



University of
Leicester

Financial Statements

2011 - 2012

Elite without being elitist

THE Awards Winner
2007, 2008, 2009, 2010, 2011, 2012

www.le.ac.uk

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Treasurer's Report

FOR THE YEAR ENDED 31 JULY 2012

Format of the Financial Statements

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

The Financial Statements include the University and its near-dormant subsidiaries Leicester Academic Trading Services Limited and Leicester Academic Library Services Limited. The University's interests in spin-out companies are listed but none are material for inclusion in the Financial Statements.

The Mission and Strategy for the University

The University of Leicester is a leading UK university committed to international excellence through the creation of world changing research and high quality inspirational teaching within an inclusive academic culture. The vision for the University is:

- We will consolidate our position as the most inclusive of Britain's top 20 leading universities.
- We will become an established top ten UK university and rank in the top 150 institutions in the world.
- Our growing research strength will underpin this change. We will build on our position as the pre-eminent university in the Midlands for teaching quality, student satisfaction and research impact.
- We will become Britain's top university for student satisfaction and teaching quality.

More detail on the University's vision is set out in the Strategic Vision to 2015 document, available on the University website.

Highlights of the Year

This has been another very successful year for the University.

The University has maintained its ranking as a top university in the UK this year, ranking 18th in the Times Higher Table of tables, 17th in the UK in the Times Good University Guide 2012, and 19th in the Guardian University Guide. The University is the only top 20 university to meet the government benchmarks for inclusivity for students from state schools and lower socio-economic groups.

The 2012 National Student Survey ranked Leicester fourth for student satisfaction, placing the University in the top ten for eight years running. The impact of research conducted by the University, measured by citations per academic, is the strongest of any Midlands university. Our citation levels place us amongst

the top 1% of universities in the world and are the 7th highest in England (QS World University Rankings 2011). In 2011/12 a record level of 75.4% students graduated with a first or upper second class degree.

Student recruitment remains strong, with a significant increase in full-time overseas students at undergraduate level. The recruitment of overseas students has again been supported by increases in activity by the University's English Language Teaching Unit and the International Study Centre, who provide a foundation year. Over 48% of our students are in the College of Social Science recognising the strength of the part-time provision in that college. Overseas recruitment remained strong this year with the overseas student population increasing from 14% of fulltime undergraduates to 17%. Overall, overseas students represent 35% of the student headcount, with the largest cohort coming from China.

The distribution of students in 2011/12 and 2010/11 was as follows:

	2011/12	2010/11
Undergraduate	11,364	10,905
Postgraduate	10,806	11,557
Occasional/Exchange	381	322
	<u>22,551</u>	<u>22,784</u>
Full-time	13,417	12,920
Part-time/distance learning	9,134	9,864
	<u>22,551</u>	<u>22,784</u>

The University has an ambitious £1 billion investment plan for the University's estate. The programme is a long-term vision which would allow the capacity of the campus to increase by 100,000 square metres and provide increased capacity to allow student numbers to grow to 25,000.

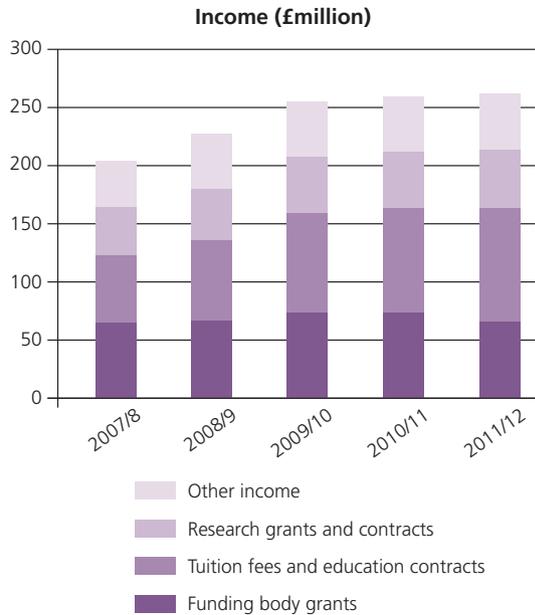
The new Hall of Residence at the Nixon Court site opened at the start of 2011/12, and major improvements to the sports facilities at Manor Road are due to open this autumn. The University also purchased a high quality sports facility adjoining the main campus site, providing a significant improvement to the student and staff experience of sport at Leicester.

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FOR THE YEAR ENDED 31 JULY 2012

Income and Expenditure Account

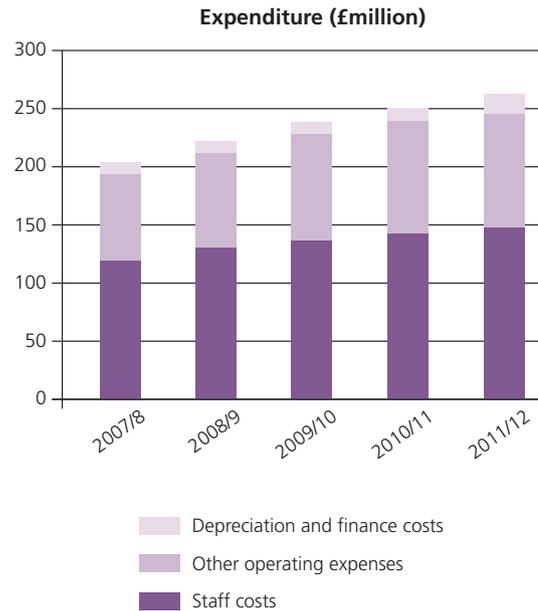
Total income rose by 1.2% to £263.862 million, while total expenditure increased by 3.3% to £259.942 million. The University's income comes from a number of sources, as shown in the chart below:



Tuition fee income again reached the highest ever level for the University at £98.274 million, 9.9% higher than in 2010/11. The majority of the increase arose from full-time campus-based overseas students who accounted for 41.8% of tuition fee income. Income from part-time and distance learning students fell slightly, with a fall in student numbers from geographies experiencing political unrest. Grants from funding bodies reduced by 12.0%, reflecting government cut backs to both the block grant and specific funding initiatives.

Income from research grants and contracts increased to £49.634 million, following an increase in EU grant awards. Research awards and applications in the year reached the highest levels yet, with a particularly strong performance in Medical and Biological Sciences including three Biomedical Research Units in Cardiovascular Disease, Respiratory Disease and Nutrition, Diet & Lifestyle.

Expenditure of £259.942 million was incurred, of which 57% relates to staff costs.



The operating surplus was £3.920 million, compared to £8.933 million in 2010/11. The total surplus for the year was £4.268 million (1.6% of income), after the transfer from endowed funds, which compares to £9.160 million in 2010/11 (3.5% of income). The result fell just short of budget for the year of £4.443 million (1.7% income) in part reflecting early action on staff restructuring which will reduce future staff costs.

Balance Sheet as at 31 July 2012

Net assets have reduced by £2.770 million to £149.029 million as at 31 July 2012.

Cash and short-term investments totalled £37.580 million as at 31 July 2012; £6.764 million lower than the previous year. Loans increased by £6.517 million to £50.732 million (2011: £44.215 million) to give net debt of £12.335 million (2011: net funds £0.710 million), reflecting on going investment on the campus.

Fixed assets have increased by £19.414 million in the year to reach £224.660 million. This increase reflects total capital expenditure of £30.467 million and depreciation of £11.016 million. Capital grants of £7.348 million were recognised in the year. The main capital expenditure items were in respect of the Cardiovascular Research Centre, major improvements and additions to sports facilities, additional teaching space for the Department of Media and Communications, refurbishment of

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the Gilbert Murray conference centre and improvements to the Charles Wilson building.

Short term creditors reduced by £8.980 million to £69.198 million at 31 July 2012 principally due to the conversion of a short term credit facility into a new long term loan. Net current liabilities consequently reduced from £7.055 million at 31 July 2011 to £4.259 million as at 31 July 2012.

The pension liability for the Pension and Assurance Scheme significantly increased by 36% to £29.922 million.

Cash Flow for the Year to 31 July 2012

There was a net cash inflow of £12.227 million from operating activities during the year, compared to £18.878 million in the previous year. The other main features of the cash flow were the capital expenditure and new loans described above.

Pension Schemes

The University provides pension provision for its employees through three defined benefit schemes; The Universities Superannuation Scheme, The University of Leicester Pension and Assurance Scheme, The NHS Pension Scheme, and one defined contribution scheme; The University of Leicester Stakeholder Scheme.

The University of Leicester Pension and Assurance Scheme is included in the accounts on the basis of its FRS 17 valuation undertaken at 31 July 2012. This shows that the Scheme had assets of £110.531 million at 31 July 2012, liabilities of £140.453 million and a resultant deficit of £29.922 million. The value of the assets has increased during the year by £4.585 million reflecting better than expected investment returns. The present value of the liabilities has increased from last year's level by £12.563 million. The resultant deficit at 31 July 2012 is therefore £7.978 million higher than the level reported at 31 July 2011.

The latest triennial actuarial valuation of the University of Leicester Pension and Assurance Scheme was completed as at 1 August 2010. This showed that the Scheme's assets fell short of the value of its technical provisions, being a deficit of £28.805 million. This is equivalent to a 77% funding level, a deterioration on the 2007 valuation which showed a 90% level of funding. The University has agreed to meet the shortfall by continuing to pay the current level of employer contribution of 28.7% and increasing the annual recovery plan payment to £1.5 million each year beginning in 2011/12 and ending in 2026/27. In addition to the triennial actuarial valuation, the Actuary also carries out annual actuarial updates, the latest of which was undertaken as at August 2012. This showed that the funding position of the scheme had deteriorated since the full 2010 actuarial valuation and a shortfall of £51.5 million was reported, a funding level of

68%. This was due to changes in market conditions, primarily quantitative easing, driving down index linked gilt yields, which are used to measure the liabilities of the scheme.

The USS provides pension benefits to certain employees across the sector and the latest triennial actuarial valuation was undertaken as at 31 March 2011. At the valuation date the value of Scheme assets was £32,434 million, and the value of the technical provisions was £35,344 million, indicating a shortfall of £2,910 million. The trustees have determined, after consultation with employers, a recovery plan to pay off the shortfall by 31 March 2021.

Treasury Management

Through the Treasury Management Sub-Committee the University sets the policy for and manages its portfolio of investment assets and short-term investments.

For the portfolio of investments the Sub-Committee aims to balance the risk and potential returns. Investments in equities, fixed interest stocks and property are managed by external investment managers. In addition the University has an in-house Treasury team who manage the working capital of the University and make a number of bank and building society deposits 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.

The level of endowment and interest income in the year was £841,000 compared to £725,000 in 2010/11.

At 31 July 2012 the University had £50.732 million of borrowing. The University has six loans repayable on different terms. The key features of the loans are:

- A loan from NatWest Bank with an outstanding balance of £3.228 million. This loan is repayable in instalments over periods to 2019, with interest payable at a fixed rate of 9.753%.
- Two ongoing loans from Barclays Bank, one repayable in instalments over periods to 2018 with an outstanding balance of £6.604 million and one repayable in instalments over periods to 2031 with an outstanding balance of £20.055 million. The rates of interest on both loans are hedged, with half of the balance capped at 5.5% and the remainder covered by swap arrangements of approximately 4.8%. A further short-term swap is in place at 2.97%, fixing the average rate paid on each loan at approximately 4.6%.
- A new loan from Barclays with an outstanding balance of £19.800 million. This loan facility is to fund capital schemes and is repayable in instalments over periods to 2037. A swap arrangement is in place for three quarters of the loan, fixing

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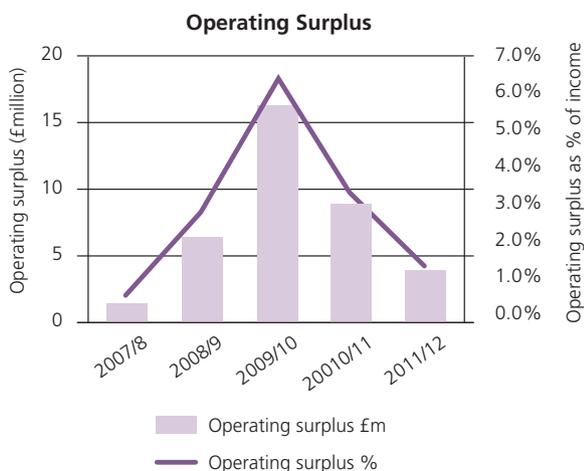
the interest rate on that part at approximately 5.4%, with the remaining part repayable at three month LIBOR plus the bank's margin.

- An interest free loan provided through the HEFCE and Salix Revolving Green Fund Scheme with a balance of £800,000. The loan is used to fund initiatives to reduce the University's carbon emissions, and only becomes repayable once there are no longer new schemes to reinvest the savings generated by previous schemes. At this point it is not known when this loan will be repaid. A further HEFCE loan through the Revolving Green Fund 2 of £245,000 is repayable in equal instalments from May 2013 to November 2016 when a further balance of £245,000 is received in 2012/13.

Financial Strategy

Through the financial strategy the University aims to achieve sustainable overall finances, while providing continued funding for the ongoing capital programme.

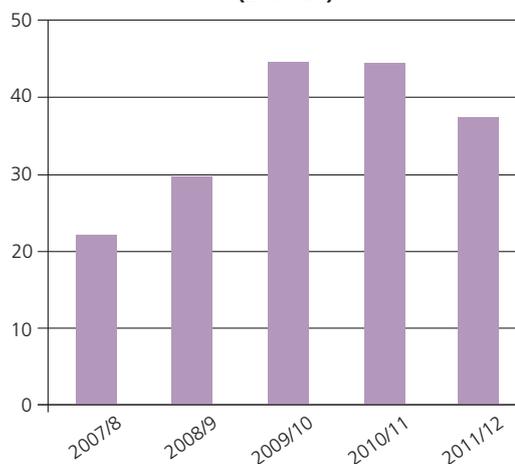
Within the financial strategy there are two key performance indicators. The first is to achieve a minimum operating surplus, measured as the surplus before exceptional items such as asset disposals and tax as a percentage of total income. Given the tighter public funding for both revenue and capital, 2011/12 was recognised as the most difficult budget year due to the timing of these cuts in relation to the ability to generate additional income. Council approved a target operating surplus of 1.7% for this year, rising to 5% by 2015/16, building additional surplus to fund capital investment in later years. The operating surplus for 2011/12 did not achieve target by 0.2%, in part due to increased activity on staff restructuring which will strengthen the University into the future. The operating surplus results from recent years are shown in the chart below.



The second key performance indicator is the level of short-term investments and cash. The aim within the financial strategy is to hold a prudent level of cash and short-term investments as measured at the year end. The minimum acceptable level has increased in the year to two months payroll costs.

The level of short-term investments and cash is shown in the chart below.

Short-term Investments and Cash Balances (£million)



In all years the target has been exceeded. The balance of £37.580 million as at 31 July 2012 is satisfactory and is required to fund working cash requirements and the planned investment in fixed assets over the University's forecast period to 2015/16.

Future Financial Outlook

The Financial Forecasts to 2015/16 and budget for 2012/13 approved by Council in July 2012 included some challenging targets for both the growth of income and the maintenance of a surplus for the University.

Over the past year the financial position of the University has been strengthened by:

- the continued strong student recruitment;
- healthy application rates for 2012, both for overseas and Home/EU students;
- a relaxation of the student number controls for Home/EU students for 2013/14;
- increased profitability of trading areas.

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However, there has been increased financial pressure from a number of factors:

- reductions in HEFCE grant funding, in particular lower than anticipated funding for science and laboratory based subjects;
- no inflationary fee increase for the 2013/14 Home/EU undergraduate intake;
- distance learning recruitment has stabilised but continues to be difficult in the face of the enduring global economic crises, increased competition and further geo-political issues.

The budgeted surplus for 2012/13 is in line with the revised financial strategy, at 2% of income. The challenge for 2012/13 is to maintain Home/EU undergraduate recruitment and control costs, and at this point in the year both aspects are within the budget parameters.

Key Risks and Opportunities

The most significant risks in respect of the University's financial position and the measures in place to control them are:

- that there is a further reduction in HEFCE grant over and above the level now included:-

Further cuts in 2012/13 will be difficult to absorb. Although relatively unlikely at this stage, a 10% cut in Teaching and Research grant would reduce the forecast surplus to zero, demonstrating the sensitivity in this year to funding changes. Any additional grant cuts will be reviewed by the University to establish what short or long term action may be appropriate. In later years the reliance on HEFCE grants lessens. Major changes to the Office for Fair Access agreement will be monitored and acted upon by the University.

- that Home/EU undergraduate recruitment will falter from 2012/13 with the introduction of higher fees:-

The pattern of undergraduate recruitment has changed for 2012/13, and specific contingencies have been included for a potential dip in recruitment. However the change in the student number control threshold from students with AAB to ABB Advanced level grades strengthens the University's position in later years.

- that campus-based overseas student fee income will not grow as planned:-

The University was very successful in campus based student recruitment in each of the last three years, with excellent recruitment in many academic departments. The University continues to show strong application rates in the current

year for many areas and it is now very important that these are again converted to student registrations in the autumn. Government policy changes on visas for students may impact on the University's conversion rates. Some contingency against this subset of students is held.

- that the anticipated increase in income and contribution from research grants and contracts is not achieved:-

The forecasts show an increase in research income and contribution over the period. The University will continue to monitor progress against the targets. The data on grant and contract applications and awards in the prior and current year is encouraging. However there remains continuing uncertainty of the impact of government cuts on research council funded bodies and the consequent impact on the amount of research money available. The University recognises a need to further diversify income sources, particularly with respect to industry and enterprise.

- that distance learning income does not meet forecasts:-

Monthly monitoring reports will continue to monitor the achievement of distance learning targets. Distance learning forecasts have reduced significantly compared to this time last year, reflecting a reduction in agent based recruitment and acknowledgement of the challenging economic climate.

- that restructuring savings are not achieved: –

The University now has a strong record of delivering savings where required and the additional target will be pursued vigorously by the University.

- a rise in interest rates increasing the costs of borrowings required for the capital programme:-

An interest rate hedging strategy has been put in place, which is proving very beneficial. The same will be done with any new loans.

- sustaining the ability to maintain and grow a competitive position for the quality of teaching and research, including recruitment and retention of internationally recognised academics as the census date for the Research Excellence Framework approaches. It is critical to maintain the University's position in the top 20 of key league tables and remain very highly ranked (at least in the top 10) in the National Student Survey:-

The University plans carefully to deliver the research and teaching strategy, investing in high quality infrastructure and staff and annually reviewing and rewarding performance.

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There are also some upside possibilities which could favourably affect the forecasts:-

- the shift in the threshold for student number control from AAB to ABB provides an opportunity to strengthen recruitment at the undergraduate level from 2013/14.
- better achievement than estimated on overseas students (with associated investment to ensure an excellent student experience).
- achievement of further significant fundraising towards the capital building programme by the development appeal.
- significant increases in research funding at the end of the planning period following a successful REF 2014.

Conclusion

The University has had a successful year in many ways, despite a lower surplus which reflects the challenging funding climate in this year. The University is determined to continue the progress made over recent years and take advantage of the funding changes to strengthen its academic and financial base. The University will continue to invest heavily in its activities and facilities and aims to stay on course to meet the targets set within the financial strategy, which is designed to create cash for reinvestment in the University's development. The capital expenditure plans remain aspirational and essential to maintain the student experience of Leicester as a top 20 University.

I must conclude by thanking James Hunt who after almost seven years as Director of Finance retired on 31 December 2011. Alongside many other members of staff he has made an outstanding contribution to the University's continuing reputation for excellence. This is a sound foundation for future progress.

Dr B.E. Towle
Treasurer
20 November 2012

Public Benefit Statement

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The University has exempt charitable status and is regulated by HEFCE under the Charities Act 2006.

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

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

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

The University's Charter sets the overall objectives of the University to provide "a University within Our City and County of Leicester for the Advancement of Knowledge, the Diffusion and Extension of Arts, Sciences and Learning, the Provision of Liberal, Professional and Technological Education". This objective is articulated through the Mission and Strategy and is summarised by the values approach of being "elite without being elitist".

The University is proud to be elite but it is not elitist. It is equally as proud to be a university that is inclusive and accessible in its academic culture. The University is the only university in the Times (Good University Guide 2012) top 20 to meet or exceed its benchmarks for widening participation. It is also the only university to have won six consecutive Times Higher Awards. Success through its distinctive work is characterised by its approach:

- an inclusive and accessible culture;
- a personal, supportive experience for those who use our services;
- a commitment to high quality, innovation and rigorous academic standards;
- a belief that teaching and research are synergistic.

The most significant direct beneficiaries of the University's charitable objects are our undergraduate and postgraduate students, who come to the University to enhance their academic qualifications, life skills, and employability. The regional economy also directly benefits from the activities of the University both through direct consumption by the student body, but also by provision of jobs and the integration of University activity into local communities. The University has recently embarked on a venture to promote further the employability of our graduates and members of the local community by offering an employment service, providing temporary work to the University and local businesses.

The national economy benefits significantly from the strength of overseas representation in the University's student body. The University has a strong reputation in overseas territories, contributing significantly to the HEI export market. As noted in the Treasurer's report our international student numbers continue to rise year on year.

Public benefit can also be clearly felt via the learning opportunities and the creation of jobs in territories in which the University's distance learning activities are present. We have around 8,000 students studying by distance learning, making it part of our core educational provision.

Looking outward to push boundaries is second nature at the University. Nowhere is this commitment more evident - and more beneficial - than in our pioneering work to support the establishment and development of the University of Gondar in Ethiopia. This African university did not exist in 2003 and is now a thriving institution with 10,000 students. By enabling Gondar to manage this huge expansion and cope with the pressure it places upon its resources, the link with Leicester is providing the model upon which other UK-Developing World partnerships will be based.

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

High quality teaching

The quality of the University's teaching is high and the National Student Survey shows that our students are some of the most satisfied in England. Leicester has been ranked in the top 10 of English universities for student satisfaction every year since the survey began in 2005.

The University's high standards in teaching are affirmed by the most recent institutional audit completed by the Quality Assurance Agency for Higher Education which gave confidence (the highest category of outcome) in the soundness of the management of academic standards. In 2011/12 the University was awarded two HEFCE National Teaching Fellowships for individual excellence in learning and teaching. The University caters for students at all levels of Higher Education, from undergraduate certificates, to postgraduate doctorates. Study can be carried out on campus or by accessing our large distance learning portfolio of programmes. The University encourages access to higher education from all areas of the community, using the flexibility of distance learning and innovative e-learning solutions.

Our students enter the workplace with a well rounded university experience, having undergone rigorous academic assessment and been offered numerous opportunities to engage with CV enhancing activities (e.g. volunteering, student enterprise projects, part time work), The most recently

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published Destinations of Leavers from Higher Education (DLHE) statistics show that only 8.5% of our graduates are still seeking employment six months after graduation (compared to a sector average of 9.2%) whilst nearly three quarters of our graduates are in graduate occupations. This is testimony to the University's investment in ensuring our beneficiaries are provided with the best skills possible to contribute to their communities. The students leaving the University do so in the knowledge that they will have the skills to contribute to a strong and vibrant workforce which can substantially contribute to the health of their nation.

High quality research

The public at large are also beneficiaries, mainly through the ground breaking and pertinent research that the University is involved in.

For example, our Department of Cardiovascular Sciences has developed pioneering new technology that will revolutionise blood pressure measurement for the first time in over 100 years. The device, which took top honours in the 'Innovation and Technology' category of the 2011 *Times Higher Education Awards*, can be worn like a watch making it easier to use and more comfortable for patients.

A cross-disciplinary team from the departments of Medicine, Space Research (Physics) and Chemistry has combined their cutting-edge expertise to create a world-first, non-invasive disease detection facility. The combination of these technologies in this fashion is a world first and testing will soon begin with patients at the Leicester Royal Infirmary.

In 2012 the University led the first ever search for the lost grave of an anointed King of England, Richard III. This search has received worldwide attention and, if successful, will have significant implications for Leicester, including revenue-generating and tourism opportunities for the city, and provide society with a huge leap forward in terms of learning more about Richard III and his period.

Through its enterprise and business development activities the University offers many different ways for external organisations to access and benefit from University expertise, from leading-edge research and consultancy, to first-rate testing facilities and technologies.

The University's 2011/12 HEFCE research funding is the 20th highest of universities funded by HEFCE.

The University has one of the highest proportions of research active staff in the UK, with approximately 93% of staff submitted for the national 2008 Research Assessment Exercise (RAE). 87% of research activity was deemed by the RAE to be internationally significant research.

The University is also home to the department with the greatest concentration of world class research of any department or of any discipline in the UK – the School of Museum Studies. The shift in the perception of museums – from dusty, unchanging and elitist to the dynamic, vibrant cultural focal points of today – has corresponded with a growing recognition of the critical role that museums perform in society. The School is helping museums to fulfil their potential and become more socially engaged.

Unless contractual arrangements place restrictions on publication, the results of the University's research are placed in the public domain through journals, books or online.

Research conducted by the University complies with research good practice guidance and the University's Research Code of Conduct overseen by the University Research Committee.

Inclusive and accessible

The University is the most socially inclusive of Britain's top 20 leading universities and the only one to achieve official government benchmarks for inclusivity for both state school students and students from lower socio-economic groups (as detailed in the latest HESA Widening Participation Performance Indicators for young undergraduate entrants).

Outreach into schools and colleges includes substantial work targeted at the most disadvantaged students in the most disadvantaged schools, and includes university experience days, subject based master-classes and summer schools. Placements are offered for current students to work in these schools – supporting teaching and acting as role models for the students.

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

The outreach work of the University is complemented by a targeted bursary scheme (worth £8m in 2012/13) for students from poorer backgrounds and a clear and transparent policy of fair admissions, set out in our Code of Practice for Admissions.

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

Bursaries and scholarships are available for other students for the study of postgraduate courses based on academic merit.

The University recognises that a significant barrier to many postgraduate research students is financial. The University both internally funds standard PhD scholarships but also encourages academic staff to integrate PhD scholarships into research grant

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contract activity. This has the dual benefit of creating further scholarship opportunities but also increases knowledge transfer within research areas. In addition to standard PhDs, the University offers Graduate Teaching and Graduate Research Assistant scholarships, enabling students to study for a PhD while at the same time gaining experience in either teaching or research. This increases peer to peer learning opportunities and provides additional opportunities to 'up-skill' postgraduate students before they enter the workplace.

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

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

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

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

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

Corporate Governance and Internal Control

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

Summary of the University's Structure of Corporate Governance

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

In the financial year 2011-12 the principal Committees of Council included the Finance Committee, Audit Committee and two Remuneration Committees, all formally constituted with terms of reference and all including members drawn from the lay membership of Council. Full details of the University's committee structure are published on the website.

The Finance Committee is responsible for recommending to Council the University's annual Financial Statements and annual budgets, for the overall monitoring of the University's financial health and for advising on the University's overall financial strategy. The Finance Committee also monitors the financial resources that are allocated to the administrative and other support service areas.

The two Remuneration Committees determine the remuneration of professorial and senior administrative staff, including the Vice-Chancellor.

The Audit Committee is responsible for meeting with the external auditors to discuss audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The work of internal audit is guided by an assessment of the key areas of risk in the University's activities. In addition, as part of statutory audit, the external auditors review and test the system of internal control to the extent that they consider necessary to support their audit opinion. The Audit Committee also receives reports on value for money, considers items from the Higher Education Funding Council for England as they affect the University's business, and monitors adherence to the regulatory requirements. The Committee reviews the audit of the University's annual Financial Statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, which is made up of lay members of Council or other external members co-opted for their specific expertise. The Committee meets privately with the internal and external auditors for independent discussions as necessary. Under the Audit Committee's Terms of Reference no member of the Committee may also be a member of the Finance Committee unless Council makes a formal decision to allow one Audit Committee member to sit on both.

The University undertakes regular external reviews of the effectiveness of Council. The last such review was conducted during 2010 and the full report is available on the University's website. The main findings of the review confirmed Council's strength in its monitoring and assurance function, but also proposed a number of ways in which Council could further develop its strategic role. Council agreed the implementation of detailed responses to the full set of recommendations.

In November 2011 HEFCE conducted an assurance review at the University to examine how the institution exercises accountability for the public funding which it receives. HEFCE's conclusion from the review was that it could place reliance on the University's accountability information, with no recommendations for improvements in any of the areas reviewed. This opinion will remain valid for a period of five years.

Risk Management

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

The senior management team receives termly reports setting out key performance and risk indicators and considers possible

Corporate Governance and Internal Control

FOR THE YEAR ENDED 31 JULY 2012

control issues brought to its attention by early warning mechanisms which are embedded within the operational units. The senior management team and the Audit Committee also receive regular reports from the internal auditors, which include any necessary recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial control. Council receives regular reports on Risk Management and Internal Control from the Vice-Chancellor and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. During the year Council approved regular amendments to the Corporate Strategic Risk Register to reflect changes in the level of exposure to recognised risks, and the emergence of new risks, as indicated by the Internal Control Reports submitted to Council.

At its meeting in July 2012 Council received a report from senior management, originally prepared for the Audit Committee, on the operation of the University's risk management procedures in 2011-12. Council agreed that the mechanisms employed by the University to manage and monitor its major risks were firmly embedded and continued to provide effective systems of identifying, evaluating and managing the University's significant risks for the year ended 31 July 2012 and up to the date of approval of the annual report and financial statements.

During the last year there have been no major events necessitating the review of risk control and reporting procedures.

Responsibilities of the Council of the University of Leicester

FOR THE YEAR ENDED 31 JULY 2012

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 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 Vice-Chancellor.
- To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, safeguards against fraud, and procedures for handling internal grievances and for managing conflicts of interest.
- To ensure processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions.
- To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
- To conduct its business in accordance with the CUC Governance Code of Practice and with the principles of public life drawn up by the Committee on Standards in Public Life.
- To safeguard the good name and values of the University.
- To appoint the Vice-Chancellor, on the recommendation of a joint Committee of Council and Senate, and to put in place suitable arrangements for monitoring his/her performance.
- To appoint the Registrar, on the recommendation of a joint Committee of Council and Senate, who will be secretary to the Council. The Council will ensure that appropriate arrangements are in place to maintain a separation of the Registrar's functions as Head of the University's Corporate Services, with direct accountability to the 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 and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the University of Leicester, the University Council, through its designated accountable officer (the 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 2016, prepared under the direction of the Funding Council and

Responsibilities of the Council of the University of Leicester

FOR THE YEAR ENDED 31 JULY 2012

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 operations for its foreseeable future. For this reason, the financial statements continue to be prepared on the going concern basis.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England, and income for other specific purposes, are used only for the purposes for which they have been given and in accordance with the Financial Memorandum of the Funding Council and any other 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 designated to discharge the responsibilities set out above, include the following:

- definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and

control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approved levels set by the University Council;

- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee; and
- a professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by 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
R. H. Bettles, Chair of Council
20 November 2012

Members of Council

The Members of Council who served in the 2011-12 financial year were as follows:

Professor A. Abbott
Mr P. Ash
Professor R. Baker (until 31 July 2012)
Mr P. Bateman
Mr R. H. Bettles (Chair of Council)
Professor Sir R. G. Burgess
Mr G. Dixon
Ms J. Dunne
Mr D. Flatt (from 1 July 2012)
Ms A. Hampton
Professor C. Haselgrove (until 31 July 2012)
Mr M. Hindle (from 1 April 2012)
Mr D. M. James
Mr I. Johnson
Dr D. Lockett
Mr A. M. Mamujee
Mr D. Moore
Mr P. Mulvihill
Professor E. Murphy
Mr A. Nutt (until 30 June 2012)
Dr N. Reed
Professor K. Schürer
Professor M. P. Thompson
Dr B. E. Towle
Professor D. Wynford-Thomas

New appointments since 1 August 2012:

Dr M. Rawlinson (from 1 August 2012)
Professor J. Scott (from 1 August 2012)

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

FOR THE YEAR ENDED 31 JULY 2012

We have audited the financial statements of the University of Leicester for the year ended 31 July 2012 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net (Debt)/Funds, the consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Council in accordance with the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the Council 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and Auditor

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

Scope of the audit of the financial statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the University's affairs as at 31 July 2012 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2012 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

Statement of Principal Accounting Policies

FOR THE YEAR ENDED 31 JULY 2012

1. Accounting Convention

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

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

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

2. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the University and all subsidiary and associated undertakings with material financial transactions for the financial year to 31 July 2012. The consolidated financial statements do not include those of the University of Leicester Students' Union as it is a separate organisation in which the University has no significant influence over policy decisions.

3. Recognition of Income

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

Tuition fees represent student fees received and receivable, which are attributable to the current accounting period.

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

Income from trading activities, including residences, catering and conference services is recognised when the goods or services are supplied to the customers or the terms of the contract have been satisfied.

4. Accounting for Charitable Donations

Unrestricted donations

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

Endowment funds

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

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

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

Donations for fixed assets

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

Gifts in kind, including donated tangible fixed assets

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

Statement of Principal Accounting Policies

FOR THE YEAR ENDED 31 JULY 2012

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

5. Pension Schemes

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

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

The USS is a defined benefit scheme which is contracted out of the State Second Pension. The assets of the Scheme are held in a separate trustee-administered fund. The University is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the Scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the Scheme in respect of the accounting period. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

6. Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies

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

7. Leases

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

8. Land and Buildings

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

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

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

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

9. Equipment

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

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

General equipment including vehicles and computer hardware – 3 years

Equipment acquired for specific research projects – 3 years or the normal project life if less than 3 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

Statement of Principal Accounting Policies

FOR THE YEAR ENDED 31 JULY 2012

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

10. 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.

11. Investments

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

12. Restructuring Costs

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

13. Stocks

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

14. Maintenance of Premises

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

15. Provisions

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

16. Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity

within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. For this reason the University is generally unable to recover input VAT it suffers on goods and services purchased. Non-pay expenditure is therefore shown inclusive of VAT with any partial recovery netted off against these figures. The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation (with the exception of Leicester Academic Trading Services Ltd which is VAT grouped with the University).

17. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No other investments are included in cash. Liquid resources comprise Current Asset Investments which are readily disposable. They include term deposits arising from the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

18. Agency Arrangements

Funds that the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction. These have been disclosed in Note 30.

Consolidated Income and Expenditure Account

FOR THE YEAR ENDED 31 JULY 2012

	Note	2011/12 £000	2010/11 £000
Income			
Funding Body Grants	1	65,895	74,840
Tuition Fees and Education Contracts	2	98,274	89,386
Research Grants and Contracts	3	49,634	48,732
Other Income	4	49,218	47,003
Endowment and Investment Income	5	841	725
Total Income		263,862	260,686
Expenditure			
Staff Costs	6	148,439	142,466
Other Operating Expenses		97,894	98,068
Depreciation	9	11,016	8,235
Interest and Other Finance Costs	7	2,593	2,984
Total Expenditure	8	259,942	251,753
Surplus Before Tax		3,920	8,933
Taxation		–	–
Surplus After Tax		3,920	8,933
Transfer from Accumulated Income in Endowment Funds	18	348	227
Surplus for the Year Retained Within General Reserves	19	4,268	9,160

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

Consolidated Statement of Total Recognised Gains and Losses

FOR THE YEAR ENDED 31 JULY 2012

	Note	2011/12 £000	2010/11 £000
Surplus on Continuing Operations After Tax		3,920	8,933
(Depreciation)/Appreciation of Endowment Asset Investments	11	(52)	328
New Endowments	18	600	683
Actuarial (Loss)/Gain in Respect of Pension Scheme	32	(8,444)	11,865
Total Recognised (Losses)/Gains Relating to the Year		(3,976)	21,809

Reconciliation

	2011/12 £000	2010/11 £000
Opening Reserves and Endowments	51,980	30,171
Total Recognised (Losses)/Gains for the Year	(3,976)	21,809
Closing Reserves and Endowments	48,004	51,980

Balance Sheets

AS AT 31 JULY

	Note	Consolidated		University	
		2012 £000	2011 £000	2012 £000	2011 £000
Fixed Assets					
Tangible Assets	9	224,597	205,146	224,597	205,146
Investments	10	63	100	63	100
		224,660	205,246	224,660	205,246
Endowment Asset Investments	11	7,026	6,826	7,026	6,826
Current Assets					
Stocks		678	1,026	678	1,026
Debtors	12	26,681	25,753	26,682	25,883
Investments	13	21,471	23,443	21,471	23,443
Cash at Bank and in Hand		16,109	20,901	16,099	20,718
		64,939	71,123	64,930	71,070
Creditors: Amounts Falling Due Within One Year	14	(69,198)	(78,178)	(69,368)	(78,306)
Net Current Liabilities		(4,259)	(7,055)	(4,438)	(7,236)
Total Assets Less Current Liabilities		227,427	205,017	227,248	204,836
Creditors: Amounts Falling Due After More Than One Year	15	(47,983)	(30,686)	(47,983)	(30,686)
Provisions for Liabilities and Charges	16	(493)	(588)	(493)	(588)
Net Assets Excluding Pension Liability		178,951	173,743	178,772	173,562
Pension Liability	32	(29,922)	(21,944)	(29,922)	(21,944)
Net Assets Including Pension Liability		149,029	151,799	148,850	151,618
Deferred Capital Grants	17	101,025	99,819	101,025	99,819
Endowments					
Expendable	18	2,989	2,882	2,988	2,882
Permanent	18	4,037	3,944	4,038	3,944
		7,026	6,826	7,026	6,826
Reserves					
General Reserve Excluding Pension Liability		70,900	67,098	70,721	66,917
Pension Reserve	32	(29,922)	(21,944)	(29,922)	(21,944)
General Reserve Including Pension Liability	19	40,978	45,154	40,799	44,973
Total		149,029	151,799	148,850	151,618

Professor Sir R.G. Burgess, Vice-Chancellor
R.H. Bettles, Chair of Council
Dr B.E. Towle, Treasurer
20 November 2012

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 JULY 2012

	Note	2011/12 £000	2010/11 £000
Net Cash Inflow From Operating Activities	20	12,227	18,878
Returns on Investments and Servicing of Finance	21	(1,422)	(1,035)
Taxation		-	-
Capital Expenditure and Financial Investment	22	(23,850)	(25,750)
Management of Liquid Resources	23	1,906	6,192
Financing	24	6,517	10,026
(Decrease)/Increase in Cash in the Year	25	(4,622)	8,311

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

FOR THE YEAR ENDED 31 JULY 2012

	Note	2011/12 £000	2010/11 £000
(Decrease)/Increase in Cash in the Year	25	(4,622)	8,311
Change in Short Term Deposits	25	(1,906)	(6,192)
Change in Debt	25	(6,517)	(10,026)
Change in Net (Debt)/Funds		(13,045)	(7,907)
Net Funds at 1 August	25	710	8,617
Net (Debt)/Funds at 31 July	25	(12,335)	710

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

1 Funding Body Grants	2011/12	2010/11
	£000	£000
Recurrent Grant		
Higher Education Funding Council for England	57,373	62,497
Training and Development Agency for Schools	1,821	1,861
Non Recurrent Grants		
Higher Education Innovation Fund	1,771	1,322
Employer Engagement	702	1,095
Matched Funding Scheme	41	677
Skills for Sustainable Communities: Lifelong Learning Network	–	442
Training and Development Agency for Schools Specific Grants	169	140
Centres for Excellence in Teaching and Learning	–	1
Other Specific Grants	332	3,127
Deferred Capital Grants Released In Year		
Buildings	2,350	2,297
Equipment	1,336	1,381
	65,895	74,840
	<u><u>65,895</u></u>	<u><u>74,840</u></u>
 2 Tuition Fees and Education Contracts	 2011/12	 2010/11
	£000	£000
Full-time Home and EU Students	32,826	31,653
Full-time International Students	41,096	32,841
Part-time Students	21,493	21,740
Research Training Support Grants	2,859	3,152
	98,274	89,386
	<u><u>98,274</u></u>	<u><u>89,386</u></u>
 3 Research Grants and Contracts	 2011/12	 2010/11
	£000	£000
Research Councils	16,500	18,218
UK Based Charities	11,118	11,348
UK Government, Health and Hospital Authorities	12,320	11,819
UK Industry, Commerce and Public Corporations	3,006	2,428
EU Government Bodies	4,432	3,089
EU Other	1,438	901
Other Overseas	672	801
Other Sources	148	128
	49,634	48,732
	<u><u>49,634</u></u>	<u><u>48,732</u></u>

Research grants and contracts income includes £1,869,000 (2011: £578,000) in respect of the release of deferred capital grants on equipment and £25,000 (2011: nil) in respect of the release of deferred capital grants on buildings.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

4 Other Income	2011/12	2010/11
	£000	£000
Residences, Catering and Conferences	24,072	21,630
Health Authority Funded Posts	11,520	11,574
Other Services Rendered	5,637	3,420
Bookshops	1,415	1,697
Deferred Capital Grants Released in Year	562	587
Other Income	6,012	8,095
	49,218	47,003

5 Endowment and Investment Income	2011/12	2010/11
	£000	£000
Income from Expendable Endowments	76	81
Income from Permanent Endowments	108	118
Income from Current Asset Investments and Cash at Bank	657	526
	841	725

6 Staff Costs	2011/12	2010/11
	£000	£000
Salaries	120,514	116,254
Social Security Costs	10,078	9,581
Other Pension Costs	18,608	18,418
	149,200	144,253
FRS 17 Adjustment	(761)	(1,787)
	148,439	142,466

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

The pension contributions to the Pension and Assurance Scheme (PAS) were at the standard rate of 28.7% of salary. In addition, the University made a lump sum supplementary contribution of £1,500,000 (2011: £1,707,000) to the PAS, in line with the schedule of contributions.

The pension contributions to the Friends Provident Scheme (FPS) were at the standard rate of 6, 8, 10 or 12% of salary dependent upon the employee contribution rate chosen.

	2011/12	2010/11
	£000	£000
Emoluments of the Vice-Chancellor:		
Salary and Benefits	269	265
Employer's Pension Contributions	39	39
	308	304

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

6 Staff Costs (continued)

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

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

	All Staff		Staff on Clinical Scales		Staff on Non-clinical Scales	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
£100,000 – £109,999	12	14	4	6	8	8
£110,000 – £119,999	12	14	5	8	7	6
£120,000 – £129,999	12	5	5	4	7	1
£130,000 – £139,999	8	7	5	6	3	1
£140,000 – £149,999	3	4	3	4	–	–
£150,000 – £159,999	12	10	12	10	–	–
£160,000 – £169,999	4	5	4	5	–	–
£170,000 – £179,999	8	6	7	6	1	–
£180,000 – £189,999	2	5	2	5	–	–
£190,000 – £199,999	2	–	2	–	–	–
£200,000 – £209,999	–	1	–	1	–	–
£210,000 – £219,999	3	2	3	2	–	–
£220,000 – £229,999	2	2	2	2	–	–

There are no compensation for loss of office payments to former higher-paid staff (2010/11: £nil).

Average staff numbers (full-time equivalent) by major category:

	2011/12	2010/11
Academic and Clinical	821	792
Research and Analogous	423	420
Administration, Library, Computer and Other Related	684	652
Technical	235	244
Clerical, Manual and Ancillary	1,084	1,038
	3,247	3,146

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

7 Interest and Other Finance Costs	2011/12	2010/11
	£000	£000
Loans Wholly or Partly Repayable in More Than Five Years	2,298	1,744
Net Charge on Pension Scheme	295	1,240
	2,593	2,984

8 Analysis of Total Expenditure by Activity	2011/12	2010/11
	£000	£000
Academic Departments	111,092	107,025
Academic Services	23,297	22,499
Administration and Central Services	35,007	33,528
Premises	25,703	27,690
Residences, Catering and Conferences	21,374	18,217
Research Grants and Contracts	39,784	39,069
Other Expenses	3,685	3,725
	259,942	251,753
Total expenditure includes:		
External Auditor's Remuneration in Respect of Audit Services:		
Deloitte LLP	40	40
External Auditor's Remuneration in Respect of Audit Services to Subsidiaries:		
Deloitte LLP	3	5
External Auditor's Remuneration in Respect of Non-audit Services:		
Deloitte LLP	18	21
Operating Lease Rentals:		
Land and Buildings	356	361
Other	159	159
Payments to Members of Council in Respect of Council Activities	1	1

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

9 Tangible Assets	Freehold Land and Buildings £000	Leasehold Land and Buildings £000	Equipment £000	Assets in the Course of Construction £000	Total £000
Consolidated and University					
Cost					
At 1 August 2011	199,078	16,470	32,645	19,986	268,179
Additions	8,078	1,027	6,331	15,031	30,467
Disposals	–	–	(2,493)	–	(2,493)
Transfers at cost	16,562	–	–	(16,562)	–
At 31 July 2012	223,718	17,497	36,483	18,455	296,153
Depreciation					
At 1 August 2011	30,387	2,928	29,718	–	63,033
Charge for the year	6,162	397	4,457	–	11,016
Eliminated on disposals	–	–	(2,493)	–	(2,493)
At 31 July 2012	36,549	3,325	31,682	–	71,556
Net Book Value					
At 31 July 2011	168,691	13,542	2,927	19,986	205,146
At 31 July 2012	187,169	14,172	4,801	18,455	224,597

Land and buildings with a net book value of £77,549,125 and cost of £93,312,225 have been funded from UK Government Treasury sources; should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.

Leasehold land and buildings includes a 125 year lease commencing 1996 from Wyggeston & Queen Elizabeth I College with a net book value of £5,001,400 and cost of £6,471,154. The remaining leasehold land and buildings includes leases for various Leicester NHS sites and the University Road Sports Centre.

Freehold land and buildings includes £4,821,543 in respect of land. In accordance with the University's accounting policies this is not depreciated.

The University occupies space in a number of NHS owned properties, for which it pays no rent due to the existence of long-standing reciprocal cost sharing agreements. It is not practicable to assign a value to these occupancies.

	Consolidated and University £000
The depreciation charge has been funded by:	
Deferred Capital Grants Released (<i>note 17</i>)	6,142
General Income	4,874
	<u>11,016</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

10 Investments

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

Subsidiary Undertakings

Name	2012 % Shareholding	2011 % Shareholding	Principal Activity
Leicester Academic Library Services Limited	100%	100%	Not trading (ceased trading on 28 February 2007)
Leicester Academic Trading Services Limited	100%	100%	Not trading (ceased trading on 31 July 2011)

The consolidated Financial Statements incorporate the activities of Leicester Academic Library Services Limited and Leicester Academic Trading Services Limited.

Associated Undertakings

Name	2012 % Shareholding or Other Interest	2011 % Shareholding or Other Interest	Principal Activity
Scionix Limited	50%	50%	Development of solvents for industrial purposes
Gamma Technologies Limited	49%	49%	Development of a portable scintigraphy camera
OCB Media Limited	25%	25%	Development and pursuit of electronically distributed high level e-learning material and multimedia products
TTE Systems Limited	40%	40%	Design and development of software modules for embedded systems
Bionutrix LLC. (registered in the USA)	10%	10%	Development of the commercial potential of research in Microbiology
Haemostatix Limited	6%	6%	Rational design and development of drugs
Pulsonix Limited	–	36%	Design and development of novel rapid battery chargers
Bioastral Limited	34%	32%	To exploit the potential of adapting optical detection technology developed for space research to use in biological research
Spectral ID Limited	50%	–	Other research and experimental development on natural sciences and engineering.

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

During the year the University made a new investment in Spectral ID Limited and increased its investment in Bioastral Limited. Pulsonix Limited was dissolved during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

11 Endowment Asset Investments

	2012 £000	2011 £000
Consolidated and University		
Balance at 1 August	6,826	6,042
Additions: Capital	600	683
Net (Expenditure)	(348)	(227)
(Depreciation)/Appreciation on Revaluation	(52)	328
	<u>7,026</u>	<u>6,826</u>
Balance at 31 July	<u>7,026</u>	<u>6,826</u>
Represented by:		
Securities	5,300	5,270
Cash at Bank Held for Endowment Funds	1,726	1,556
	<u>7,026</u>	<u>6,826</u>

12 Debtors

	Consolidated		University	
	2012 £000	2011 £000	2012 £000	2011 £000
Amounts Falling Due Within One Year:				
Research Grants and Contracts	12,497	10,404	12,497	10,404
Amount Owed by Subsidiary Undertaking	–	–	1	130
Other Debtors and Prepayments	13,616	14,731	13,616	14,731
Amounts Falling Due After More Than One Year:				
Students' Union Loan	568	618	568	618
	<u>26,681</u>	<u>25,753</u>	<u>26,682</u>	<u>25,883</u>

13 Current Asset Investments

	2012 £000	2011 £000
Consolidated and University		
Fixed Interest Stocks	679	683
Equities	230	292
Bank and Building Society Deposits	20,562	22,468
	<u>21,471</u>	<u>23,443</u>

The bank and building society deposits shown above are held on time deposits and notice accounts. The weighted average interest rate receivable was 1.78% and these are held for an average period of 66 days.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

14 Creditors: Amounts Falling Due Within One Year

	Consolidated		University	
	2012 £000	2011 £000	2012 £000	2011 £000
Mortgages and Other Loans	2,773	13,529	2,773	13,529
Research Grants and Contracts	24,113	17,835	24,113	17,835
Payments Received in Advance	11,623	14,809	11,623	14,809
Other Creditors	19,938	19,765	19,938	19,765
Social Security and Other Tax Payable	3,700	3,655	3,700	3,655
Accruals and Deferred Income	7,051	8,585	7,051	8,583
Amount Owed to Subsidiary Undertaking	–	–	170	130
	69,198	78,178	69,368	78,306

15 Creditors: Amounts Falling Due After More Than One Year

	2012 £000	2011 £000
Consolidated and University		
Mortgages:		
Barclays Bank Plc repayable by 2018	5,640	6,604
NatWest Bank Plc repayable by 2019	2,907	3,227
Barclays Bank Plc repayable by 2031	19,428	20,055
Barclays Bank Plc repayable by 2037	19,000	–
Salix Revolving Green Fund	984	800
Other	24	–
	47,983	30,686

The NatWest mortgage is secured on a portion of freehold land and buildings of the University. The NatWest mortgage is repayable in instalments over periods up to 2019, with interest payable at a fixed rate of 9.753%. The Barclays mortgages are repayable in instalments over the periods up to 2018, 2031 and 2037 respectively. The rates of interest on the loans are hedged, with half of the balance capped at 5.5% and the remainder covered by swap arrangements of approximately 4.8%. A further short-term swap of 2.97% is in place until February 2013, fixing the average rate paid on each loan at approximately 4.6%. A long term swap is in place for three quarters of the loan, fixing the interest rate on that part at approximately 5.4% with the remaining part repayable at 3 month LIBOR plus the bank's margin. As at 31 July 2012 the cap and swap hedging arrangements had a negative fair value of £6,552,516 (2011: £3,703,447).

Loans and mortgages are repayable as follows:

	2012 £000	2011 £000
Consolidated and University		
In one year or less (<i>note 14</i>)	2,773	13,529
Between one and two years	2,945	1,911
Between two and five years	9,270	6,430
In five or more years	35,744	22,345
	50,732	44,215

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

16 Provisions for Liabilities and Charges

	2012 £000	2011 £000
Consolidated and University		
Balance at 1 August	588	376
Expenditure in the Year	(276)	(92)
Transferred from Income and Expenditure Account: In Respect of Pension Costs	181	304
Balance at 31 July	<u>493</u>	<u>588</u>

Included within provisions are amounts payable for enhanced pension costs and severance payments in respect of staff who have elected to take early retirement or voluntary severance. This provision is additional to that disclosed for pension costs under FRS 17 (Note 32). Provisions for enhanced pension costs and severance payments are calculated on the basis of estimated costs for members of staff that sign agreements before 31 July each year.

Also included in provisions are the expected costs of decommissioning certain scientific facilities within the University. Based upon knowledge at the date of signing the financial statements it is expected that the decommissioning may take place in 2027.

17 Deferred Capital Grants

	Funding Council £000	Other Grants & Benefactions £000	Total £000
Consolidated and University			
At 1 August 2011			
Buildings	75,974	21,726	97,700
Equipment	1,495	624	2,119
Total	<u>77,469</u>	<u>22,350</u>	<u>99,819</u>
Cash Received and Receivable			
Buildings	3,357	(74)	3,283
Equipment	–	4,065	4,065
Total	<u>3,357</u>	<u>3,991</u>	<u>7,348</u>
Released to Income and Expenditure			
Buildings	2,350	587	2,937
Equipment	1,336	1,869	3,205
Total	<u>3,686</u>	<u>2,456</u>	<u>6,142</u>
At 31 July 2012			
Buildings	76,981	21,065	98,046
Equipment	159	2,820	2,979
Total	<u>77,140</u>	<u>23,885</u>	<u>101,025</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

18 Endowments

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2012 Total £000	2011 Total £000
Consolidated and University						
Balances at 1 August	969	2,975	3,944	2,882	6,826	6,042
New Endowments	–	84	84	516	600	683
Investment Income	27	81	108	76	184	199
Expenditure	(27)	(38)	(65)	(467)	(532)	(426)
(Decrease)/Increase in Market Value of Investments	(9)	(25)	(34)	(18)	(52)	328
Balance at 31 July	960	3,077	4,037	2,989	7,026	6,826
Represented by:						
Capital	947	2,528	3,475	1,826	5,301	6,382
Accumulated Income	13	549	562	1,163	1,725	444
	960	3,077	4,037	2,989	7,026	6,826

Funds Exceeding £100,000 at 31 July

	2012 £000	2011 £000
Restricted Permanent		
Burton Holocaust Centre	265	259
Tyler Chair	159	159
Fraser Bursary Fund	128	124
Faire and Allaway Fund	125	120
Leicester Judgment and Decision Making Fund	121	67
Marc Fitch Fund	110	111
Restricted Expendable		
Transplant Research Programme Fund	346	656
Wathes Centenary Scholarship Fund	634	628
Ulverscroft Endowment	502	499
Frears Endowment	302	295
Richard Attenborough Centre Fund	260	266
Spire Endowment	170	166
The van Geest Foundation Heart and Cardiovascular Diseases Research Fund	500	–
Unrestricted Permanent		
Lewis Lilley Fund	278	278
Church Langton Fund	229	228
Simpson Gee Fund	167	167

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

19 General Reserve Including Pension Liability

	Consolidated £000	University £000
Balance at 1 August 2011	45,154	44,973
Surplus Retained for the Year	4,268	4,270
Actuarial Loss in Respect of Pension Scheme	(8,444)	(8,444)
Balance at 31 July 2012	40,978	40,799

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

	2011/12 £000	2010/11 £000
Surplus before Tax	3,920	8,933
Depreciation (<i>note 9</i>)	11,016	8,235
Deferred Capital Grants Released to Income (<i>note 17</i>)	(6,142)	(4,843)
Investment Income (<i>note 5</i>)	(841)	(725)
Investment Impairment	37	–
Interest Payable Excluding FRS 17	2,298	1,744
Decrease/(Increase) in Stocks	348	(27)
Increase in Debtors	(1,467)	(567)
Increase in Creditors	3,619	6,463
(Decrease)/Increase in Provisions	(95)	212
Pension Costs less Contributions Payable	(466)	(547)
Net Cash Inflow from Operating Activities	12,227	18,878

21 Returns on Investments and Servicing of Finance

	2011/12 £000	2010/11 £000
Income from Endowments (<i>note 18</i>)	184	199
Other Interest Received	662	496
Interest Paid	(2,268)	(1,730)
	(1,422)	(1,035)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

22 Capital Expenditure and Financial Investment

	2011/12 £000	2010/11 £000
Fixed Asset Investments Sold/(Acquired)	–	(31)
Current Asset Investments Sold	66	2,147
New Endowments Received (<i>note 18</i>)	600	683
Endowment Funds Invested (<i>note 18</i>)	(84)	(96)
Payments made to Acquire Fixed Assets	(31,780)	(40,629)
Deferred Capital Grants Received	7,348	12,176
	<u>(23,850)</u>	<u>(25,750)</u>
Net Cash Outflow for Capital Expenditure and Financial Investment	<u>(23,850)</u>	<u>(25,750)</u>

23 Management of Liquid Resources

	2011/12 £000	2010/11 £000
Withdrawals from Deposits	1,906	6,192
	<u>1,906</u>	<u>6,192</u>

24 Financing

	2011/12 £000	2010/11 £000
Loans Brought Forward	44,215	34,189
New Unsecured Loan	246	11
New Secured Loan	8,277	11,722
Capital Repayments	(2,006)	(1,707)
Net Changes	<u>6,517</u>	<u>10,026</u>
Loans Carried Forward	<u>50,732</u>	<u>44,215</u>

25 Analysis of Changes in Net Funds/(Debt)

	At 1 August 2011 £000	Cash Flows £000	Other Changes £000	At 31 July 2012 £000
Endowment Assets (<i>note 11</i>)	1,556	170	–	1,726
Cash at Bank and in Hand	20,901	(4,792)	–	16,109
Cash Resources	22,457	(4,622)	–	17,835
Short Term Investments (<i>note 13</i>)	22,468	(1,906)	–	20,562
Debt Due Within One Year (<i>note 15</i>)	(13,529)	(6,271)	17,027	(2,773)
Debt Due After One Year (<i>note 15</i>)	(30,686)	(246)	(17,027)	(47,959)
Net Funds/(Debt)	<u>710</u>	<u>(13,045)</u>	<u>–</u>	<u>(12,335)</u>

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

26 Capital Commitments

	Consolidated		University	
	2012 £000	2011 £000	2012 £000	2011 £000
Commitments Contracted at 31 July	7,603	15,756	7,603	15,756
Authorised but Not Contracted at 31 July	74,220	62,706	74,220	62,706
	81,823	78,462	81,823	78,462

27 Contingent Liability

The University is not aware of any contingent liabilities (2011: £nil).

28 Lease Obligations

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

	Land and Buildings		Land and Buildings	
	2012 £000	Equipment 2012 £000	2011 £000	Equipment 2011 £000
Consolidated and University				
Leases expiring:				
Within one year	–	–	3	4
Between two and five years	138	159	115	155
Over five years	290	–	243	–
	428	159	361	159

The University has no finance lease commitments (2011: £nil).

29 Post Balance Sheet Events

There are no post balance sheet events.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

30 Amounts Disbursed as Agent

Access to Learning Fund	2011/12	2010/11
	£000	£000
Consolidated and University		
Income		
HEFCE Grants	221	232
	221	232
Expenditure		
Expenditure in Relation to Eligible Students	221	232
	221	232
Balance at 31 July	–	–

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

Training and Development Agency for Schools: Training Bursaries	2011/12	2010/11
	£000	£000
Cash Received	765	1,631
Bursaries Paid	713	1,603
Administrative Costs and Training Grant	18	32
VAT on Administrative Costs	4	6
	735	1,641
Repayable to/(from) TDA	30	(10)

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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

31 Related Party Transactions

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

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

The University has taken advantage of the exemption within FRS 8 (Related Party Disclosures) and has not disclosed transactions with Leicester Academic Trading Services Ltd. and Leicester Academic Library Services Ltd. where it holds 100% of the voting rights.

Related parties were identified by examining returns submitted by members of Council and senior management team members for the financial year 2011/12.

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

	Income Transactions £000	Expenditure Transactions £000	Balance due to / (from) the University £000
University Hospitals of Leicester NHS Trust	10,615	5,275	(881)
University of Leicester Students' Union	11	1,291	566
Health Protection Agency	-	66	-
University of Leicester Pension and Assurance Scheme	57	-	(3)
British Library	-	37	-
SUMS Consulting	-	35	(22)
Leicester College	-	32	(4)
	<u>10,683</u>	<u>6,736</u>	<u>(344)</u>

University Hospitals of Leicester NHS Trust

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

University of Leicester Students' Union

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

Health Protection Agency

One member of Council is a member of the Health Protection Agency Board.

University of Leicester Pension and Assurance Scheme

During the year one member of the senior management team was a Trustee of the University's Pension and Assurance Scheme.

British Library

One member of Council is a member of the British Library Board. During the year a member of the senior management team was a member of the Capital Programme Committee.

SUMS Consulting

One member of the senior management team is a Director of SUMS Consulting.

Leicester College

During the year a member of the senior management team was a Governor at Leicester College.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

32 Pension Schemes

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

- The Universities Superannuation Scheme (USS). This is a defined benefit scheme.
- The University of Leicester Pension and Assurance Scheme (PAS). This is a defined benefit scheme.
- The University of Leicester Stakeholder Scheme. This is a defined contribution scheme.
- The NHS Pension Scheme. This is a defined benefit scheme.

The University's contributions to the various schemes in respect of its own staff, in the years 2011/12 and 2010/11 were:

	2011/12	2010/11
	£000	£000
Universities Superannuation Scheme	13,323	12,765
University of Leicester Pension and Assurance Scheme	3,672	4,101
University of Leicester Stakeholder Scheme	535	486
NHS Pension Scheme	1,078	1,066
	18,608	18,418
FRS 17 adjustment re PAS charges to salaries & wages	(761)	(1,787)
	17,847	16,631

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the Scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. At 31 March 2012 USS had over 145,000 active members whilst the University had 1,914 active members participating in the Scheme at 31 July 2012.

Under the Scheme trust deed and rules, the employer contribution rate is determined by the Scheme trustee, acting on actuarial advice.

The University is unable to identify its share of the underlying assets and liabilities of the Scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement Benefits', accounts for the Scheme as if it were a defined contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the Scheme in respect of the accounting period.

The latest triennial actuarial valuation of the Scheme, using the projected unit method, was at 31 March 2011. The Actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

Use of standard mortality tables in the valuation assumptions reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (Females) currently aged 65	23.7 (25.6) years
Males (Females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the Scheme was £32,433.5 million and the value of the Scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

32 Pension Schemes (continued)

As at the valuation date the Scheme was a fully Final Salary Scheme for future accruals and the prevailing employer contribution rate was 16% of Salaries.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

- New entrants are now provided for on a Career Revalued Benefits basis rather than a Final Salary basis.
- Normal pension age was increased to age 65.
- Flexible retirement options were introduced.
- Membership contributions were increased.
- Cost sharing – If the total contribution level exceeds 23.5% of Salaries per annum, the employer will pay 65% of the excess and the members the remaining 35%.
- Pension increase cap – For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment of inflation has remained reasonably constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are sighted as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Supluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a 'last man standing' scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The positive cash flow of the Scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the Scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the Scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the Scheme's cash flow is likely to remain positive for the next ten years or more.

The total pension cost for the institution was £13,323,000 (2011: £12,765,000). This includes £1,694,196 (2011: £1,131,894) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Leicester Pension and Assurance Scheme (PAS)

The University of Leicester Pension and Assurance Scheme was established with effect from 23 July 1962 to provide retirement and death benefits for support staff (staff in levels 1 to 5) of the University of Leicester and for certain employees of the University of Leicester Students' Union. The Scheme is governed by its Fifth Definitive Trust Deed and Schemes Rules of 25 June 1999. Up to 5 April

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

2006, the Scheme was approved by HMRC as an exempt approved scheme under the provisions of Chapter I Part XIV of the Income and Corporation Taxes Act 1988. From 6 April 2006, the Fund became a 'registered pension scheme' for tax purposes. It is registered under the Data Protection Act 1998 (Registration number Z8179467) and with the Pension Scheme Registry (Reference number 100222535). Members are currently contracted out of the State Second Pension Scheme. At 31 July 2012 there were some 370 active members in the PAS.

The Trustees of the Scheme have the responsibility for its proper and correct management. The Scheme is administered by the Pensions Office, which forms part of the Finance Office, at the University of Leicester.

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

The latest triennial valuation was undertaken on 1 August 2010. The outcome of the valuation was that:

- the value of the Scheme liabilities was £123.406 million
- the Scheme's assets were valued at £94.601 million
- there was therefore a shortfall of £28.805 million
- which represents a funding level (assets divided by liabilities) of 77%

The 2010 actuarial valuation was calculated according to the assumptions agreed by the University and the Trustees in the PAS Statement of Funding Principles which was confirmed before the actuarial valuation in August 2010. These assumptions are required to be prudent. The assumptions used in the 1 August 2010 valuation are as follows:

Date of latest actuarial valuation	1 August 2010
Actuarial method	Projected Unit
Mortality	Average of medium and long cohort projections
Investment returns per annum	4.6% – 5.7%
Pension increases per annum	2.9%
Salary scale increases per annum	3.4%

The University agreed to meet the past service shortfall of £28.805 million by making a payment of £1 million in July 2011, continuing to pay a supplementary employer's contribution rate of 4.12% of each employee's pensionable salary for the period from 1 August 2011 up to 31 July 2027, and making annual payments of £1.5 million in each year beginning 2011/12 until 2026/27. In addition, following the increase in the employee's contribution rate from 6.35% to 7.50% from April 2012, the University adjusted the balance in the employer's contribution rate. The contribution rates applied in the year were as follows:

	to 1st April 2012	from 1st April 2012
Ongoing Service Contribution Rate	24.58%	23.43%
Deficit Contribution Rate	4.12%	5.27%
Total Employers Contribution Rate	28.70%	28.70%
Employees Contribution Rate	6.35%	7.50%
Combined Contribution Rate	35.05%	36.20%

The employer contribution rate to finance future Scheme benefits is 23.43% of pensionable earnings. This rate includes an allowance of 2.3% for expenses but excludes the costs of the Pension Protection Fund Levy which the University has agreed to fund directly.

In addition to the triennial actuarial valuation, the PAS Actuary also carries out annual actuarial updates, the latest of which was undertaken as at August 2012. This showed that the funding position of the PAS had deteriorated since the full 2010 actuarial valuation and a shortfall of £51.5 million was reported, a funding level of 68%. This was due to changes in market conditions, driving down index linked gilt yields, which are used to measure the liabilities of the PAS. The PAS Trustees are in discussion with the University about the impact and implications of this.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

32 Pension Schemes (continued)

An alternative view of the financial position of the fund can be found in the accounting FRS 17 assessment. This shows, using a different set of assumptions, that the deficit in the PAS at 31 July 2012 is £29.922 million.

Set out below is the FRS 17 disclosure as at 31 July 2012, prepared in accordance with the requirements of the Actuarial Guidance Note GN36 – Accounting for Retirement Benefits under Financial Reporting Standard 17 as adopted by the Board for Actuarial Standards.

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

	2012	2011
Rate of increase in salaries *	2.80%	3.70%
Rate of increase in pensions in payment:		
Post 05.04.1988 GMPs	1.80%	3.00%
Non-GMPs	2.70%	3.20%
Discount rate	4.40%	5.30%
Inflation assumption RPI	2.70%	3.20%
Inflation assumption CPI	1.80%	2.70%
Expected return on plan assets at 31 July	5.00%	6.10%

* The 2012 FRS 17 assumption for salary increases is 2.8% from 2017 onwards. Up to that period the percentage increase is as follows:

Year 1	(01.08.2013)	1.00%
Year 2	(01.08.2014)	1.50%
Year 3	(01.08.2015)	2.00%
Year 4	(01.08.2016)	2.00%

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

	2012	2011
Males – retirements in year	21.7	21.9
– retirements in 20 years	23.0	23.4
Females – retirements in year	23.9	24.3
– retirements in 20 years	24.8	25.5

Scheme Assets

The value of the assets in the Scheme were:

	2012	2011
	£000	£000
Equities	84,399	63,309
Bonds	25,562	41,623
Cash	220	466
Insured Assets	216	208
Net Current Assets	134	340
	110,531	105,946

The expected long-term rates of return were:

	2012	2011
Equities	5.30%	6.60%
Bonds	3.90%	5.30%
Cash	1.55%	3.60%

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

	2012 £000	2011 £000
Opening Fair Value of Plan Assets	105,946	94,721
Expected Return on Assets	6,483	5,698
Contributions by Members	499	492
Contributions by Employer	3,672	4,207
Actuarial (Losses)/Gains	(2,578)	5,026
Estimated Benefits Paid	(3,491)	(4,198)
Total	110,531	105,946

The University expects to contribute £3.60 million to its defined benefit pension plan from 1 August 2012 – 31 July 2013.

Net Pension Liability

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

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Fair value of employer assets	110,531	105,946	94,721	79,884	82,743
Present value of Scheme liabilities	(140,453)	(127,890)	(129,077)	(104,473)	(112,413)
Net pension liability	(29,922)	(21,944)	(34,356)	(24,589)	(29,670)

Present Value of the Defined Benefit Plan:

	2012 £000	2011 £000
Opening Defined Benefit Obligation	127,890	129,077
Current Service Cost	2,911	2,420
Interest Cost	6,778	6,938
Contributions by Members	499	492
Actuarial Losses/(Gains)	5,866	(6,839)
Estimated Benefits Paid	(3,491)	(4,198)
Closing Defined Benefit Obligation	140,453	127,890

Analysis of amounts charged to Income and Expenditure Account:

	2011/12 £000	2010/11 £000
Current service cost	(2,911)	(2,420)
Financing:		
– expected return on Scheme assets	6,483	5,698
– interest on expected Scheme liabilities	(6,778)	(6,938)
– net charge	(295)	(1,240)
Net Income and Expenditure Account Cost	(3,206)	(3,660)

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

32 Pension Schemes (continued)

	2011/12 £000	2010/11 £000
Actual return on plan assets	3,905	10,724

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses:

	2011/12 £000	2010/11 £000
Actual return less expected return on Scheme assets	(2,578)	5,026
Experience gains and losses arising on Scheme liabilities	(752)	4,538
Changes in assumptions underlying the present value of Scheme liabilities	(5,114)	2,301
Total actuarial (loss) / gain recognised	(8,444)	11,865

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

	2012 £000	2011 £000
Deficit on Scheme at 1 August	(21,944)	(34,356)
Movement in year:		
– current service cost	(2,911)	(2,420)
– contributions	3,672	4,207
– other finance loss	(295)	(1,240)
– actuarial (loss) / gain	(8,444)	11,865
Deficit on Scheme at 31 July	(29,922)	(21,944)

The gains and losses for the last five years ended 31 July were as follows:

	2012	2011	2010	2009	2008
Difference between the expected and actual return on Scheme assets:					
Amount (£000)	(2,578)	5,026	8,384	(9,957)	(12,168)
Percentage of Scheme assets	(2.3)%	4.7%	8.9%	(12.5)%	(14.7)%
Experience (losses) and gains on Scheme liabilities:					
Amount (£000)	(752)	4,538	(234)	12,999	1,848
Percentage of the present value of Scheme liabilities	(0.5)%	3.7%	(0.2)%	12.4%	1.6%
Total amount recognised in the statement of total recognised (losses) and gains:					
Amount (£000)	(8,444)	11,865	(10,208)	4,987	(1,325)
Percentage of the present value of Scheme liabilities	(6.0)%	9.3%	(7.9)%	4.8%	(1.2)%

Notes to the Financial Statements

FOR THE YEAR ENDED 31 JULY 2012

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. The Scheme has some 334 members.

The University contributes to the Scheme in proportion to that of member contributions. Members of the Scheme who contribute between 3% and 6% of their salary have added a contribution of double those amounts by the University, the first 1% of which provides the life assurance and health cover. The University's contribution is limited to 12% of salary.

The University's advisers for the Scheme are Aon Hewitt. The Scheme carries a basic annual management charge of 0.5% which is applied each year to members' funds. Some individual investment funds carry a higher charge including the default investment fund, the Baillie Gifford Managed Fund which carries an additional charge of 0.2%. In the 7 years running up to retirement, the default investment strategy provides for members' existing funds and ongoing contributions to be phased into the Annuity Protector Fund (gilts) and a Cash Fund through a balanced lifestyle programme resulting in all funds being transferred to gilts and cash at the point of retirement. Aon Hewitt provide assistance to members in the selection of an appropriate annuity and make no charge to either members or the University for this service.

The Scheme operates a salary sacrifice arrangement for pensions 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.

NHS Scheme

The University has 113 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% of pensionable earnings to the Scheme. Employees contribute between 5% and 8.5% of pensionable earnings to the Scheme. The employees contribution rate is based on how much the members earn in a year.

Five Year Summary Accounts

FOR THE YEAR ENDED 31 JULY 2012

Income and Expenditure Account

	2011/12 £000	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000
Income					
Funding Body Grants	65,895	74,840	74,810	67,746	66,107
Tuition Fees and Education Contracts	98,274	89,386	85,245	69,787	57,580
Research Grants and Contracts	49,634	48,732	49,968	45,007	41,513
Other Income	49,218	47,003	45,035	45,663	38,180
Endowment Income and Interest	841	7 25	657	1,040	1,932
Profit on Disposal of Assets	–	–	–	–	–
Total Income	263,862	260,686	255,715	229,243	205,312
Expenditure					
Staff Costs	148,439	142,466	137,449	130,882	119,473
Other Operating Expenses	97,894	98,068	91,853	82,076	74,585
Depreciation	11,016	8,235	7,360	6,658	6,996
Interest and Other Finance Costs	2,593	2,984	2,896	3,142	2,761
Total Expenditure	259,942	251,753	239,558	222,758	203,815
Transfer (to)/from Endowment Funds	(348)	(227)	(17)	43	147
Surplus for the Year	4,268	9,160	16,174	6,442	1,350

Balance Sheet

Fixed Assets	224,660	205,246	174,087	156,152	154,973
Endowment Asset Investments	7,026	6,826	6,042	5,005	5,427
Net Current (Liabilities)/Assets	(4,259)	(7,055)	9,742	5,343	1,182
Creditors: Amounts Due After One Year	(47,983)	(30,686)	(32,482)	(33,645)	(35,014)
Provisions for Liabilities and Charges	(493)	(588)	(376)	(539)	(639)
Pension Liability	(29,922)	(21,944)	(34,356)	(24,589)	(29,670)
Total Net Assets	149,029	151,799	122,657	107,727	96,259
Represented By:					
Deferred Capital Grants	101,025	99,819	92,486	84,559	84,098
Endowments	7,026	6,826	6,042	5,005	5,427
General Reserve	70,900	67,098	58,485	42,752	36,404
Pension Reserve	(29,922)	(21,944)	(34,356)	(24,589)	(29,670)
Total Funds	149,029	151,799	122,657	107,727	96,259

Financial Statistics

FOR THE YEAR ENDED 31 JULY 2012

Sources of Income

% of Total Income	2011/12	2010/11	2009/10	2008/09	2007/08
Grants from Funding Bodies (HEFCE and TDA)	25.0%	28.7%	29.3%	29.5%	32.2%
Tuition Fees and Education Contracts	37.2%	34.3%	33.3%	30.5%	28.0%
Research Grants and Contracts	18.8%	18.4%	19.5%	19.6%	20.2%
Residences, Catering and Conferences	9.1%	8.3%	8.0%	8.7%	8.3%
Other Income	9.8%	10.0%	9.9%	11.7%	11.3%
Total Income	100.0%	100.0%	100.0%	100.0%	100.0%

Analysis of Expenditure

% of Total Expenditure					
Staff Costs	57.1%	56.6%	57.4%	58.8%	58.6%
Other Operating Expenses	37.6%	38.9%	38.3%	36.8%	36.6%
Depreciation	4.2%	3.3%	3.1%	3.0%	3.4%
Interest Payable	1.0%	1.2%	1.2%	1.4%	1.4%
Total Expenditure	100.0%	100.0%	100.0%	100.0%	100.0%
Surplus for the Year as a % of Total Income	1.6%	3.5%	6.3%	2.8%	0.7%

Indicators of Financial Strength

Days Ratio of Total General Funds to Total Expenditure <i>To indicate the number of days total expenditure which could be met from general funds</i>	100	97	89	70	65
Days Ratio of Net Current (Liabilities)/Assets to Total Expenditure <i>Number of days an institution could meet expenditure from net assets</i>	(6)	(10)	15	8	2
% Ratio of Long-Term Liabilities to Total General Funds <i>Measures the extent to which an institution is funded by long-term debt</i>	68	46	56	78	96

Indicators of Liquidity and Solvency

% Ratio of Liquid Assets to Current Liabilities <i>Extent to which current liabilities could be met from cash and liquid investments</i>	54	57	74	64	52
Ratio of Current Assets to Current Liabilities <i>Extent to which current liabilities could be met from current assets</i>	0.9	0.9	1.2	1.1	1.0
Debtor Days <i>Days of total income (excluding Funding Council income) represented by debtors</i>	49	51	50	47	56



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