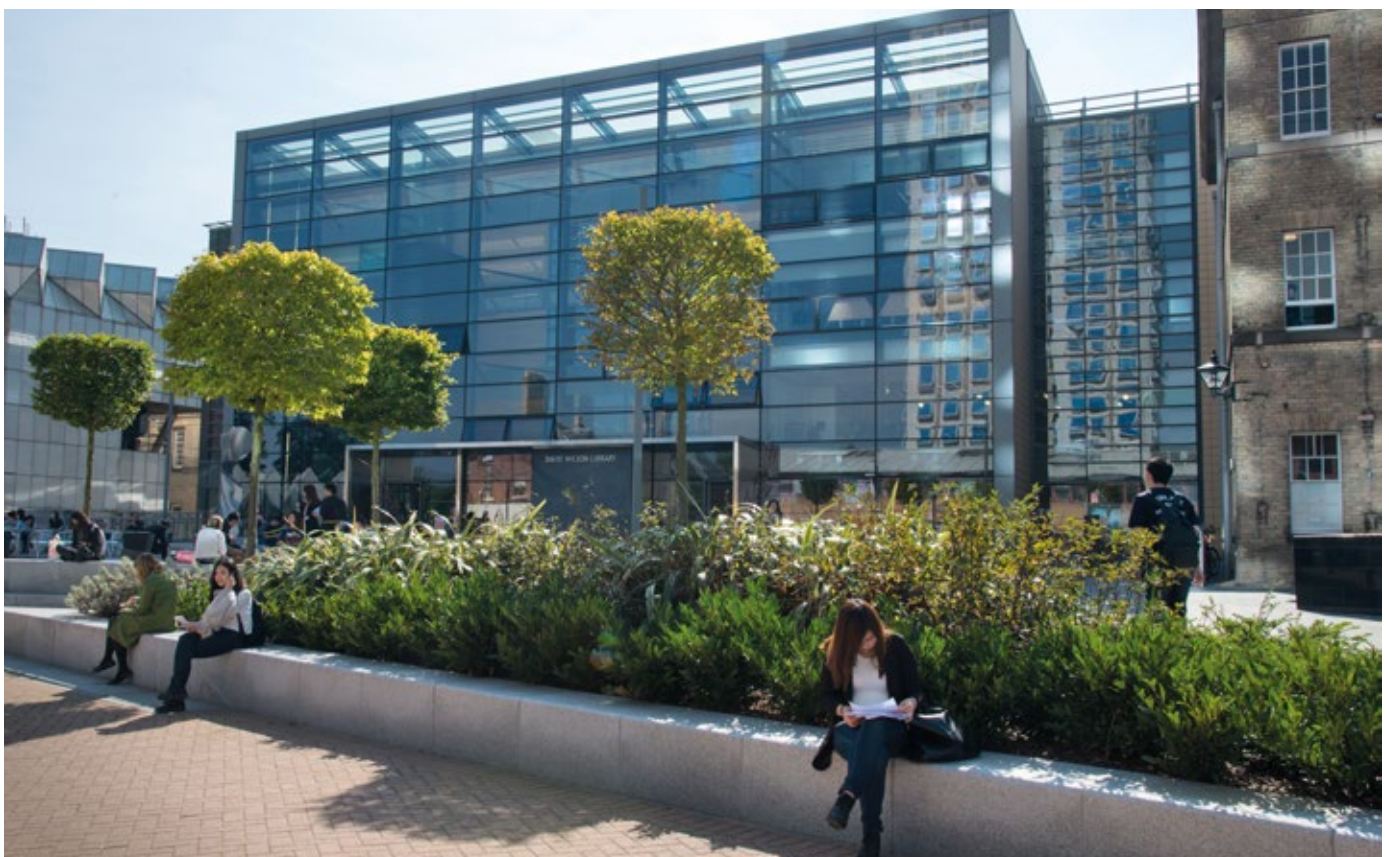
Opinions on other matters prescribed by the Higher Education Funding Council for England (HEFCE) Audit Code of Practice.

In our opinion, in all material respects:

- funds from HEFCE, the Teaching Agency and the Skills Funding Agency administered by the University for specific purposes during the year ended 31 July 2017 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by HEFCE have been applied in accordance with the memorandum of assurance and accountability and any other terms and conditions attached to them during the year ended 31 July 2017; and
- the requirements of HEFCE's accounts direction have been met.

**Deloitte LLP**  
**Statutory Auditor**  
**St Albans, UK**

23 November 2017





# Statement of Accounting Policies

## Financial Statements for the year ended 31 July 2017

### 1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102).

The University is a public benefit entity and therefore has applied the relevant public benefit requirements of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of certain fixed assets and derivative financial instruments).

Having made appropriate enquiries, the Council considers that the University has adequate financial resource to continue in operation for the foreseeable future, being not less than 12 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 consolidated University financial statements.

The University meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available in relation to presentation of a cash flow statement and remuneration of key management personnel.

### 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2017. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union as the University does not exert control or dominant influence over policy decisions.

Associated companies are accounted for using the cost method. Joint ventures are accounted for using the equity method.

### 3. Income recognition

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

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

Funding Council recurrent grant income represents income in support of general or specific revenue activities of the University

during the period and is credited direct to the statement of income and expenditure.

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

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

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.

#### Grant funding

For government grants the accruals model has been adopted. This means that revenue grants, including funding council block grant, and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred, it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

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

#### Donations and endowments

Non-exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds.

Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

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

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

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

1. Restricted donations – the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

## Statement of Accounting Policies

3. Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### 4. Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and 'The University of Leicester Stakeholder Scheme'. A small number of staff are members of other pension schemes.

Throughout the current and prior period USS was a defined benefit pension scheme which was, until March 2016, contracted out of the State Second Pension (S2P).

The assets of the scheme are held in separate trustee administered funds.

The USS is a multi-employer scheme for which it is not possible to identify the University's share of assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

In accordance with Section 28 of FRS 102, a liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

The University of Leicester Stakeholder Scheme is a defined contribution pension scheme.

### Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The University recognises a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

### 5. Employment benefits

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

### 6. Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

### 7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Rental income from operating leases is recognised on a straight line basis over the term of the lease irrespective of when such payments are due.

### 8. Fixed assets

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

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

#### Land and buildings

Freehold land 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 as follows:

New Build	50 years
Refurbishments	15 years

Leasehold land and buildings are depreciated over the period of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

### Equipment, fixtures and fittings

Equipment, fixtures and fittings, including computers and software, costing less than £25,000 per individual item (or group of related items) are recognised as expenditure. All other equipment, fixtures and fittings are capitalised.

Capitalised equipment, fixtures and fittings are stated at cost and depreciated on a straight line basis over the expected useful life as follows:

General equipment including vehicles and computer hardware	4 years
Fixtures and fittings	5 – 10 years
Equipment acquired for specific research projects	3 years

All software costs, including licence fees, are written off to the statement of income and expenditure as incurred.

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

### Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

## 9. 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.

## 10. Investments

Non-current asset investments are held on the balance sheet at amortised cost less impairment.

Investments in associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised in the Surplus or Deficit.

## 11. Stocks

Stocks comprise departmental bulk stores, sundry stores and stocks held at bookshops, halls of residence and catering, and are stated at the lower of cost or net realisable value, and is measured using the average cost formula.

## 12. Cash and cash equivalents

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

Cash equivalents are short-term (with a maturity of three months or less), highly liquid investments that are readily

convertible to known amounts of cash with insignificant risk of change in value.

## 13. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

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

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

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

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

Contingent assets and liabilities are not recognised in the balance sheet but are disclosed in the notes.

## 14. Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011, It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The University's subsidiaries are liable to Corporation Tax and VAT in the same way as any other commercial organisation (with the exception of College Court Conference Centre Limited which is VAT grouped with the University).

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and



## Statement of Accounting Policies

expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

### 15. Financial instruments and derivatives

The University applies the provisions of Section 11 and Section 12 of FRS 102 in relation to financial instruments.

Financial assets and liabilities are recognised when the University becomes a party to the contractual provisions of the instrument and they are classified according to the substance of the contractual arrangements entered into.

#### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction.

If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the University intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- a. The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- b. The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- c. The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- d. There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

e. Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.

f. Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when (a) the contractual rights to the cash flows from the financial asset expire or are settled, (b) the University transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or (c) the University, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### (ii) Derivative financial instruments

The University uses derivative financial instruments to reduce exposure to interest rate movements. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date, with the resulting gain or loss recognised in income and expenditure.

### 16. Reserves

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

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

### 17. Critical accounting estimates and judgments

The preparation of the financial statements requires management to use estimates and judgements that may affect the reported carrying amounts of assets and liabilities.

## Estimates

Estimates are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual experience may differ from these estimates.

The areas most affected by the use of estimates are detailed below:

### Retirement benefit obligations

In determining the valuation of defined benefit schemes' assets and liabilities, a number of key estimates and assumptions have been made in relation to:

- inflation rate;
- life expectancy;
- discount rate; and
- salary and pension growth rates.

The University is exposed to risks through its defined benefit schemes if actual experience differs to the estimates used and through volatility in the plan assets.

Details of the estimates used, and associated sensitivities, are included in note 26.

### Useful lives of fixed assets

The useful lives of the University's fixed assets are determined at the time the asset is acquired and reviewed regularly for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, such as changes in technology.

Details of the carrying values of fixed assets are included in note 10.

### Fair value measurement

The University discloses the following items at fair value:

- derivative financial instruments (note 16)
- endowment investments (notes 11 and 14)
- investments in listed shares (note 11)

The fair value measurement of these assets and liabilities utilises market observable inputs and data as far as possible.

## Judgements

In the process of applying the University's accounting policies, management have made the following critical judgements:

### Recognition of pledged endowments

New endowments are recognised on an entitlement basis. Where endowment income has been pledged in the year, but cash will be received over a number of years, an analysis of the performance conditions attached to the income is undertaken.

If there are no performance conditions attached to the pledged endowment, and the University is in receipt of a signed gift agreement, then the total amount is recognised in the year of the pledge, along with a corresponding debtor.

Details of the amounts recognised in respect of pledged endowments are included in note 19.



# Consolidated and University Statements of Comprehensive Income and Expenditure

## Year ended 31 July 2017

	Notes	Year ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Income</b>					
Tuition fees and education contracts	1	155,933	155,933	151,399	151,399
Funding body grants	2	40,768	40,768	40,561	40,561
Research grants and contracts	3	52,222	52,222	51,768	51,768
Other income	4	51,404	48,664	50,663	48,999
Investment income	5	658	782	677	814
Donations and endowments	6	4,421	4,421	1,184	1,184
Total income		305,406	302,790	296,252	294,725
<b>Expenditure</b>					
Staff costs	7	177,760	176,213	173,548	172,781
Other operating expenses		104,914	103,888	98,651	97,651
Depreciation	10	16,023	15,740	15,458	15,038
Interest and other finance costs	8	1,655	1,655	7,080	7,080
Total expenditure	9	300,352	297,496	294,737	292,550
Surplus before other gains losses and share of operating surplus/deficit of joint ventures and associates		5,054	5,294	1,515	2,175
Gain on disposal of fixed assets		2,337	2,337	1,830	1,830
Gain on investments		1,071	1,071	33	33
Surplus before tax		8,462	8,702	3,378	4,038
Taxation		-	-	(195)	(195)
<b>Surplus for the year</b>		<b>8,462</b>	<b>8,702</b>	<b>3,183</b>	<b>3,843</b>
Actuarial loss in respect of pension schemes	26	(10,307)	(10,307)	(26,621)	(26,621)
<b>Total comprehensive loss for the year</b>		<b>(1,845)</b>	<b>(1,605)</b>	<b>(23,438)</b>	<b>(22,778)</b>
Represented by:					
Endowment comprehensive income for the year		3,683	3,683	787	787
Restricted comprehensive income for the year		1,810	1,810	(2,764)	(2,764)
Unrestricted comprehensive loss for the year		(7,338)	(7,098)	(21,461)	(20,801)
		<b>(1,845)</b>	<b>(1,605)</b>	<b>(23,438)</b>	<b>(22,778)</b>
<b>Total comprehensive loss for the year</b>					
Attributable to:					
Non-controlling interest		(107)	-	-	-
University		(1,738)	(1,605)	(23,438)	(22,778)
		<b>(1,845)</b>	<b>(1,605)</b>	<b>(23,438)</b>	<b>(22,778)</b>

All items of income and expenditure relate to continuing activities.

The notes on pages 36 to 59 form part of these financial statements.



# Consolidated and University Statements of Changes in Reserves

Year ended 31 July 2017

Income and expenditure account	Endowment	Restricted	Unrestricted	Non-controlling interest	Total
	£'000	£'000	£'000	£'000	£'000
<b>Consolidated</b>					
<b>Balance at 1 August 2015</b>	<b>13,228</b>	<b>3,601</b>	<b>108,731</b>	-	<b>125,560</b>
Surplus from the income and expenditure statement	787	1,530	866	-	3,183
Transfer between unrestricted and restricted reserves	-	210	(210)	-	-
Other comprehensive loss	-	-	(26,621)	-	(26,621)
Release of restricted funds spent in year	-	(4,504)	4,504	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>787</b>	<b>(2,764)</b>	<b>(21,461)</b>	-	<b>(23,438)</b>
<b>Balance at 1 August 2016</b>	<b>14,015</b>	<b>837</b>	<b>87,270</b>	-	<b>102,122</b>
Surplus/(deficit) from the income and expenditure statement	3,683	2,291	2,595	(107)	8,462
Other comprehensive loss	-	-	(10,307)	-	(10,307)
Release of restricted funds spent in year	-	(481)	481	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>3,683</b>	<b>1,810</b>	<b>(7,231)</b>	<b>(107)</b>	<b>(1,845)</b>
<b>Balance at 31 July 2017</b>	<b>17,698</b>	<b>2,647</b>	<b>80,039</b>	<b>(107)</b>	<b>100,277</b>
<b>University</b>					
<b>Balance at 1 August 2015</b>	<b>13,228</b>	<b>3,601</b>	<b>111,084</b>	-	<b>127,913</b>
Surplus from the income and expenditure statement	787	1,530	1,526	-	3,843
Transfer between unrestricted and restricted reserves	-	210	(210)	-	-
Other comprehensive loss	-	-	(26,621)	-	(26,621)
Release of restricted funds spent in year	-	(4,504)	4,504	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>787</b>	<b>(2,764)</b>	<b>(20,801)</b>	-	<b>(22,778)</b>
<b>Balance at 1 August 2016</b>	<b>14,015</b>	<b>837</b>	<b>90,283</b>	-	<b>105,135</b>
Surplus from the income and expenditure statement	3,683	2,291	2,728	-	8,702
Other comprehensive loss	-	-	(10,307)	-	(10,307)
Release of restricted funds spent in year	-	(481)	481	-	-
<b>Total comprehensive income/(loss) for the year</b>	<b>3,683</b>	<b>1,810</b>	<b>(7,098)</b>	-	<b>(1,605)</b>
<b>Balance at 31 July 2017</b>	<b>17,698</b>	<b>2,647</b>	<b>83,185</b>	-	<b>103,530</b>

The notes on pages 36 to 59 form part of these financial statements.

# Consolidated and University Balance Sheets

Year ended 31 July 2017

	Notes	As at 31 July 2017		As at 31 July 2016	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
<b>Non-current assets</b>					
Fixed assets	10	363,950	362,816	354,928	353,511
Investments	11	5,279	5,579	4,859	5,159
		<u>369,229</u>	<u>368,395</u>	<u>359,787</u>	<u>358,670</u>
<b>Current assets</b>					
Stock		473	455	659	640
Trade and other receivables	13	26,649	30,130	27,428	31,423
Investments	14	8,968	8,968	8,128	8,128
Cash and cash equivalents	21	39,291	39,254	51,280	51,241
		<u>75,381</u>	<u>78,807</u>	<u>87,495</u>	<u>91,432</u>
Less: Creditors: amounts falling due within one year	15	(87,576)	(87,043)	(89,665)	(89,472)
Net current (liabilities)/assets		(12,195)	(8,236)	(2,170)	1,960
<b>Total assets less current liabilities</b>		<u>357,034</u>	<u>360,159</u>	<u>357,617</u>	<u>360,630</u>
Creditors: amounts falling due after more than one year	16	(165,465)	(165,337)	(170,465)	(170,465)
<b>Provisions</b>					
Pension provisions	17	(89,906)	(89,906)	(83,381)	(83,381)
Other provisions	17	(1,386)	(1,386)	(1,649)	(1,649)
<b>Total net assets</b>		<u>100,277</u>	<u>103,530</u>	<u>102,122</u>	<u>105,135</u>
<b>Restricted reserves</b>					
Income and expenditure reserve - endowment reserve	19	17,698	17,698	14,015	14,015
Income and expenditure reserve - restricted reserve	20	2,647	2,647	837	837
<b>Unrestricted reserves</b>					
Income and expenditure reserve - unrestricted		80,039	83,185	87,270	90,283
		<u>100,384</u>	<u>103,530</u>	<u>102,122</u>	<u>105,135</u>
Non-controlling interest		(107)	-	-	-
<b>Total reserves</b>		<u>100,277</u>	<u>103,530</u>	<u>102,122</u>	<u>105,135</u>

The notes on pages 36 to 59 form part of these financial statements.

The financial statements were approved by Council on 22 November 2017 and were signed on its behalf on that date by:

Dr B.E. Towle, Chair of Council

Professor P. Boyle CBE, President and Vice-Chancellor

# Consolidated Cash Flow Statement

Year ended 31 July 2017

	Notes	Year ended 31 July 2017 £'000	Year ended 31 July 2016 £'000
<b>Cash flow from operating activities</b>			
Surplus for the year		8,462	3,378
<b>Adjustment for non-cash items</b>			
Depreciation	10	16,023	15,458
Gain on investments		(1,071)	(33)
Decrease/(increase) in stock		186	(123)
Decrease in debtors		1,786	6,665
(Decrease)/increase in creditors		(2,605)	1,629
Decrease in pension provision		(3,782)	-
(Decrease)/increase in other provisions		(697)	641
Pension costs less contributions payable		-	(828)
<b>Adjustment for investing or financing activities:</b>			
Investment income	5	(658)	(677)
Interest payable	8	1,655	7,080
Endowment income	6	(2,960)	(688)
Profit on the sale of fixed assets		(2,337)	(1,830)
Capital grant income		(4,779)	(6,507)
<b>Net cash inflow from operating activities</b>		<b>9,223</b>	<b>24,165</b>
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		3,831	3,108
Capital grant receipts		4,736	7,082
Withdrawal of deposits		-	1,000
Investment income		654	670
Payments made to acquire fixed assets		(25,123)	(24,976)
New investments		(189)	(327)
New deposits		-	(913)
		<b>(16,091)</b>	<b>(14,356)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(3,895)	(2,604)
Endowment cash received		1,584	688
Repayments of amounts borrowed		(2,810)	(3,664)
		<b>(5,121)</b>	<b>(5,580)</b>
<b>Increase in cash and cash equivalents in the year</b>		<b>(11,989)</b>	<b>4,229</b>
Cash and cash equivalents at beginning of the year	21	51,280	47,051
Cash and cash equivalents at end of the year	21	39,291	51,280

The notes on pages 36 to 59 form part of these financial statements.



# Notes to the Accounts

Year ended 31 July 2017

	Year Ended 31 July 2017		Year ended 31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	89,436	89,436	77,789	77,789
Full-time international students	47,605	47,605	52,005	52,005
Part-time students	16,723	16,723	18,131	18,131
Research training support grant	2,169	2,169	3,474	3,474
	<u>155,933</u>	<u>155,933</u>	<u>151,399</u>	<u>151,399</u>
<b>2 Funding body grants</b>				
<b>Recurrent grant</b>				
Higher Education Funding Council	33,372	33,372	32,674	32,674
<b>Specific grants</b>				
Higher Education Innovation Fund	3,080	3,080	2,738	2,738
National Scholarship Programme	-	-	332	332
Capital grant	3,630	3,630	4,179	4,179
National College for Teaching and Leadership	-	-	3	3
Other	686	686	635	635
	<u>40,768</u>	<u>40,768</u>	<u>40,561</u>	<u>40,561</u>
Capital grant comprises amounts received from the Higher Education Funding Council for the purposes of capital development and expenditure. Funds are held within creditors and released to income over the useful life of the asset. Of the amounts disclosed, £3,130,817 (2015-16: £3,052,576) relates to buildings and £498,838 (2015-16: £1,126,453) relates to equipment.				
<b>3 Research grants and contracts</b>				
Research councils	16,026	16,026	16,782	16,782
Research charities	9,159	9,159	9,591	9,591
Government (UK and overseas)	18,703	18,703	17,369	17,369
Industry and commerce	3,490	3,490	2,622	2,622
Research capital grants	797	797	735	735
Other	3,125	3,125	3,726	3,726
	<u>51,300</u>	<u>51,300</u>	<u>50,825</u>	<u>50,825</u>
Research and Development Expenditure Credits	922	922	943	943
	<u>52,222</u>	<u>52,222</u>	<u>51,768</u>	<u>51,768</u>
Of the amounts disclosed as research capital grants £481,527 (2015-16: £354,759) is funded by research councils, £240,161 (2015-16: £90,598) is funded by research charities, £23,598 (2015-16: £289,654) is funded by other government sources and £51,529 (2015-16: £nil) is funded by other sources.				

## Notes to the Accounts – Year ended 31 July 2017

	Notes	Year Ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>4 Other income</b>					
Residences, catering and conferences		29,159	26,052	27,364	25,375
Health authority funded posts		9,870	9,870	9,463	9,463
Other services rendered		4,554	4,554	3,450	3,450
Bookshops		449	449	868	868
Other capital grants		352	352	1,593	1,593
Other income		7,020	7,387	7,925	8,250
		<b>51,404</b>	<b>48,664</b>	<b>50,663</b>	<b>48,999</b>
<b>5 Investment income</b>					
Investment income on endowments	19	426	426	386	386
Other investment income		232	232	291	291
Interest receivable on intercompany loans		-	124	-	137
		<b>658</b>	<b>782</b>	<b>677</b>	<b>814</b>
<b>6 Donations and endowments</b>					
New endowments	19	2,960	2,960	688	688
Donations with restrictions	20	1,412	1,412	496	496
Unrestricted donations		49	49	-	-
		<b>4,421</b>	<b>4,421</b>	<b>1,184</b>	<b>1,184</b>
<b>7 Staff costs</b>					
Salaries		143,825	142,406	141,237	140,511
Social security costs		13,805	13,723	11,895	11,857
Movement on USS provision		(765)	(765)	73	73
Other pension costs		20,203	20,157	19,337	19,334
Provision for severance payments		692	692	1,006	1,006
Total		<b>177,760</b>	<b>176,213</b>	<b>173,548</b>	<b>172,781</b>

	Year Ended 31 July 2017 £'000	Year Ended 31 July 2016 £'000
<b>Emoluments of the Vice-Chancellor: Professor Paul Boyle CBE</b>		
Salary	278	259
Benefits	4	4
Pension contributions to USS	6	32
	<b>288</b>	<b>295</b>

## Notes to the Accounts – Year ended 31 July 2017

### 7 Staff costs (continued)

Remuneration of other 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	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
£100,000 to £109,999	20	21	12	11	8	10
£110,000 to £119,999	15	20	7	9	8	11
£120,000 to £129,999	12	8	6	4	6	4
£130,000 to £139,999	8	7	4	4	4	3
£140,000 to £149,999	6	7	4	6	2	1
£150,000 to £159,999	8	8	6	6	2	2
£160,000 to £169,999	8	6	8	4	-	2
£170,000 to £179,999	1	4	1	4	-	-
£180,000 to £189,999	2	3	2	3	-	-
£190,000 to £199,999	4	2	4	2	-	-
£200,000 to £209,999	1	-	1	-	-	-
£210,000 to £219,999	1	1	-	-	1	1
£220,000 to £229,999	-	-	-	-	-	-
£230,000 to £239,999	1	-	-	-	1	-
£240,000 to £249,999	-	-	-	-	-	-
£250,000 to £259,999	-	-	-	-	-	-
£260,000 to £269,999	-	1	-	1	-	-
£270,000 to £279,999	1	-	1	-	-	-
	88	88	56	54	32	34

	2016-17		2015-16	
	Consolidated	University	Consolidated	University
<b>Average staff numbers by major category :</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
Academic and clinical	896	896	896	896
Research	407	407	443	443
Administration, library, computer and other related	852	842	807	807
Technical	286	286	245	245
Clerical, manual and ancillary	1,364	1,252	1,304	1,279
	3,805	3,683	3,695	3,670

No compensation for loss of office was payable to a senior post-holder in the year or prior year.



## 7 Staff costs (continued)

### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Staff costs includes compensation paid to key management personnel. The University considers its key management personnel to be those individuals who serve the University Leadership Team (ULT). Current membership of the University Leadership Team is detailed on our website: [www.le.ac.uk/offices/vc/ult](http://www.le.ac.uk/offices/vc/ult)

Note that compensation consists of salary and benefits including any employer's pension contribution.

	Year ended 31 July 2017	Year ended 31 July 2016
	£'000	£'000
Key management personnel compensation	1,974	1,797
FTEs for key management	12	11

### Related party transactions

The University's Council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the 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 the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

	Income transactions	Expenditure transactions	Balance due to / (from) the University
	£'000	£'000	£'000
East Midlands Academic Health Science Network	30	-	30
Leicestershire County Council	34	36	17
Office of the Independent Adjudicator	-	39	-
University Hospitals of Leicester NHS Trust	10,066	6,252	599
University of Leicester Students' Union	8	213	(16)
University of Northampton	3	422	-
University of Sheffield	3	129	(4)
Science and Technologies Facilities Council	7	89	-
	10,151	7,180	626

No information has been listed above for organisations where income and expenditure is less than £25,000 in the current financial year.

No member of Council has received any remuneration or waived payments from the University during the year (2015-16: none)

The total expenses paid to or on behalf of 12 (2015-16: 17) Council members was £29,073 (2015-16: £33,360). Not all members of Council have claimed expenses in either year. The amounts paid represent travel and subsistence costs incurred in attending Council, committee meetings and charity events in their official capacity. Where a member of Council is also a University employee, the expenses paid will also represent expenses incurred in their capacity as an employee.

## Notes to the Accounts – Year ended 31 July 2017

	Notes	Year Ended 31 July 2017		Year ended 31 July 2016	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>8 Interest and other finance costs</b>					
Loan interest		3,060	3,060	3,664	3,664
Exchange differences		(1,429)	(1,429)	(289)	(289)
Change in fair value of derivatives		(1,702)	(1,702)	2,271	2,271
Unwind of discount on USS pension provision	17	497	497	488	488
Net charge on PAS pension scheme	26	1,229	1,229	946	946
		<u>1,655</u>	<u>1,655</u>	<u>7,080</u>	<u>7,080</u>
<b>9 Analysis of total expenditure by activity</b>					
Academic and related expenditure		152,410	152,823	145,824	146,177
Administration and central services		46,455	46,540	45,049	45,181
Premises		33,547	33,553	33,349	33,373
Residences, catering and conferences		25,454	21,995	22,220	19,338
Research grants and contracts		40,172	40,266	41,050	41,235
Other expenses		2,314	2,319	7,245	7,246
		<u>300,352</u>	<u>297,496</u>	<u>294,737</u>	<u>292,550</u>
<b>Other operating expenses include:</b>					
External auditors remuneration in respect of audit services		59	51	73	65
External auditors remuneration in respect of non-audit services		29	29	29	29
<b>Operating lease rentals:</b>					
Land and buildings		582	582	490	490
Other		528	528	317	317

## 10 Fixed 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
<b>Consolidated</b>						
<b>Cost</b>						
At 1 August 2016	382,377	28,356	55,033	7,392	13,022	486,180
Additions	14,552	-	4,380	1,201	6,406	26,539
Transfers	12,551	-	285	186	(13,022)	-
Disposals	(1,780)	-	(439)	-	-	(2,219)
<b>At 31 July 2017</b>	<b>407,700</b>	<b>28,356</b>	<b>59,259</b>	<b>8,779</b>	<b>6,406</b>	<b>510,500</b>
<b>Depreciation</b>						
At 1 August 2016	71,866	5,910	50,758	2,718	-	131,252
Charge for the year	10,225	766	3,678	1,354	-	16,023
Disposals	(316)	-	(409)	-	-	(725)
<b>At 31 July 2017</b>	<b>81,775</b>	<b>6,676</b>	<b>54,027</b>	<b>4,072</b>	<b>-</b>	<b>146,550</b>
<b>Net book value</b>						
<b>At 31 July 2017</b>	<b>325,925</b>	<b>21,680</b>	<b>5,232</b>	<b>4,707</b>	<b>6,406</b>	<b>363,950</b>
At 31 July 2016	310,511	22,446	4,275	4,674	13,022	354,928
<b>University</b>						
<b>Cost</b>						
At 1 August 2016	382,377	28,356	55,033	4,715	13,022	483,503
Additions	14,552	-	4,380	1,201	6,406	26,539
Transfers	12,551	-	285	186	(13,022)	-
Disposals	(1,780)	-	(439)	-	-	(2,219)
<b>At 31 July 2017</b>	<b>407,700</b>	<b>28,356</b>	<b>59,259</b>	<b>6,102</b>	<b>6,406</b>	<b>507,823</b>
<b>Depreciation</b>						
At 1 August 2016	71,866	5,910	50,758	1,458	-	129,992
Charge for the year	10,225	766	3,678	1,071	-	15,740
Disposals	(316)	-	(409)	-	-	(725)
<b>At 31 July 2017</b>	<b>81,775</b>	<b>6,676</b>	<b>54,027</b>	<b>2,529</b>	<b>-</b>	<b>145,007</b>
<b>Net book value</b>						
<b>At 31 July 2017</b>	<b>325,925</b>	<b>21,680</b>	<b>5,232</b>	<b>3,573</b>	<b>6,406</b>	<b>362,816</b>
At 31 July 2016	310,511	22,446	4,275	3,257	13,022	353,511

At 31 July 2017, freehold land and buildings includes £77,565,018 (2015-16: £78,513,018) in respect of freehold land which is not depreciated. Leasehold land and buildings includes £830,000 (2015-16: £830,000) in respect of long leasehold land which is not depreciated where the long leasehold interest is deemed to be equivalent to a freehold interest.



## Notes to the Accounts – Year ended 31 July 2017

### 10 Fixed assets (continued)

Leasehold land and buildings includes:	Net book value £'000
Michael Atiyah building (125 year lease commencing 1996 from Wyggeston and Queen Elizabeth I College)	4,684
Main campus sports centre (99 year lease commencing 2000 from Wyggeston and Queen Elizabeth I College)	5,657
Various NHS sites	10,333
Other sites and leasehold improvements	1,006
<b>At 31 July 2017</b>	<b>21,680</b>
At 31 July 2016	22,446

### 11 Non-current investments

	Subsidiary companies £'000	Other non-current investments £'000	Total £'000
<b>Consolidated</b>			
At 1 August 2016	-	4,859	4,859
Additions	-	1	1
Disposals	-	419	419
At 31 July 2017	-	<b>5,279</b>	<b>5,279</b>
<b>University</b>			
<b>At 1 August 2016</b>	300	4,859	5,159
Additions	-	1	1
Disposals	-	419	419
<b>At 31 July 2017</b>	<b>300</b>	<b>5,279</b>	<b>5,579</b>

The investment in subsidiary companies relates to the share capital of College Court Conference Centre Limited and The Leicester Services Partnership Limited.

See note 24 for further details.

At 1 August 2016 £243,855 has been reclassified from investments in spinouts to other non-current investments to correctly reflect the nature of the investment.

## 11 Non-current investments (continued)

### Investment in Spinouts

Name	Shareholding at 31 July 2017	Principal Activity	31 July 2017 £'000	31 July 2016 £'000
OCB Media Limited	24%	Development and pursuit of electronically distributed high level e-learning material and multimedia products		
MIP Diagnostics Limited	10%	Commercialisation of Molecular Imprinted Polymers (MIPs)		

### Other non-current investments consist of :

Fair value of endowment assets invested in securities on permanent endowments	4,991	4,615
Fair value of investments in listed shares	288	244
	<u>5,279</u>	<u>4,859</u>

## 12 Investment in joint venture

The University holds the following shares in companies considered to be joint ventures:

Name	Shareholding	Principal Activity
Scionix Limited	50%	This is a joint venture company owned equally by the University and Whyte Chemicals Limited. Its principal activity is the development of solvents for industrial purposes.
Earthsense Systems Limited	33%	A joint venture company owned equally by the University, Bluesky International Limited and Professor Roland Leigh. Its principal activity is the development and commercialisation of products and services for monitoring of air quality.

These entities are not accounted for on an equity basis on the grounds of materiality.

The arrangements are treated as a joint venture and are accounted for using the cost method, such that the cost of the investment is incorporated into the consolidated balance sheet of the University. The value of the investment is reassessed at each balance sheet date to fair value. As per the University accounting policies the initial investment in spinout companies are written off.

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>13 Trade and other receivables</b>				
Amounts falling due within one year:				
Research grants receivables	12,115	12,115	14,866	14,866
Other trade receivables	6,539	6,369	7,009	6,943
Other receivables	147	147	931	919
Prepayments and accrued income	7,848	7,703	4,279	4,165
Amounts due from subsidiary companies	-	1,565	-	1,733
Amounts falling due after more than one year:				
Students' Union loan	-	-	343	343
Amounts due from subsidiary companies	-	2,231	-	2,454
	<u>26,649</u>	<u>30,130</u>	<u>27,428</u>	<u>31,423</u>

## Notes to the Accounts – Year ended 31 July 2017

### 13 Trade and other receivables (continued)

Amounts due from subsidiary companies after more than one year relate to a loan agreement with College Court Conference Centre Limited. The loan is repayable in installments by 2028 and interest is charged at Bank of England base rate plus 3.5%.

Of the amounts due from subsidiary companies within one year £1,341,440 (2015-2016: £1,509,899) is trading in nature.

College Court Conference Centre Limited is charged interest on working capital balances on a quarterly basis at Bank of England base rate plus 2%.

£223,101 (2015-2016: £223,101) of the balance relates to the loan agreement with College Court Conference Centre Limited.

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>14 Current investments</b>				
Fair value of endowment assets invested in securities on expendable endowments	8,770	8,770	8,128	8,128
Fair value of investments in securities	198	198	-	-
	<u>8,968</u>	<u>8,968</u>	<u>8,128</u>	<u>8,128</u>

### 15 Creditors: amounts falling due within one year

Unsecured loans	2,863	2,863	2,412	2,412
Trade payables	14,262	14,206	18,074	18,048
Social security and other taxation payable	4,388	4,377	4,113	4,103
Other payables	3,197	3,192	3,173	3,170
Accruals and deferred income	62,866	62,405	61,893	61,739
	<u>87,576</u>	<u>87,043</u>	<u>89,665</u>	<u>89,472</u>

#### Deferred income

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

Research grants received on account	27,802	27,802	32,304	32,304
Grant income	2,021	2,021	1,907	1,907
Capital grant income	4,467	4,467	4,381	4,381
Other income	8,179	8,066	5,792	5,776
	<u>42,469</u>	<u>42,356</u>	<u>44,384</u>	<u>44,368</u>

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>16 Creditors: amounts falling due after more than one year</b>				
Deferred income	86,289	86,161	86,723	86,723
Derivatives	5,989	5,989	7,692	7,692
Unsecured loans	73,187	73,187	76,050	76,050
	<b>165,465</b>	<b>165,337</b>	<b>170,465</b>	<b>170,465</b>
Analysis of secured and unsecured loans:				
<b>Due within one year or on demand (note 15)</b>	2,863	2,863	2,412	2,412
Due between one and two years	2,740	2,740	2,863	2,863
Due between two and five years	8,827	8,827	8,505	8,505
Due in five years or more	61,620	61,620	64,682	64,682
<b>Due after more than one year</b>	<b>73,187</b>	<b>73,187</b>	<b>76,050</b>	<b>76,050</b>
<b>Total secured and unsecured loans</b>	<b>76,050</b>	<b>76,050</b>	<b>78,462</b>	<b>78,462</b>

Included in loans are the following:

Lender	Amount £'000	Term	Secured / Unsecured	Interest rate %	Borrower
Salix	800	N/A	Unsecured	-	University
Barclays	623	2018	Unsecured	6.15	University
Barclays	8,294	2031	Unsecured	5.95	University
Barclays	12,738	2037	Unsecured	5.42	University
European Investment Bank	28,595	2038	Unsecured	3.47	University
European Investment Bank	25,000	2040	Unsecured	2.90	University
Total	<u>76,050</u>				

### Deferred income

Deferred income due after more than one year represents balances on capital grants from government sources, from non-government sources where the grant stipulates performance conditions and contracted income received in advance.

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Capital grant income	86,161	86,161	86,723	86,723
Other income	128	-	-	-
	<b>86,289</b>	<b>86,161</b>	<b>86,723</b>	<b>86,723</b>



### 16 Creditors: amounts falling due after more than one year (continued)

#### Derivative financial instruments

Interest rate swaps and caps are valued at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

#### Interest rate swap and cap contracts

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at the reporting date:

	Average contract fixed interest rate		Notional principal value		Fair value	
	2017	2016	2017	2016	2017	2016
	%	%	£'000	£'000	£'000	£'000
Less than one year	-	-	-	-	-	-
One to two years	6.15	6.15	623	1,216	18	63
Two to five years	-	-	-	-	-	-
Five years or more	5.61	5.62	21,031	21,845	5,971	7,629
			<b>21,654</b>	<b>23,061</b>	<b>5,989</b>	<b>7,692</b>

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is three months' LIBOR. The Company will settle the difference between the fixed and floating interest rate on a net basis.

## 17 Provisions for liabilities

	Obligation to fund deficit on USS Pension £'000	Defined benefit obligations (note 26) £'000	Total pensions provisions £'000	Total other provisions £'000
<b>Consolidated and University</b>				
At 1 August 2016	29,076	54,305	83,381	1,649
Utilised in year	(2,123)	(5,365)	(7,488)	(1,389)
Additions in the year	1,856	12,157	14,013	1,126
<b>At 31 July 2017</b>	<b>28,809</b>	<b>61,097</b>	<b>89,906</b>	<b>1,386</b>

### USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance.

Management have estimated the number of future employees within the USS scheme and salary payments over the period of the contracted obligation in assessing the value of this provision.

The assumptions used in calculating the provision are as follows:

	2017 %	2016 %
Discount rate	1.85	1.71
Inflation	1.5 to 2.5	1.5 to 2.5

Additions in the year arise from the unwinding of the discount on the provision (£497,202) and changes in assumptions relating to future staff membership and salary inflation (£1,358,407).

### Defined benefit obligations

The obligation in relation to the University's Pension and Assurance Scheme (PAS) arises from the contractual obligation with the pension scheme for a net defined benefit liability.

This is the present value of obligations under the defined benefit plans at the reporting date. Management have engaged Aon Hewitt to determine the value of this obligation.

Further information is available in note 26.

### Other provisions

#### Decommission of science facilities

This obligation relates to 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 will take place in 2027.

#### Severance payments on termination

This obligation is for amounts payable in severance payments in respect of staff who have elected to take voluntary severance. Provisions for severance payments are calculated on the basis of estimated costs for members of staff where there is a constructive or contractual obligation on the part of the University. All severance payments will be made in the 2017-18 financial year.

#### Clawback of government funding

This obligation relates to the expected clawback of government funding due to a breach of grant conditions on one isolated grant agreement. Based upon knowledge at the date of signing the financial statements it is expected the payment will be made in 2023.

## Notes to the Accounts – Year ended 31 July 2017

### 18 Financial instruments

The carrying values of the University's financial assets and liabilities are summarised below:

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
<b>Financial assets</b>				
<b>Measured at fair value through income and expenditure</b>				
Investments in listed shares	288	288	244	244
Investments in securities	13,959	13,959	12,743	12,743
<b>Measured at amortised cost</b>				
Loans receivable	-	2,454	343	3,020
<b>Measured as undiscounted amount receivable</b>				
Trade and other receivables	18,801	19,973	22,806	24,238
<b>Measured at cost less impairment</b>				
Investments in unlisted equity instruments	-	300	-	300
	33,048	36,974	36,136	40,545
<b>Financial liabilities</b>				
<b>Measured at fair value through income and expenditure</b>				
Derivative financial instruments	5,989	5,989	7,692	7,692
<b>Measured at amortised cost</b>				
Loans payable	76,050	76,050	78,462	78,462
<b>Measured at undiscounted amount payable</b>				
Trade and other payables	21,847	21,775	25,360	25,321
	103,886	103,814	111,514	111,475

## 19 Endowment reserves

Restricted net assets relating to endowments are as follows:

	Restricted permanent endowments £'000	Unrestricted permanent endowments £'000	Restricted expendable endowments £'000	Total 2017 £'000	Total 2016 £'000
<b>Balances at 1 August</b>					
Capital	3,313	1,302	8,128	<b>12,743</b>	11,747
Accumulated income	686	12	574	<b>1,272</b>	1,481
	<b>3,999</b>	<b>1,314</b>	<b>8,702</b>	<b>14,015</b>	13,228
New endowments	13	-	2,947	<b>2,960</b>	688
Investment income	100	44	282	<b>426</b>	386
Expenditure	(46)	(55)	(614)	<b>(715)</b>	(320)
	54	(11)	(332)	<b>(289)</b>	66
Increase in market value of investments	269	105	638	<b>1,012</b>	33
<b>At 31 July</b>	<b>4,335</b>	<b>1,408</b>	<b>11,955</b>	<b>17,698</b>	<b>14,015</b>
<b>Represented by:</b>					
Capital	3,583	1,408	8,770	<b>13,761</b>	12,743
Accumulated income	752	-	3,185	<b>3,937</b>	1,272
	<b>4,335</b>	<b>1,408</b>	<b>11,955</b>	<b>17,698</b>	<b>14,015</b>
<b>Analysis by type of purpose:</b>					
Lectureships	248	118	-	<b>366</b>	339
Scholarships and bursaries	1,398	421	1,708	<b>3,527</b>	3,071
Research support	364	-	8,817	<b>9,181</b>	6,340
Prize funds	882	-	77	<b>959</b>	849
General	1,443	869	1,353	<b>3,665</b>	3,416
	<b>4,335</b>	<b>1,408</b>	<b>11,955</b>	<b>17,698</b>	<b>14,015</b>
<b>Analysis by asset</b>					
Current and non-current asset investments (notes 11 and 14)				<b>13,761</b>	12,743
Cash and cash equivalents				<b>2,561</b>	1,106
Pledged endowments debtor				<b>1,376</b>	166
				<b>17,698</b>	<b>14,015</b>



19 Endowment reserves (continued)

Analysis of major endowments:

	Capital £'000	Income £'000	Total £'000
<b>van Geest Foundation Heart and Cardiovascular Disease Research Fund</b>			
Balance at 1 August 2016	4,932	231	5,163
Investment income	-	172	172
Expenditure	-	(132)	(132)
Increase in market value of investments	400	-	400
<b>Balance at 31 July 2017</b>	<b>5,332</b>	<b>271</b>	<b>5,603</b>
<b>The Mayer Family Fund</b>			
Balance at 1 August 2016	-	-	-
New donations and endowments	-	2,700	2,700
Investment income	-	3	3
Expenditure	-	(403)	(403)
<b>Balance at 31 July 2017</b>	<b>-</b>	<b>2,300</b>	<b>2,300</b>

## 20 Restricted reserves

Reserves with restrictions are as follows:

	Donations £'000	Other restricted funds £'000	Total 2017 £'000	Total 2016 £'000
<b>Balances at 1 August</b>	234	603	837	3,601
New capital funds	-	-	-	1,033
New donations	1,412	-	1,412	496
New other restricted funds	-	879	879	211
Capital funds utilised	-	-	-	(3,778)
Expenditure	(411)	(70)	(481)	(726)
<b>Total restricted comprehensive income/(loss) for the year</b>	<b>1,001</b>	<b>809</b>	<b>1,810</b>	<b>(2,764)</b>
<b>At 31 July</b>	<b>1,235</b>	<b>1,412</b>	<b>2,647</b>	<b>837</b>

### Analysis of restricted funds by type of purpose:

Scholarships and bursaries	1,195	254
Research support	1,205	380
Prize funds	8	13
General	239	190
	<b>2,647</b>	<b>837</b>

## 21 Cash and cash equivalents

	1 August 2016 £'000	Cash flow £'000	At 31 July 2017 £'000
<b>Consolidated</b>			
Cash and cash equivalents			
Endowed cash and cash equivalents	1,106	1,455	2,561
Non-endowed cash and cash equivalents	50,174	(13,444)	36,730
	<b>51,280</b>	<b>(11,989)</b>	<b>39,291</b>
<b>University</b>			
Cash and cash equivalents			
Endowed cash and cash equivalents	1,106	1,455	2,561
Non-endowed cash and cash equivalents	50,135	(13,442)	36,693
	<b>51,241</b>	<b>(11,987)</b>	<b>39,254</b>

Non-endowed cash and cash equivalents includes £9,087,000 (2015-16: £7,571,000) of term deposits with a maturity of three months or less from the date of placement.

At 31 July 2017 the weighted average interest rate of these fixed rate deposits was 0.37% per annum and the weighted average period for which the interest rate is fixed on these deposits was 45 days.

## Notes to the Accounts – Year ended 31 July 2017

### 22 Capital and other commitments

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

	31 July 2017		31 July 2016	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted for	7,577	7,577	13,660	13,660

### 23 Lease obligations

Total rentals payable under operating leases are as follows:

	Land and buildings £'000	Other leases £'000	Total 2017 £'000	Total 2016 £'000
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#### Consolidated and University

##### Future minimum lease payments due:

Not later than one year	580	397	977	890
Later than one year and not later than five years	1,223	457	1,680	1,840
Later than five years	188	-	188	343
<b>Total lease payments due</b>	<b>1,991</b>	<b>854</b>	<b>2,845</b>	<b>3,073</b>

Land and building leases are held in respect of office premises and car parking facilities. Other leases comprise vehicle and computer equipment leases.

### 24 Subsidiary undertakings

The subsidiary companies (all of which are registered in England and Wales) wholly-owned or effectively controlled by the University are as follows:

Company	Principal activity	Status	Notes
Leicester Academic Library Services Limited	Not trading	100% owned	
College Court Conference Centre Limited	Operating of a conferencing facility	100% owned	11
The Leicester Services Partnership Limited	Operating of catering facilities	50% owned	11

The Leicester Services Partnership Limited was incorporated on 14 December 2016 as a joint arrangement between the University and University of Leicester Students' Union.

The Leicester Services Partnership Limited is accounted for as a subsidiary of the University on the basis that the University can exercise a majority of voting rights. Amounts attributable to the University of Leicester Students' Union are presented in the financial statements as amounts attributable to non-controlling interest.

### 25 Events after the reporting period

There are no events to report after the Balance Sheet date.

## 26 Pension schemes

Different categories of staff were eligible to join one of the following schemes:

- Universities Superannuation Scheme (USS)
- University of Leicester Pension and Assurance Scheme (PAS)
- National Health Service Pension Scheme (NHSPS)
- The University of Leicester Stakeholder Scheme
- The College Court Stakeholder Scheme
- The Leicester Services Partnership Stakeholder Scheme
- The Aviva Group Personal Pension Scheme

The two principal pension schemes are the Universities Superannuation Scheme (USS) and The University of Leicester Stakeholder Scheme. A small number of staff are members of other pension schemes.

USS is a defined benefit pension scheme which was, until March 2016, contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. PAS and NHSPS are also defined benefit schemes.

The other schemes are defined contribution schemes. Further details are provided on pages 58 to 59 of these financial statements.

The amounts charged to staff costs in respect of the schemes is as follows:

	<b>Year Ended 31 July 2017</b>	<b>Year Ended 31 July 2016</b>
	<b>£'000</b>	<b>£'000</b>
Universities Superannuation Scheme (USS)	17,635	16,105
University of Leicester Pension and Assurance Scheme (PAS)	-	828
University of Leicester Stakeholder Scheme	1,546	1,386
NHS Pension Scheme	973	1,012
College Court Stakeholder Scheme	13	3
Leicester Services Partnership Stakeholder Scheme	33	-
Aviva Group Personal Pension Scheme	3	3
	<b>20,203</b>	<b>19,337</b>

### (i) The Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS). With effect from 1 October 2016, the scheme changed from a defined benefit only scheme to a hybrid pension scheme, providing defined benefits (for all members) as well as defined contribution benefits.

The assets of the scheme are held in a separate trustee administered fund. As at 31 July 2017 there are 2,196 (2015-16: 2,206) active members of USS.

Because of the mutual nature of the scheme, the assets are not attributed to individual institutions and a scheme-wide contribution rate is set. The University 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. As required by Section 28 of FRS 102 "Employee benefits" the University accounts for the scheme as if it were a wholly defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme.

Since the University has entered into an agreement (the Recovery Plan) that determines how each employer within the scheme will fund the overall deficit, the University recognises a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and therefore the resulting expense is recognised (note 17).

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

The valuation as at 31 March 2017 is underway.



### 26 Pension schemes (continued)

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

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

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

	2017	2016
Discount rate	2.57%	3.60%
Pension increases (CPI)	2.41%	2.20%

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

Male members' mortality	98% of S1NA ("light") YoB tables - no age rating
Female members' mortality	99% S1NA ("light") YoB tables - rated down one year

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

	2017 years	2016 years
Males currently aged 65	24.4	24.3
Females currently aged 65	26.6	26.5
Males currently aged 45	26.5	26.4
Females currently aged 45	29	28.8

<b>Existing Benefits</b>	<b>£ billion</b>	<b>£ billion</b>
Scheme assets	60.0	49.8
Total scheme liabilities	77.5	58.3
FRS 102 total scheme deficit	17.5	8.5
FRS 102 total funding level	77%	85%

## 26 Pension schemes (continued)

### (ii) University of Leicester Pension and Assurance Scheme

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 Students' Union withdrew from the Scheme under a deed dated 8 September 2011.

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). The Scheme was contracted out of the State Second Pension Scheme until 6 April 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 provide the actuary to the Scheme.

The Scheme closed to new members in July 2003 and then on 31 March 2016 to future benefit accrual. Existing active members at the closure date who were in grades 6 and above were enrolled in USS and members in grade 5 and below were enrolled in the University of Leicester Stakeholder Scheme.

The last actuarial valuation was held on 31 July 2016 and this reported a past service deficit of £54.9 million, which represented a funding ratio of 72%. A recovery plan has been agreed with the University which provides for repayment of this deficit by 31 August 2029.

As part of the completion of the actuarial valuation of the scheme during the year, the underlying valuation assumptions have been reviewed. This review has resulted in a significant increase in the value of the defined benefit obligation, the impact of which is shown in other comprehensive income in the year.

The next actuarial valuation is due on 31 July 2019.

### Assumptions

The financial assumptions used to calculate scheme liabilities under FRS 102 are:

	At 31 July 2017	At 31 July 2016
	%pa	%pa
Price inflation (RPI)	3.15	2.8
Price inflation (CPI)	2.15	1.8
Rate of increase in salaries	1.84, 1.5, 1.5, 1.5 and 2.15 thereafter	1.5% for four years and 1.8% thereafter
Revaluation	2.15	1.9
Discount rate for scheme liabilities	2.45	2.35
<b>Pension increases</b>	<b>%pa</b>	<b>%pa</b>
Pre 06.04.1988 GMP	0.00	0.00
Post 05.04.1988	1.90	1.70
Pre 06.04.1997 Non-GMPs	3.00	2.75
Post 05.04.1997	3.00	2.75
Post 01.08.2012	2.20	1.90

### 26 Pension schemes (continued)

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	Male Pensioner (currently aged 65)	Male Non-pensioner (currently aged 45)	Female Pensioner (currently aged 65)	Female Non-pensioner (currently aged 45)
At 31 July 2016	21.4	23.1	24.2	25.7
At 31 July 2017	21.3	22.7	23.7	25

The main demographic assumption used relates to mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigations (CMI) S2PXA tables.

#### Scheme assets and expected rate of return for PAS

The expected return on assets has been derived as the weighted average of the expected returns from each of the main asset classes (i.e. equities and bonds).

The expected return for each asset class reflects a combination of historical performance analysis, the forward looking views of the financial markets (as suggested by the yields available) and the views of investment organisations.

The assets in the scheme were:

	Fair value as at	
	31 July 2017 £'000	31 July 2016 £'000
Equities	41,644	43,935
Bonds	37,148	37,165
Property	5,167	5,001
Diversified growth funds	56,892	54,163
Cash	7,533	1,332
<b>Total</b>	<b>148,384</b>	<b>141,596</b>

PAS assets do not include any of the University's own financial instruments, or any property occupied by, or other assets used by, the University.

## 26 Pension schemes (continued)

	31 July 2017 £'000	31 July 2016 £'000
<b>Analysis of the amount shown in the balance sheet for PAS:</b>		
Scheme assets	148,384	141,596
Scheme liabilities	(209,481)	(195,901)
<b>Deficit in the scheme – net pension liability recorded within pension provisions (note 17)</b>	<b>(61,097)</b>	<b>(54,305)</b>
<b>Analysis of the amount charged to expenditure for PAS:</b>		
Current service cost	-	828
Admin expenses	621	526
<b>Total operating charge:</b>	<b>621</b>	<b>1,354</b>
<b>Analysis of the amount charged to interest payable for PAS:</b>		
Interest on net deficit	1,229	946
<b>Total income and expenditure charge before deduction for tax</b>	<b>1,850</b>	<b>2,300</b>
<b>Analysis of other comprehensive loss for PAS and ex-gratia pensions:</b>		
Gain on assets	4,978	506
Experience loss on liabilities	(15,285)	(27,127)
<b>Total other comprehensive loss before deduction for tax</b>	<b>(10,307)</b>	<b>(26,621)</b>
<b>Changes in value of defined benefit obligation</b>		
<b>Present value of PAS liabilities at the start of the year</b>	<b>195,901</b>	<b>167,792</b>
Current service cost (net of member contributions)	-	828
Interest expense on defined benefit obligation	4,531	6,018
Actual member contributions (including notional contributions)	-	250
Actuarial loss	15,285	27,127
Actual benefit payments	(6,236)	(6,114)
<b>Present value of PAS liabilities at the end of the year</b>	<b>209,481</b>	<b>195,901</b>
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>141,596</b>	<b>139,547</b>
Interest income on assets	3,302	5,072
Gain on assets	4,978	506
Actual contributions paid by University	5,365	2,861
Actual member contributions (including notional contributions)	-	250
Actual benefit payments	(6,236)	(6,114)
Admin costs incurred	(621)	(526)
<b>Fair value of scheme assets at the end of the year</b>	<b>148,384</b>	<b>141,596</b>



### 26 Pension schemes (continued)

	31 July 2017	31 July 2016
	£'000	£'000
<b>Actual return on scheme assets</b>		
Interest income on scheme assets	3,302	5,072
Gain on scheme assets	4,978	506
	<b>8,280</b>	<b>5,578</b>

#### (iii) NHS Pension Scheme

The University has 90 (2015-16: 100) 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.

#### (iv) The University of Leicester Stakeholder Scheme

The University of Leicester Stakeholder Scheme is a defined contribution scheme offered through FriendsLife. 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 1,278 (2015-16: 1,358) active members as at 31 July 2017.

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.

The University's advisers for the Scheme are KPMG LLP.

As from 1 January 2016 the University changed the Scheme's default investment fund from the Baillie Gifford Managed Fund to the FriendsLife My Future Fund. All new members were enrolled into this fund from this date and existing members were informed of the change and invited to attend presentations. The FriendsLife My Future fund has a Growth Fund and a Consolidated Fund as a lifestyle strategy and members funds are transferred 15 years from their retirement date in a phased way from the Growth Fund into the Consolidation Fund. The FriendsLife My Future Fund carries a management charge of 0.43% which compares with the 0.75% cost of the previous default fund.

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.

#### (v) College Court Stakeholder Scheme

The University has a conference centre, College Court, which operates as a separate subsidiary company. College Court 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 has the Baillie Gifford Managed Fund as its default fund and the annual management charge was reduced from 0.75% to 0.69% as from April 2016. In the seven 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 Scheme has 33 (2015-16: 3) active members.

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## 26 Pension schemes (continued)

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### **(vi) Leicester Services Partnership Stakeholder Scheme**

The subsidiary company The Leicester Services Partnership Limited provides a defined contribution stakeholder scheme for its staff, offered through FriendsLife.

Leicester Services Partnership 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 Leicester Services Partnership adds 5%, 7%, 9% and 11% respectively.

The Scheme has 100 (2015-16: none) active members.

### **(vii) Aviva Group Personal Pension Plan**

The University contributed to the Aviva Group Personal Pension Plan for one (2015-16: one) employee subject to a TUPE transfer arrangement.



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