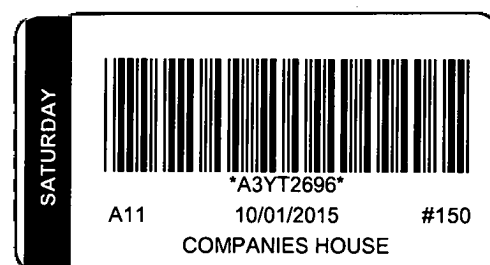


Annual Report

For the year ended 31 July 2014

Registered Company No 4740553
A company limited by guarantee without share capital
Registered in England

Approved by the Board of Governors: 25 November 2014



The University of Chichester

Annual report for the year ended 31 July 2014

	Pages
Directors, Governors and Advisers	1
Strategic report	3
Corporate governance and internal controls statement	13
Governors' report	20
Statement of the responsibilities of the Board of Governors	22
Independent Auditors' report	24
Consolidated income and expenditure account	26
Consolidated note of historical cost surpluses and deficits	26
Consolidated statement of total recognised gains and loss	27
Balance sheets	28
Consolidated cash flow statement	29
Notes to the accounts	30

The University of Chichester

Directors, Governors and Advisers

Mr D Longmore (Acting Chair of Governors from 9 July to 31 December 2013)	(Resigned 31 July 2014)
Professor J M Lynch, OBE, Chair of Governors	(Appointed 1 January 2014)
Mr R E Abbott	(Resigned 31 December 2013)
Mr S Baeza	(Resigned 31 December 2013)
Professor C Behagg	
Mr S A Bowman	
Mrs H Bray	
Canon Dr A W Cane	
Mrs J Cook	(Appointed 1 January 2014)
Mr C J Dicks	
Mrs M Eva, OBE	(Resigned 31 December 2013)
Mr R C G Fortin	(Resigned 31 December 2013)
Miss J A Gilliver	
Mrs J E Gray	(Appointed 10 April 2014)
Mr T Hancock	(Appointed 1 January 2014)
Mr P M Hollins	(Appointed 1 January 2014)
Mrs C A Hows	(Appointed 1 January 2014- Resigned 20 February 2014)
Ms J Hope	(Appointed 9 July 2014)
Mr J M Macgregor, CVO	(Resigned 31 December 2013)
Mr R Martin	(Appointed 1 January 2014)
Mrs N V Nageon de Lestang	
Dr A Naylor	
Dr F L Price	(Appointed 1 January 2014)
Mr M Slowey	(Appointed 10 July 2013)
	(Resigned 8 July 2014)
Mr R G Smith	
The Rt Revd M C R Sowerby	
Mr J N Stapleton	
Mrs L E Surgeon	
Dr A B Twitchen	(Appointed 1 January 2014)
Mrs K Vagg	
Mr W Yardley	(Resigned 31 December 2013)

The University of Chichester

**Clerk to the Governors
and Secretary**

Mrs I J Cherrett

Deputy Vice-Chancellor

Mr I G Child

Interim Director of Finance

Mr R Border

Principal Address

University of Chichester
Bishop Otter Campus
College Lane
Chichester
West Sussex
PO19 6PE

Bankers

National Westminster Bank plc
60 High Street
Bognor Regis
West Sussex
PO21 1SL

Solicitors

Eversheds LLP
One Wood Street
London
EC2V 7WS

Auditors

BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

The University of Chichester

Strategic report for the year ended 31 July 2014

Operating and Financial Review

The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the relevant Companies Acts and other applicable accounting standards and Higher Education Funding Council for England (HEFCE) Accounts Directions.

For the year ended 31 July 2014, the University is reporting a surplus of £1.2m (2013: £2m) on continuing operations after depreciation of assets at valuation and disposal of assets and before tax.

Consolidated Income and Expenditure Account

The University's consolidated results for the years ended 31 July 2014 and 31 July 2013 are summarised in the following table:

	Year to 31 July 2014 £'000	Year to 31 July 2013 £'000
Total income	47,046	45,493
Total expenditure	45,839	43,492
	-----	-----
Surplus after depreciation of assets at valuation and before tax	1,207 =====	2,001 =====
Historical cost surplus	1,295 =====	2,089 =====

The surplus on operations before tax of £1.207m was a decrease on 2013 of £0.8m. This was also down on budget by £0.99m.

This disappointing out-turn resulted from tuition fee income being less than forecast due to a combination of reduced student numbers and the mix of old and new fee regime students not matching the budgeted mix. In addition staff costs were based upon original student number assumptions and therefore increased in line with budgeted additional income. The University has put plans in place to rectify this situation and a stronger financial performance is predicted for 2014-15 and future years.

The University's total income increased by 3.4% to £47m, compared with £45.5m in 2012-13.

Grant income as a whole reduced by £4.7m (38.6%), as the 2013-14 and 2012-13 student in-take was not supported by teaching grant following the implementation of the new funding regime.

Tuition fees rose by £6.2m as a result of two years' intake of full-time undergraduates now being charged a headline fee, before fee waivers, of £8,500 under the new funding regime.

Income from residences, catering and conferences increased by £0.1m to £6m. In 2012-13 £0.58m of catering cash sales was included in this figure; in 2013-14, due to a new catering contract, a net return of £0.3m is represented in this figure.

Other income, which includes academic consultancy, continuing professional development and other sources such as car parking, field trips and performance, decreased by 10% to £2.1m.

Interest income has increased from £0.1m to £0.25m, due to there being a £0.2m FRS 17 net return on pension assets in 2013-14, compared to a net loss of £0.05m in 2012-13. There was a £0.07m reduction in interest earned on cash balances.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Consolidated Income and Expenditure Account (continued)

Total expenditure increased by 5.4% from £43.5m to £45.8m. Staff costs of £26m were 57% of total costs (2013: £24.5m 56%). Staff numbers, averaged over the year, increased by nine posts, six in teaching and research and three in administration, support and central services. The combination of additional posts, a 1% pay uplift in the year and an increased FRS17 charge of £0.1m caused staff costs to increase by £1.5m.

Other operating expenditure increased from £16.2m to £16.8m (3.6%). Included within this increase is an increase in the bad debt provision of £0.09m and additional professional and consultancy fees of £0.3m.

The company made no political or charitable donations in the year.

Consolidated Balance Sheet

Fixed assets have increased by £3.4m, net of depreciation, with £6.2m invested in capital assets. This included the completion of the first floor refurbishment of the Chichester Learning Resources Centre in September 2013. The Sports Development Phase 2 project was completed during the year. The catering outlets on both campuses were refurbished in August 2013, this work was undertaken by Elior, the University's new catering contractor and was capitalised as a University asset.

The University drew down the first tranche (£2m) in July 2014 of a new loan facility of £12m to finance the University's future capital programme.

An additional HEFCE Revolving Green Fund loan of £0.4m was received in the year to fund an energy efficient lighting project.

The pension scheme liability as at 31 July 2014 has been revalued in line with FRS17 to show a provision of £6.6m, £3.6m higher than at 31 July 2013.

Overall, the University's total assets reduced by £2.5m to £52.1m as a result of the £3.6m increase in the FRS17 pension liability offsetting the surplus retained. The University's discretionary reserves (including the pension liability) reduced by £2.1m to £22m.

Cash Flow and Treasury Management

The level of cash and short term investments held as at 31 July 2014 was £7.19m, a reduction of £1.1m from 2013. Of this, £7.18m was held within an interest bearing account with our bankers, into which all surplus cash is swept overnight with the balance held in investment accounts. These investments are managed in line with the University's Treasury Management Policy, which ensures that working capital and investments are assessed in the context of future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis. Within the parameters of the Treasury Management Policy, judgement is used to ensure that the University's cash and investments are not exposed to excessive risk.

Capital Projects

Total contracted, and authorised but not contracted, capital commitments as at 31 July 2014 (note 30) were £3.7m (2013: £6.2m). The contracted items consisted of the refurbishment of Oaklands Park House (£0.256m) and building work on the second floor of Bishop Otter Learning Resources Centre (£0.056m).

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Employees

The University is committed to achieving the most appropriate culture and environment in which staff, students and visitors understand and embrace the principles of equality and diversity and where employees are engaged and feel positive about their role in the University.

Human Resources policies and procedures are intended to promote equality of opportunity in all areas of employment, and the University actively seeks to recruit from all sections of the local and wider community, to reflect its diversity. To support the equality agenda, the University has in place an Equality Scheme, equality policies and objectives and produces an annual report that addresses statutory responsibilities under the Equality Act 2010 and Public Sector duties, and supports the University's core values, which include respect for the individual, equality and the encouragement of diversity. Accredited with the disability symbol, the University is also a member of the Stonewall Diversity Champions Programme. Further information about the Equality Scheme, Policies and Annual Report can be found on the University web-site.

The employee relations framework encourages staff to respond positively to changes that enhance organisational effectiveness and provide quality services. In line with this approach, the University recognises appropriate trade unions and has established a Joint Consultative Group, involving academic and professional support staff unions, that meets on a regular basis and takes into account changes in legislation, national and local agreements and the general employment market. This Group provides an effective means of communication and enables discussion to take place about issues of concern to both management and unions.

The remuneration systems and conditions of service support the national framework agreement in relation to pay and conditions. The University's Reward Strategy and negotiated framework agreement is regularly reviewed by the Joint Consultative Group.

To promote involvement in the governance of the University, staff representatives are elected by their colleagues to serve as members of the Board of Governors and the Academic Board and its committees. All staff have access to the minutes of the Board of Governors, except where these are considered to be of a confidential nature.

Students

The University recognises the importance of working in partnership with students when critical decisions that impact on their education and overall experience during their academic career are made and, consequently, there are a number of mechanisms in place to facilitate communications with students. These include the use of e-mail and the internet, programme and module evaluations, representation on Programme Boards and a Student Forum with senior University management. A sabbatical officer from the Students' Union sits ex-officio on the Board of Governors of the University, and three representatives of the Union are members of the Academic Board. In addition, a student observer is invited to all meetings of the Board of Governors, and is encouraged to play a full part in the Board's discussions.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Performance Indicators

The data for comparison purposes relates to the previous three University financial years, where available. The University's position in comparison with the sector as a whole is also shown where these figures are publicly available.

Students

The University aims to ensure that its students leave higher education with the skills that they need for their future careers. This is measured by the number of students who are employed in graduate level jobs. This data is available from May each year, and therefore the latest figures refer to students who graduated in 2012-13.

	2010-11 Graduates (reported in 2011-12)	2011-12 Graduates (reported in 2012-13)	2012-13 Target	2012-13 Graduates (reported in 2013-14)	2013-14 Target
Chichester	52.6%	55.7%	55.4%	54%	55.4%
Sector	54.2%	54.4%	n/a	56.2%	
Sector ranking	91 st	77 th	75 th	107th	75 th

The National Student Survey is an independent assessment of the views of final year students on their academic experience at University. It has become generally accepted as one measure of the quality of the student experience. The survey includes many different statistics, but the one we have chosen is the percentage of students who indicated a positive response to the question "Overall, I am satisfied with the quality of the course".

Overall target: To be in the top 25% of higher education institutions

	2012 Survey	2013 Survey	2014 Target	2014 Survey	2015 Target
Chichester	88%	85%	88%	89%	89%
Sector Percentile	24%	56%	25%	17%	25%
Sector Rank	38/157	88/157		27/159	

The University conducts a detailed analysis of the NSS scores and the comments made by students completing the survey at institutional, departmental and programme level. This analysis forms the basis of an action plan to address students' concerns and is used to inform future academic delivery and capital developments. These are then reported back to the students so that those currently in years 1 and 2 understand their views are taken seriously and acted upon. The achievement of 89% in the 2014 Survey and 27th in the sector is an indication of the way in which the student experience at Chichester has improved.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Performance Indicators (continued)

Staff

The University recognises that the staff are the most important resource in an academic institution and are key to the quality of the students' experience and to the reputation of the University amongst its peers. Two of the performance indicators used by the University to measure this are the proportion of academics with higher degrees and the voluntary turnover of staff on an annual basis.

With regards to academic staff with higher degrees, the following is based on information recorded on the University's HR system and reported to the Higher Education Statistics Agency on an annual basis.

	2011-12 data	2012-13 data	2013-14 Target	2013-14 Actual	2014-15 Target
Chichester	80%	83%	80%	82.3%	80%

Voluntary staff turnover (i.e. staff who have resigned their post to go to another role elsewhere, to retire or for other personal reasons) is one indicator of the level of morale of staff. The following table demonstrates that voluntary academic staff turnover at the University is similar to that for the sector, as measured through DLA Piper HR Benchmark reports. Professional services staff turnover levels were higher in 2012-13 as there was a voluntary severance scheme available and a number of staff nearing retirement age successfully applied. Rather than 'targets' for turnover, indicators are shown for 2013-14 and 2014-15; if voluntary staff turnover goes beyond these figures further work will be undertaken to ascertain the reasons why.

	2011-12 data	2012-13 data	2013-14 Indicator	2013-14 Actual	2014-15 Indicator
Academic staff	4.3%	5%	5.9%	4.3%	5%
Professional services staff	6.2%	9.4%	6.1%	9.8%	7%

Financial

The gearing ratio gives an indication of the affordability of the level of debt that the University holds, and is used by HEFCE as a measure of the sustainability of the University.

	2010-11 data	2011-12 data	2012-13 data	2013-14 Target	2013-14 Actual	2013-14 Target	2014-15 Target
Chichester	0.3:1	0.3:1	0.2:1	0.5:1	0.3:1	0.5:1	0.4:1
Sector	0.4:1	0.4:1	0.5:1	n/a			

In terms of the University's liquidity (taking a broad definition of liquidity to include short term deposits redeemable at a maximum of a week's notice), the performance measure used is net liquidity days:

Overall target: 60 net liquidity days

	2010-11 data	2011-12 data	2012-13 data	2013-14 Target	2013-14 Actual	2014-15 Target	2015-16 Target
Chichester	127	106	73	52	60	61	90
Sector	109	104	98	n/a			

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Performance Indicators (continued)

Estates

The improvement of the estate remains a key corporate objective for the University. The overall quality of University buildings is measured by the proportion of Gross Internal Area (GIA) that has a functionality classified as fair or above.

	2010-11 data	2011-12 data	2012-13 Target	2012-13 Actual	2013-14 Target	2014-15 Target
<i>Non-residential</i>						
Chichester	100%	100%	96%	99.2%		96%
Sector	98%	98%		98%		
<i>Residential</i>						
Chichester	100%	100%	100%	99.4%		100%
Sector	98.5%	98.5%		98.6%		

During 2010-11, the University developed a new long-term maintenance plan, including a full condition survey undertaken by external consultants. The condition of the buildings was found to be less satisfactory than previously reported. As a result, the University has increased its long-term maintenance budget to £1.3m pa from 2012-13. This is believed to be sufficient to deliver the Plan over a ten year period.

Environmental

The University is committed to taking action to reduce its carbon footprint and monitors its Notional Energy Emissions (kg CO₂) per square metre (Gross Internal Area) for the University Estate (residential and non-residential).

	2010-11 data	2011-12 data	2012-13 Actual	2013-14 Target	2014-15 Target
Chichester	63	57	47	62	62
Sector	8181	84	80.5		

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Risk and sustainability

Changes to funding for the higher education sector

During the period to 2015, the higher education sector will undergo very significant financial and regulatory change. From September 2012 onwards, incoming undergraduate students from the United Kingdom or the member countries of the European Economic Area have been expected to pay up to £9,000 per annum (currently £8,500 at Chichester) for their tuition, funded by loans that will be repaid once the student is earning above a threshold salary. These fees will offset a very significant reduction in government funding due to the complete removal of HEFCE core funding for arts, humanities and social sciences programmes and changes to National College for Teaching and Leadership (NCTL) funding for trainee teachers. The higher education market has also entered a period of intense and increasing competition due to: the introduction of unrestricted student numbers at ABB+; the introduction of more new, primarily private providers into the core Student Number Control market; and the lifting of the cap on SNC places from 2015-16.

It is estimated that 97% of the University's income for teaching currently provided by government sources (principally HEFCE and NCTL) will be lost over this period, to be replaced by fees paid by students. The main risk to the University's future income levels is therefore demand for our programmes, and whether sufficient numbers of students are prepared to accumulate long term debt to pay for them. As an institution with a traditional recruitment pattern of students from POLAR quintile 1 and 2 and/or households with incomes below £42,000 this latter point is worthy of note.

Recruitment for September 2013 was below target in a small number of programmes although the signs for September 2014 indicate numbers have met targets and exceeded the student numbers used for budget planning purposes. The probability or otherwise of meeting the student recruitment targets is monitored throughout each annual recruitment cycle. New programmes are identified to increase student numbers in future years, taking account of market demand, fit with and complement the University's current provision as well as the ability to resource these, both in staffing and facilities. The Board of Governors and senior management are fully aware of the risks of not achieving recruitment targets.

Teacher training remains approximately 35% of the University's academic activity. Government policy is to increase the amount of teacher training that is based in schools, which has an impact on the activity within universities. Provision within the University is graded as 'outstanding' by Ofsted, which has provided protection from reductions in numbers to date. In order to mitigate the risk of future cuts, the University has established the University of Chichester Academy Trust in order to sponsor academy schools. One of the benefits of this is that the sponsored academies will be expected to provide placements for University of Chichester students. The University is also working with local schools that have been awarded Teaching School status in order to continue to provide the academic elements of the training provision.

The University's strategy envisages modest growth in international students; it is expected that income from undergraduate and postgraduate international students will make up 3.2% of the institution's income by 2019-20, compared with 2.4% in 2012-13. A failure to achieve international student recruitment targets because of changes in the international political or economic environment, or as a result of a failure to deliver planned increases in international recruitment capacity, is a risk that is recognised by the University. The International strategy includes partnership work with other organisations who can demonstrate a successful track record in this area and who are able to work with our International Office to raise our profile in key markets. The relatively low starting point for the University reduces the impact of this external risk, and therefore the recruitment of international students remains an opportunity as well as a risk.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Risk and sustainability (continued)

Further government policy change

It was anticipated that the Government White Paper on higher education, published in June 2010, would be followed by legislation to introduce regulatory change. No legislation will now be approved before the next General Election in May 2015. Therefore the public higher education sector remains regulated by a framework that was not designed for a more marketised environment, with competition from new providers that are not necessarily constrained by the same regulations. It is recognised that HEFCE has attempted to adapt regulation within the current framework in order to reduce this risk.

The delay to a Higher Education bill and consequent regulatory framework means that future changes to government policy and their impact are harder to predict. Government policy on deregulating the market and the removal of institutional student number controls from September 2015 will result in further significant change for higher education institutions and the University has plans in place to safeguard its current position and build on this for its long term future.

Other income diversification

Diversifying the income base of the University by raising the level of income from research, consultancy and other services rendered is another key objective of the University's strategy. However, economic conditions and the level of competition from universities and other private and public sector providers means that meeting this objective will be challenging. The risk is reduced by selective investment in key posts in order to maximise the opportunities available to the University, support and training for staff, and through the use of a costing and pricing methodology that is intended to ensure that the financial implications of bids and contracts can be identified.

Expenditure pressures

The risks outlined above refer mostly to risks to the income of the University; however, the cost base of higher education remains under pressure. Staff costs will continue to be carefully controlled and only essential posts filled. The University intends to continue to implement national pay awards, but recognises that this and future pension contribution commitments represent risks of significant future cost increases. Whilst the Hutton Review and changes to the Local Government Pension Scheme from April 2014 were intended to reduce the financial pressure on employers by making these public sector pension schemes more financially sustainable in the long term, it is not yet clear that this will be the case. The West Sussex County Council Local Government Pension Scheme has been re-valued, and an adjustment made in the accounts under Financial Reporting Standard (FRS) 17.

Given the size and age of the University Estate, and the demand of students and staff for IT-enabled learning, additional investment will be required in the University's infrastructure in order to ensure that the campus provides facilities which are fit for purpose. Energy costs are expected to continue to rise over the long term, although this will be mitigated somewhat by improving the institution's environmental performance and the achievement of the target emission reductions set out in the Carbon Management Plan.

In addition to the strength of the experience the University offers to its students, the risks above are mitigated by the intellectual capital of our academic and professional service staff and the adaptability of a relatively small organisation to take advantage of new opportunities as they arise. The University will continue to identify efficiencies and areas where costs can be reduced to free up funds for investment in the institution's strategy or to reduce overall expenditure. The University had previously instigated an explicit policy of building up and then maintaining cash balances to provide some protection against sudden cuts in income, to allow it space to make necessary changes in a strategic way, and to provide funds to invest in making any changes necessary for it to adapt to the new environment.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Risk and sustainability (continued)

University Governance

Following the resignation of the Chair of Governors due to ill health in June 2013, the Vice Chair of Governors was appointed as Acting Chair of Governors for the period to 31 December 2013. As both the Vice Chair and the Chair of the Audit Committee completed the maximum three terms of three years permitted by the Articles on 31 December 2013, the Nominations and Effectiveness Committee instigated a recruitment exercise to attract new members of the Board including the roles of Chair, Vice Chair and Chair of the Audit Committee. Advertisements were placed nationally and the Committee sought to encourage applications from women and men, from those from Black and Minority Ethnic backgrounds and those with disabilities who had the skills sought to replace those which would be lost by the resignation of those in the three roles as well as three other long serving Governors. In order to provide continuity and in accordance with Article of Association 10, the Board approved an extension of the term of office of the Vice Chair to 31 July 2014.

Six new lay members of the Board were appointed with effect from 1 January 2014, from which a new Chair of Governors and Chair of Audit Committee were appointed with immediate effect. With the extension of the Vice Chair's term of office, a third new Governor agreed to take on this role during the year. The Board agreed that, with the benefit of seven months overlap, the new Vice Chair would take over formally with effect from 1 August 2014 when the former Vice Chair would step down. One of the six governors recruited in January resigned due to ill health in February 2014 and a new appointment was made to this unexpected vacancy at the Board's meeting on 1 April 2014.

The two Teaching Staff Governors, elected by the academic staff, also completed their terms of office in December 2013 and an election held during November resulted in two new members of staff joining the Board. This brought the total new membership to 8 in a Board of 22 members. An induction has been provided for the majority of new members and this will be supplemented by additional sessions during 2014-15 to ensure all have been able to gain knowledge of the University and its governance, academic and financial arrangements.

Future outlook

The recruitment of sufficient numbers of full time undergraduate students is fundamental to the University's long term sustainability. Whilst recruitment for September 2014 appears to be moderately above budget expectations, the focus remains on preparing for future changes in the higher education market.

The Board of Governors recognises the very significant risks that this change creates. It is uncharted territory for higher education in the United Kingdom, and therefore it cannot be certain how the market will react over the medium to long term. However, the Board believes that the University has some key strengths that will help mitigate these risks and secure its long term future.

The University has set a headline fee of £8,500, but this is not the whole picture. By setting a fee of above £6,000, the University is required to submit an Access Agreement to the Office for Fair Access demonstrating how it will encourage students from widening participation backgrounds to go to university. The University will raise its headline fee to £9,000 from September 2015 in order to increase the level of investment needed in academic programmes, in central and specialist facilities for the benefit of students and in the level of staff resources needed to meet student expectations in a small student-focussed institution. In the two academic years that the higher tuition fee regime has been in place (2012-13 and 2013-14), the University of Chichester has offered one of the highest levels of investment in supporting students from disadvantaged backgrounds in the country, in order to protect the University's core 'widening participation' market. In 2013-14, 54% of students benefited from some element of financial support through a bursary or fee waivers.

The University of Chichester

Strategic report for the year ended 31 July 2014 (continued)

Future outlook (continued)

In consultation with the Students' Union, the Board of Governors revised its 2015-16 Access Agreement so that financial support would be focussed on providing bursaries rather than fee waivers. This bursary support is targeted on students whose household income is less than £42,000.


The University's student satisfaction indicators, programme completion rates and student achievement indicators remain strong, indicating the high levels of satisfaction and success experienced by current students which it is expected will support the recruitment of higher fee paying students. It is recognised that graduate employment figures have fallen in the economic recession and this is being addressed through a variety of initiatives to ensure that the University's graduates have the appropriate skills that employers need.

The University has a robust set of financial projections and contingencies have been made both for under-recruitment and investment in infrastructure and strategic changes, for example the introduction of new academic initiatives. Whilst growth in future years will be more challenging than in recent history, it remains the ambition of the University to grow further, taking advantage of initiatives that become available, extending and rejuvenating the academic portfolio, and working in partnership with other providers where appropriate.

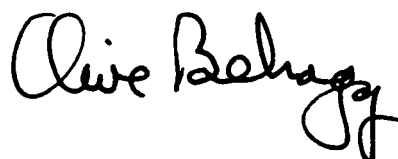
The Board of Governors adopted the University's *Twenty Twenty Vision* in April 2013. This sets out the Vision, Mission, Strategic Goals and Values of the institution for the period 2013 to 2020. The needs, aspirations and overall experience of our students remain at the centre of the University's strategy. The University also remains committed to the needs of our community and key stakeholders, and the role that the University can continue to play in the social, cultural and economic regeneration of West Sussex, particularly focussing on the coastal strip and deprived rural hinterland.

With the support of the Higher Education Funding Council for England and the former South East England Development Agency, the University has invested £21m over the past three years in its capital programme. The University has adopted a new Estates Strategy to support the implementation of the *Twenty-Twenty Vision* document through investment in student residences, teaching and learning and social and recreational space. The institution's financial forecasts include capital expenditure of £47.5m over the period to 2020 in support of the new Estates Strategy; the current phase is funded through £12m of additional bank financing. The Board of Governors is committed to ensuring that there are appropriate levels of investment in order for the University to achieve its wider objectives.

Signed on behalf of the Board



Professor J M Lynch, OBE
Chair of Governors



Professor C Behagg
Vice-Chancellor

The University of Chichester

Corporate governance and internal controls statement

Constitution

The University is a company limited by guarantee and members of the Board of Governors are legally Directors of the Company. The directors of the University's subsidiary company, Chichester Enterprises Limited, are ultimately accountable to the Board of Governors of the University and therefore the following provisions for Corporate Governance apply to both the University and its subsidiary.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, and with guidance provided by the Committee of University Chairs (CUC), including the Governance Code of Practice contained within the 'Guide for Members of Higher Education Governing Bodies in the UK'.

Under the terms of the Charities Act 2011, the University is subject to the regulatory powers of the Charity Commission although, before using them, the Commission must consult the Higher Education Funding Council for England in its role of principal regulator of higher education institutions that are exempt charities.

This Corporate Governance Statement and associated statements including the Statement of Internal Control was effective for the period 1 August 2013 to 31 July 2014 and up to the date of the approval of the financial statements.

Principles of University Governance

In September 2010, the Board of Governors formally reviewed its compliance with the CUC Governance Code of Practice issued in November 2004, and affirmed its commitment to the Code.

The Board of Governors has adopted the following Statement of Primary Responsibilities:

1. To approve the mission and strategic vision of the University, the long-term academic and business plans and key performance indicators and to ensure that these meet the interests of students, staff, governors, the local and regional communities and others who have an interest in the success of the institution.
2. To delegate authority to the Vice-Chancellor, as Chief Executive, for the academic, corporate, financial, estates and personnel management of the University. The Board is also responsible for the establishment and regular review of all policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
3. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University of Chichester against the plans and approved key performance indicators, which will be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body.
6. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
7. To safeguard the good name and values of the University of Chichester.
8. To appoint the Vice-Chancellor as Chief Executive, and to put in place suitable arrangements for monitoring his/her performance.

The University of Chichester

Corporate governance and internal controls statement (continued)

Principles of University Governance (continued)

9. To appoint a Secretary to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To appoint a Principal Chaplain in accordance with the University's status as a Denominational institution of the Church of England under section 66 (4) (a) of the Further and Higher Education Act 1992.
11. To employ all staff in the institution and to be responsible for establishing the human resources strategy.
12. To be responsible for the financial and business affairs of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to manage the University's assets, property and estate.
13. 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 name of the University.
14. To make such provision as it thinks fit for the general welfare of students, in consultation with the University's Academic Board.
15. To appoint such Trustees as it may think fit for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University of Chichester.
16. To ensure that the constitution of the University of Chichester is followed at all times and that appropriate advice is available to enable this to happen.

Effectiveness Review

The Board completed an Effectiveness Review in September 2010 to assess how Governors fulfil their responsibilities against the Committee of University Chairs Governance Code of Practice and against the Statement of Primary Responsibilities. The Board concluded that it was meeting both the Code and the Statement but identified some areas for development that have been addressed. The 2010 review was followed up in 2011 with a 'light touch' survey. The new Chair of Governors met with all members of the Board on an individual basis in 2014 to gain their views on the University and the operation of the Board and its Committees as well as opportunities for enhancement of best practice.

A full effectiveness review will be conducted during 2014-15 with an external consultant, based on the requirements of the new CUC HE Code of Governance. The outcome will be published on the University's website and will form an action plan for improvement.

Governors' Code of Conduct

To reinforce the importance of the Seven Principles of Public Life and the way in which Governors are expected to perform their role, the Board adopted a new Code of Conduct in June 2010. All Governors are expected to sign up to this Code, which can be found on the University's website at

http://d3mcbia3evjswv.cloudfront.net/files/UniversityofChichesterGovernorsCodeofConduct_0.pdf

The University of Chichester

Corporate governance and internal controls statement (continued)

Composition of the Board of Governors

The University's Board of Governors consists of at least nineteen and a maximum of twenty-five members and comprises lay persons and staff and students appointed according to the Articles of Association, the majority of whom are non-executive and independent. The membership includes the Vice-Chancellor as an *ex officio* member. No lay members of the Board are remunerated for the work they undertake for the University, although expenses may be paid for attendance at Board meetings.

The Chair and Vice-Chair of the Board of Governors, and the chairs of the sub-committees of the Board may only be appointed from within the non-executive members.

The Clerk to the Governors (who is also Company Secretary) is appointed under the Articles of Association to act as Secretary to the Board and its Committees. All Governors have access to the advice and services of the Clerk to the Governors and can seek independent advice should they wish to do so.

The Board normally meets three times a year, with additional meetings if appropriate. In undertaking its duties, the Board receives the advice and recommendations of its Committees, including the Strategy and Resources Committee, Audit Committee, Nominations and Effectiveness Committee, and Remuneration Committee. Decisions and recommendations of these Committees are formally reported to the Board as provided within the Articles of Association, the terms of reference of the Committees and the Financial Regulations of the University.

All members of the Board of Governors, co-opted members of its Committees and senior officers who are members or officers of Chief Executive's Team, have responsibility for significant areas of the University's business, or who hold senior positions in Finance are required to maintain entries on a Register of Interests. In addition, members may not be present at any discussion in which they have a direct or indirect financial interest.

In addition to being directors of the University company, members of the Board of Governors are also the trustees of the exempt charity. The list of directors/trustees on page 1 of this report is a complete list of those who have served during the 2013-14 financial year and the 2014-15 year until the date of formal approval of the financial statements by the Board of Governors.

Governors' Audit Committee

The Governors' Audit Committee met four times in 2013-14, in accordance with its terms of reference.

On behalf of the Board, the Governors' Audit Committee considers reports, recommendations and reviews on the effectiveness of the University's arrangements for value for money, risk management, internal control and governance. Where improvements are identified, the Committee monitors the implementation of agreed actions. The Committee presents an Annual Report to the Board of Governors, including an opinion on the adequacy of the University's processes for securing value-for-money, for the management of risk, for promoting good governance, for ensuring adequate internal controls are in operation and in accordance with the Funding Council's requirements on data assurance.

The Governors' Audit Committee also considers reports and updates from the Higher Education Funding Council for England (HEFCE) as they affect the University's business and monitors adherence to the regulatory requirements.

The Governors' Audit Committee is cognisant of its specific reporting responsibilities on data quality, and during 2013-14 has received regular reports on data quality matters and actions being taken for the continual improvement of systems and processes for the recording and reporting of the required returns.

The University of Chichester

Corporate governance and internal controls statement (continued)

Governors' Audit Committee (continued)

Internal audit services are contracted out and are currently provided by KPMG LLP. The Committee agreed the programme of reviews for 2013-14 with KPMG and this was approved by the Board on 9 July 2013. A programme for 2014-15 was approved by the Board on 8 July 2014. External auditors are appointed in accordance with the requirements of HEFCE.

Governors' Strategy and Resources Committee

The Governors' Strategy & Resources Committee met six times during 2013-14. It received reports concerning finance, estates, health, safety and sustainability, IT, employment and human resource issues, with the exception of the employment and salaries of those who form the 'Designated Staff' in the Articles of Association. These are the Vice-Chancellor, the Deputy Vice-Chancellor, the Deputy Vice-Chancellor (Academic), the University Secretary and the Principal Chaplain. The Board of Governors determines the total emoluments of these designated staff on the advice of the Governors' Remuneration Committee.

The Strategy and Resources Committee reviews the annual financial statements together with the accounting policies, and recommends the annual budget and financial forecasts to the Board for approval. It also receives reports on the progress of major capital projects at each meeting. The Board receives the minutes of the Governors' Strategy and Resources Committee together with the financial monitoring reports reviewed.

Nominations and Effectiveness Committee

The Nominations and Effectiveness Committee is responsible for recommending the appointment and renewal of terms of office of individual governors to the Board. In performing these duties, the Committee identifies the skills required on the Board and assesses the expertise of governors so that any gaps can be addressed with each recruitment cycle. The Board recognises the need to ensure that the membership of the Board is reflective of, and relates to, the multiple strands of contemporary society. Governor appointments are therefore advertised widely to ensure that vacancies are filled with the highest calibre of person.

Responsibilities of the Vice-Chancellor

The Vice-Chancellor is the Chief Executive of the University and has responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the Accountable Officer, who can be summoned to appear before the Public Accounts Committee and is held accountable for the quality of data included in returns to HEFCE and other agencies.

The Vice-Chancellor is supported in performing his duties by the University Executive (Chief Executive's Team) which meets weekly, and by the Strategy, Risk and Projects Group, which meets at least quarterly. Ultimately, however, responsibility for executive management rests with the Vice-Chancellor.

Academic Board

The Academic Board is chaired by the Vice-Chancellor, and comprises twenty-four members, half of whom are individuals with primarily executive and managerial responsibilities with the remainder being elected non-executive staff or students.

The University of Chichester

Corporate governance and internal controls statement (continued)

Academic Board (continued)

Subject to the Articles, the overall responsibility of the Board of Governors and the responsibilities of the Vice-Chancellor, the Academic Board is responsible for:

- issues relating to research, scholarship, teaching and courses at the University, including criteria for the admission of students;
- the appointment and removal of internal and external examiners;
- policies and procedures for the assessment and examination of students;
- the content of the curriculum;
- academic standards and the validation and review of courses;
- procedures for the award of qualifications and honorary academic titles;
- the procedures for the expulsion of students for academic reasons;
- advice relating to development of academic activities and resources required.

Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control which supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible.

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

- clear definition of the responsibilities and delegated authority of heads of academic and administrative groups;
- a medium and short term planning process, supplemented by detailed annual income and expenditure and capital budgets;
- regular reviews of performance and quarterly reviews of financial performance and updates of forecasts for the current financial year;
- comprehensive Financial Regulations, reviewed annually;
- clearly defined requirements for the approval and control of expenditure, with significant investment decisions being subjected to detailed appraisal and review;
- a professional audit service from KPMG LLP, whose responsibilities cover the entire internal control systems of the institution.

The system of internal control is supplemented by a process to identify the principal risks, including governance, management, quality, reputational and financial risks, to the achievement of the University's policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. To this end, the University has developed and approved a Risk Management Policy. However, the process is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As the governing body, the Board of Governors has responsibility for the University's risk management process. For this purpose, the Governors' Audit Committee oversees and provides assurance on the operation of the framework.

The University of Chichester

Corporate governance and internal controls statement (continued)

Statement of Internal Control (continued)

The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks. The risk management process is co-ordinated by the Strategy, Risk and Projects Group on behalf of the Chief Executive's Team; the Group ensures that Academic and Professional Service departments review their risk registers and compile the Critical Risk Register for the University. A revised Critical Risk Register was reviewed by the Governors' Audit Committee in November 2013, March and June 2014, and by the Governors' Strategy and Resources Committee and the Board of Governors during November 2013 and June and July 2014.

Each risk identified on the risk registers has a nominated 'owner' who is responsible for ensuring that adequate controls are in place and/or mitigating action taken, and for regularly reviewing changes to probability or impact.

Risk management is also embedded within the corporate planning and decision-making processes of the University, with all significant projects and associated business cases expected to demonstrate that risks and appropriate controls or mitigating actions have been recognised. If approved, the implementation of the mitigating action is then embedded into the normal risk management processes of the University. The process of identifying and managing risks is an ongoing process throughout the financial year.

The Board of Governors receives assurance on the effectiveness of the internal control systems through the minutes of the Governors' Audit Committee, which are presented by the Chair of the Committee to the meetings of the Board, through the work of the internal auditors and the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and through comments made by the external auditors in their management letter and other reports.

Public Benefit

The University of Chichester is an exempt charity regulated by HEFCE on behalf of the Charity Commission for England and Wales. The members of the Board of Governors, who include the Vice-Chancellor and staff and student members, are trustees of the charity. As such, the Board of Governors has due regard to the guidance published by the Charity Commission concerning the demonstration of the public benefit provided by the University. This section details how the University has met the requirements of the Charity Commission in this respect.

From the University's Articles of Association, the object of the University of Chichester is "the establishment, conduct and development of a University for the advancement of the higher and further education of men and women". As such, the principal charitable aim that the University meets under the 1993 Charities Act is the advancement of education.

The direct beneficiaries of the work of the charity are the students registered on our programmes, and those who benefit from the associated work of the University in supporting the education-led social, cultural and economic regeneration of West Sussex.

Access to the University is on the basis of academic ability and not the ability to pay fees. Under the terms of its Access Agreement with the Office for Fair Access (OFFA), the University provides bursaries and reduced fees through fee 'waivers' to students on the basis of need. The amount put aside for these bursaries and fee reductions is not capped – every student who meets the criteria as detailed on the University's website will receive the benefit to which they are entitled. In 2013-14, the University distributed £4.4m in bursaries and fee waivers to students.

The University of Chichester

Corporate governance and internal controls statement (continued)

Public Benefit (continued)

During 2013-14 the University has supported the recruitment of students from deprived and under-represented groups in the region through information and guidance provided to parents and students as well as through progression agreements with nineteen Further Education Colleges. We also continue to invest in raising the profile and benefits of higher education through our outreach activity in more than fifty schools across West Sussex, south east Hampshire, Portsmouth, the Isle of Wight and east into Brighton.

During 2012-13 the University established the University of Chichester Academy Trust in order to sponsor academies. The University is a minority partner in the Trust, with three out of the five members being representatives of the academies or independent. However, the University will play a critical role in improving standards and raising aspirations within these schools. Three schools became academies under the Trust's umbrella in 2013-14, and one further new primary school admitted its first pupils in September 2014. It remains the University's aspiration that the Academy Trust will sponsor up to forty primary and secondary academies over the coming years.

In addition to the University of Chichester Academy Trust, the University plays a significant governance role in eight academies, as well as actively supporting many other schools and academies in meeting changing government requirements. This includes providing staff, often at a senior level, as governors and mentors, as well as curriculum support and development and training for school staff.

The University continues to invest in enhancing the employability of our graduates to ensure that they have the skills required by local businesses and the wider community. Students have access to a range of expertise within the University, including advice and guidance, enterprise and entrepreneurship modules and, where appropriate, placements. Recent graduates are also able to access GraduateOn, an internship scheme to provide them with experience of the workplace and that provides local businesses with a supply of graduate-level staff.

In support of the need for the economic regeneration of the West Sussex coastal strip, the University has continued to invest in its School of Enterprise, Management and Leadership with the support of the Higher Education Funding Council for England (HEFCE), the South East of England Development Agency (SEEDA), West Sussex County Council and Arun District Council. This provides business and management education for businesses across West Sussex, with a particular focus on the coastal strip, in addition to the provision of new business incubator facilities.

Students are given the opportunity to volunteer to support a range of local charities and events through the Volunteering Service run by Student Support & Wellbeing. This allows the University's students to engage with their local community, as well as to learn vital skills that they may be able to put into use when they have left the institution.

The University's governors, who are directors of the University company, are not paid for their time (with the exception of staff governors who receive remuneration for their substantive employment but not for their role as governors) but receive reasonable expenses paid in line with the University's published expenses policy.

The University of Chichester

Governors' report for the year ended 31 July 2014

Objectives and Activities

The principal objectives of the University are concerned with the provision of higher education and research. To support these objectives, the University undertakes other activities, including the provision of accommodation, catering and conference services.

The University's mission is to be:

A university community that inspires and enables individuals to exceed their expectations.

The University's vision is as follows:

By 2020, the University of Chichester will be internationally recognised as a beacon of good practice for high quality, student centred higher education, within a supportive community of learning.

The University of Chichester was incorporated on 22 April 2003 as a private company, limited by guarantee (Company Number 4740553). On 1 August 2003, the Company took over the activities formerly undertaken by a registered charitable trust, with the consequence that all assets, liabilities and activities of the registered charitable trust were transferred to the private limited company. All activities are continuing under the Articles of Association of the company. The Company has been granted exempt charity status by the Privy Council.

The roots of the University lie in the merger in 1977 of the Bishop Otter College (founded 1840) with the Bognor Regis Training College (founded 1946), both of which were established to provide teacher education. University title was awarded by the Privy Council on 12 October 2005.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertaking, Chichester Enterprises Limited. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services and the provision of consultancy services. Chichester Enterprises Limited transfers the whole of any taxable profits to the University.

Payment of Creditors

The University endeavours to abide by payment terms agreed with suppliers. However, as it is the University's policy to negotiate the most favourable terms for all transactions, there are no uniform terms for payment of creditors.

Corporate Governance and Risk Management

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' Guide for Members of Higher Education Governing Bodies in the UK.

The corporate governance information on pages 13 to 19 details the work that has been ongoing throughout the year, which reflects the risk-based approach in assessing control systems. Governors regularly review the major risks to which the University is exposed. These reviews cover business, operational, compliance, quality and reputation issues in addition to financial risks. The Board of Governors believes that its processes for identifying, evaluating and managing the University's risks during the year are adequate.

The University of Chichester

Governors' report for the year ended 31 July 2014 (continued)

Going concern and HEFCE Sustainability Reporting

The Board of Governors considers the guidance to directors provided by the Financial Reporting Council when assessing the going concern of the University, and is preparing a report to HEFCE assuring the Funding Council of the institutional sustainability of the University. This will be submitted in December 2014.

Awareness of Relevant Audit Information

Each Governor has taken all the steps that he or she ought to have taken to make themselves aware of any information needed by the University's auditors for the purposes of their audit and to establish that the auditors are aware of that information. None of the Governors is aware of any relevant audit information of which the auditors are unaware.

Appointment of Auditors

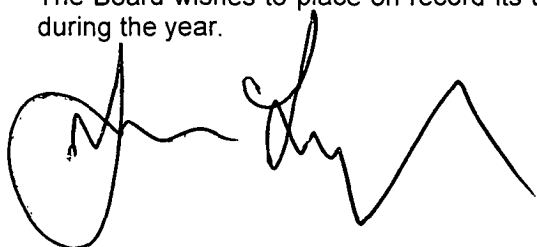
A resolution to re-appoint BDO LLP to undertake the external audit for the year ending 31st July 2015 will be proposed at the Annual General Meeting.

Conclusion

The surplus reported for the year ended 31 July 2014 is below the target set in the Financial Strategy; however, increased recruitment planned over the next three years is designed to recover the lost income. The capital development programme has been re-phased in line with the cash reserves generated to provide a cushion against future financial uncertainty.

There are clearly significant risks facing the higher education sector, and the Board of Governors recognises these risks and the impact that these may have on the University. However, there will also be new opportunities as a result of the changes in the sector, and the University's new *Twenty-Twenty Vision* strategy is intended to provide the routemap for the institution's future success. The University has significant strengths and plays a critical role in bringing the benefits of higher education to the communities of Bognor Regis and Chichester in particular and the county of West Sussex more generally.

The Board wishes to place on record its thanks to those Governors who completed their terms of office during the year.

A handwritten signature in black ink, appearing to read 'Jim Lynch', with a large, stylized initial 'J'.

Professor Jim Lynch
Chair of Governors

The University of Chichester

Statement of responsibilities of the Board of Governors

The members of the Board, who are also the directors of the University of Chichester for the purposes of company law, are responsible for preparing the Annual Report and Financial Statements in accordance with the Companies Act 2006 and the Charities Act 2006, and for being satisfied that the financial statements give a true and fair view. The members of the Board are also responsible for preparing the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and with the Statement of Recommended Practice – Accounting for Further and Higher Education.

Company law requires members of the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus of income over expenditure of the University for that period. In preparing the financial statements, the members of the Board are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the University will continue in operation.

The members of the Board are also required to give a report in the Financial Statements which includes the legal and administrative status of the University. The members of the Board are responsible for the keeping of adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable them to ensure that the financial statements are prepared in accordance with the Companies Act 2006, its Articles of Association, the Accounts Direction issued by the Higher Education Funding Council for England (HEFCE) and the Statement of Recommended Practice: Accounting for Further and Higher Education, as well as reflecting best practice in public sector corporate governance. They are also responsible for taking steps that are reasonably open to them in order to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

Members of the Board are responsible for ensuring that funds from the Higher Education Funding Council for England are used only in accordance with the Financial Memorandum with the Funding Council and any other conditions that the Funding Council may prescribe from time to time. Members of the Board must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Board are responsible for securing economical, efficient and effective management of the University's resources and expenditure, so that the benefits that should be derived from the application of public funds by the Funding Council are not put at risk. Members of the Board confirm that, so far as they are aware, there is no relevant audit information of which the University's auditors are unaware. They have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information.

Financial statements are published on the University's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the University's website is the responsibility of the members of the Board. The Board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The University of Chichester

Statement of responsibilities of the Board of Governors (continued)

The Board of Governors is satisfied that the University has adequate resources to continue its operations for the foreseeable future and for this reason a 'going concern' basis has been adopted in the preparation of the financial statements which reflect:

- suitable accounting policies, selected and applied consistently;
- judgements and estimates that are reasonable and prudent; and
- applicable accounting standards, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- fulfil its responsibilities under the Articles and to ensure that funds from HEFCE and the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by the Funding Council and any other conditions which it may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other funds;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

Independent Auditors' Report to the Governors of the University of Chichester

We have audited the financial statements of the University of Chichester for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Governing Body and Auditors

As explained more fully in the statement of responsibilities of the Board of Governors, the members of the Governing Body (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law, regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England. Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2014 and of the Group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Education Reform Act 1988 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions".

Independent Auditors' Report to the Governors of the University of Chichester (continued)

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

In our opinion, in all material respects:

- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandum with the Higher Education Funding Council for England.
- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation.
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Board of Governors including the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

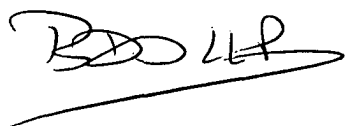
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- the parent University has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent University financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Matters 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 Group and the University.



James Aston, Senior Statutory Auditor
for and on behalf of BDO LLP, Statutory Auditor
Gatwick
United Kingdom
Date: 25 November 2014

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

The University of Chichester

Consolidated income and expenditure account for the year ended 31 July 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Income			
Funding body grants	2	7,518	12,234
Tuition fees and education contracts	3	30,788	24,626
Research grants and contracts	4	216	152
Other income	5	8,270	8,375
Endowment and investment income	6	254	106
Total income		47,046	45,493
Expenditure			
Staff costs	7	26,023	24,543
Other operating expenses	9	16,794	16,201
Depreciation	12	2,718	2,384
Interest payable	10	304	364
Total expenditure	8	45,839	43,492
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and before tax	11	1,207	2,001
Taxation		-	-
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,207	2,001
Transfer from accumulated income within expendable endowments	21	2	4
Surplus for the year retained within general reserves		1,209	2,005

The consolidated income and expenditure account of the University and its subsidiary relates wholly to continuing operations.

The notes on pages 30 to 48 form part of these financial statements.

Consolidated note of historical cost surpluses and deficits for the year ended 31 July 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Surplus on continuing operations before tax		1,207	2,001
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	22	88	88
Historical cost surplus for the year before taxation		1,295	2,089
Historical cost surplus for the year after taxation		1,295	2,089

The University of Chichester

Consolidated statement of total recognised gains and losses for the year ended 31 July 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		1,207	2,001
New endowments	21	2	2
Actuarial (loss)/gain in respect of pension scheme	29	(3,406)	3,040
Total recognised (losses)/gains relating to the year		(2,197)	5,043
Reconciliation			
Opening reserves and endowments		38,659	33,616
Total recognised (losses)/gains for the year		(2,197)	5,043
Closing reserves and endowments		36,462	38,659

The notes on pages 30 to 48 form part of these financial statements.

The University of Chichester
(a company limited by guarantee)

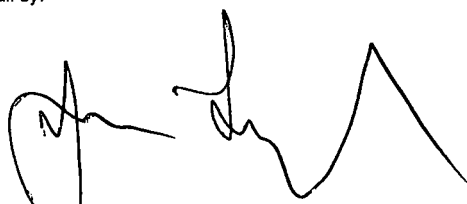
Balance sheets as at 31 July 2014

Company No 4740553

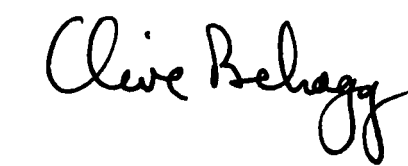
		Group		University	
	Notes	31 July 2014 £'000	31 July 2013 £'000	31 July 2014 £'000	31 July 2013 £'000
Fixed assets					
Tangible assets	12	62,832	59,393	62,828	59,384
Investments	13	-	25	-	25
Total fixed assets		62,832	59,418	62,828	59,409
Endowment assets	14	26	26	26	26
Stock		6	5	6	5
Debtors	15	3,584	2,354	3,707	2,854
Short-term deposits		8	2,287	8	2,287
Cash at bank and in hand		7,182	5,979	6,925	5,392
Total current assets		10,780	10,625	10,646	10,538
Less: Creditors - amounts falling due within one year	16	(6,173)	(6,037)	(5,991)	(5,905)
Net current assets		4,607	4,588	4,655	4,633
Total assets less current liabilities		67,465	64,032	67,509	64,068
Less: Creditors - amounts falling due after more than one year	17	(8,132)	(5,774)	(8,132)	(5,774)
Less: Provisions for liabilities and charges	19	(564)	(581)	(564)	(581)
Total net assets excluding pension liability		58,769	57,677	58,813	57,713
Pension liability	29	(6,626)	(2,990)	(6,626)	(2,990)
TOTAL NET ASSETS INCLUDING PENSION LIABILITY		52,143	54,687	52,187	54,723
Deferred capital grants	20	15,681	16,028	15,681	16,028
Expendable endowments	21	26	26	26	26
Reserves	22				
Income and expenditure account excluding pension reserve		28,659	27,132	28,703	27,168
Pension reserve		(6,626)	(2,990)	(6,626)	(2,990)
Income and expenditure account including pension reserve		22,033	24,142	22,077	24,178
Revaluation reserve		14,403	14,491	14,403	14,491
Total reserves		36,436	38,633	36,480	38,669
TOTAL FUNDS		52,143	54,687	52,187	54,723

The notes on pages 30 to 48 form part of these financial statements.

The financial statements on pages 26 to 48 were approved, and authorised for issue by the Board of Governors on 25 November 2014 and were signed on its behalf by:



Professor J M Lynch, OBE
Chair of Governors



Professor C Behagg
Vice-Chancellor

The University of Chichester

Consolidated cash flow statement for the year ended 31 July 2014

	Notes	31 July 2014 £'000	31 July 2013 £'000
Cash inflow from operating activities	23	2,694	4,072
Net returns on investments and servicing of finance	24	(264)	(168)
Taxation		-	-
Capital expenditure and financial investment	25	(5,604)	(6,102)
Management of liquid resources	26	2,279	2,994
Financing	27	2,098	(260)
Increase in cash in the year		1,203	536
Reconciliation of net cash flow to movement in net debt			
	Notes	31 July 2014 £'000	31 July 2013 £'000
Increase in cash in the year	28	1,203	536
Cash inflow from liquid resources	26	(2,279)	(2,994)
Cash (inflow)/outflow from (increase)/decrease in debt	27	(2,098)	260
New finance lease		(520)	-
Movement in net funds in the period		(3,694)	(2,198)
Net funds at 1 August		2,253	4,451
Net (debt)/funds at 31 July	28	(1,441)	2,253

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

1 Principal Accounting Policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. The University has taken advantage of the exemption in the Companies Act 2006 not to present its own income and expenditure account.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

Basis of consolidation

The consolidated financial statements include the University of Chichester and its subsidiary, Chichester Enterprises Limited. Chichester Enterprises Limited is a wholly owned subsidiary of the University of Chichester. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

In accordance with FRS 2, the activities of the Students' Union, students' bar and clubs and societies have not been consolidated because the University does not control those activities.

The University is the sponsor of the University of Chichester (Multi) Academy Trust, a company limited by guarantee. The activities of the Trust do not form part of the consolidated financial statements because the University does not appoint a majority of the directors of the Trust nor does it have any residual interest in the assets or liabilities of the Trust.

All financial statements are made up to 31 July.

Recognition of income

Income from tuition fees is recognised in the period for which it is receivable and includes all the fees chargeable to students or their sponsors.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service rendered.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from expendable endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to expendable endowments.

Income receivable from the Higher Education Funding Council for England (HEFCE) and the National College for Teaching and Leadership (NCTL) is recognised in line with the latest estimates of grant receivable for an academic year. An adjustment to reflect the final grant allocation is processed in the subsequent financial year.

Pension schemes

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) - West Sussex County Council Pension Fund. These are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P).

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS. For the TPS, not less than every four years, with a supporting interim valuation in between, the Government Actuary conducts a formal actuarial review of the TPS in order to specify the level of future contributions.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period of the present value of the scheme's liabilities arising from the passage of time are included in pension finance costs.

The difference between the fair value of the University's share of the assets held in the LGPS defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through refunds from the scheme. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than the cash contribution by the University are charged to the Income and Expenditure Account or the Statement of Total Recognised Gains and Losses in accordance with FRS 17.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

1 Principal Accounting Policies (continued)

Tangible fixed assets

a) Land and buildings

(i) Bognor Regis College

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University, previously held by the West Sussex County Council, was transferred to the University with effect from 1 April 1989. These were not valued prior to transfer.

On 31 July 1995, a valuation of the open market value for existing use was made by Grimley, a firm of international property advisers, using the depreciated replacement cost basis. In accordance with the requirements of the SORP, the property is recorded in the financial statements at this value, £7,700,000, as adjusted for subsequent disposals. It is the University's policy to recognise a related revaluation reserve in respect of this property.

(ii) Bishop Otter College

The land and buildings were leased at a peppercorn rent from the Bishop Otter Trustees under a lease which was granted in 1976 for a period of 999 years. Prior to 31 July 1995, no assessment had been made of the benefit to the University of the leased land and buildings.

On 31 July 1995, a valuation of the open market value for existing use was made by Grimley, a firm of international property advisers, using the depreciated replacement cost basis. In accordance with the requirements of the SORP, the property is recorded in the financial statements at this value, £13,400,000, as adjusted for subsequent disposals. It is the University's policy to recognise a related revaluation reserve in respect of this property.

On 31 July 2009, the University acquired the freehold of Bishop Otter College at a cost of £45,000 which is considered to be the open market value.

(iii) General

Buildings constructed since 31 July 1995 are included in the balance sheet at cost.

Freehold land is not depreciated. All buildings are depreciated over their expected useful economic life to the University, which is up to 50 years. Major equipment components included within new buildings are depreciated over their expected useful economic life, which is up to 20 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life, which is up to 20 years.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. Buildings and adaptations in the course of construction are not depreciated until they are commissioned.

Where land and buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account, and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the acquisition of land and the construction of buildings are not capitalised as part of the cost of those assets.

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

On adoption of FRS 15, the University followed the transitional provision to retain the book value of land and buildings, which were revalued in July 1995, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

b) Equipment

The following assets are capitalised:

All assets which are capable of being used for a period which exceeds one year and which:

- individually have a cost equal to or greater than £2,500; or
- collectively have a cost equal to or greater than £2,500, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates, and are under single managerial control; or
- form part of the initial equipping and setting up cost of a new building; or
- form part of an I.T. network which collectively has a cost of more than £2,500.

Subject to the above, all equipment acquired since 1 April 1989 has been included at cost, together with any incidental costs of acquisition, less accumulated depreciation.

All assets are depreciated evenly over their useful economic life as follows:

Furniture, computers and general equipment	4 years
Specific musical instruments	10 years
Steinway pianos	20 years
Telephone system	7 years

Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to a deferred capital grant account, and released to the income and expenditure account over the expected useful economic life of the related furniture or equipment.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

1 Principal Accounting Policies (continued)

Tangible Fixed Assets (continued)

c) Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which transfer to the University substantially all the benefits and risks of ownership of an asset, are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Investments

Investments held as fixed assets or endowment assets are stated at market value for listed investments or lower of cost or net realisable value for unlisted investments. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

Maintenance of premises

The cost of long-term and routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise. Transactions denominated in foreign currencies are translated into sterling at the monthly average rate of exchange.

Taxation

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 section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by section 505 of ICTA 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.

Chichester Enterprises Limited is subject to UK corporation tax. The directors intend that any taxable profits in the company should be paid to the University, the parent entity, by means of a Gift Aid payment. Accordingly no provision for corporation tax payable is required for Chichester Enterprises Limited.

Liquid resources

Liquid resources comprise short-term deposits with recognised banks and building societies.

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 benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

2	Funding body grants	31 July 2014	31 July 2013
		£'000	£'000
	Higher Education Funding Council for England (HEFCE)		
	Recurrent grant	5,124	8,113
	Research grant	277	270
	Non formula funding	378	658
	Release of deferred capital grants:		
	Buildings (note 20)	447	451
	Equipment (note 20)	68	67
		<u>6,294</u>	<u>9,559</u>
	National College for Teaching and Leadership (NCTL)		
	Recurrent grant	1,007	1,942
	Other NCTL funding	217	733
		<u>1,224</u>	<u>2,675</u>
		<u>7,518</u>	<u>12,234</u>
3	Tuition fees and education contracts	31 July 2014	31 July 2013
		£'000	£'000
	Full-time students fees	27,815	21,932
	Full-time students charged overseas fees	1,020	1,118
	Part-time students fees	1,081	856
	Short course fees	872	720
		<u>30,788</u>	<u>24,626</u>
4	Research grants and contracts	31 July 2014	31 July 2013
		£'000	£'000
	Research grants and contracts	<u>216</u>	<u>152</u>
5	Other income	31 July 2014	31 July 2013
		£'000	£'000
	Residences, catering and conferences	6,038	5,897
	Other income	2,137	2,383
	Release of deferred capital grants (note 20)	95	95
		<u>8,270</u>	<u>8,375</u>
6	Endowment and investment income	31 July 2014	31 July 2013
		£'000	£'000
	Interest receivable on short-term deposits	3	37
	Net return on pension scheme (note 29)	216	-
	Other interest receivable	35	69
		<u>254</u>	<u>106</u>

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

7	Staff costs	31 July 2014 £'000	31 July 2013 £'000
	Staff costs:		
	Salaries	20,895	19,940
	Social security costs	1,607	1,561
	Other pension costs including FRS 17 adjustments (note 29)	3,521	3,042
		<u>26,023</u>	<u>24,543</u>
	Emoluments of the Vice-Chancellor:		
	Salary	£ 171,667	£ 158,750
	Pension contributions	24,205	22,384
		<u>195,872</u>	<u>181,134</u>

The University's pension contributions to Teachers' Pension Scheme (TPS) for the Vice-Chancellor are paid at the same rates as for the academic staff. The Vice-Chancellor's accrued pension as at 31 July 2014 is £82,425 gross per annum (2013 - £71,880) and accrued tax-free lump sum total is £247,275 (2013 - £215,641). The Remuneration Committee awarded the Vice-Chancellor a pay increase from 1 August 2013, during the year this was declined by the Vice-Chancellor.

Remuneration of higher paid staff, excluding employers' pension contributions:	Number	Number
£100,000 to £109,999	1	1
£110,000 to £119,999	1	-
£150,000 to £159,999	-	1
£170,000 to £179,999	1	-

Emoluments of the Chair of Governors:	£nil	£nil
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Total emoluments of governors:

The total emoluments of all governors in the year amounted to £280,688 (2013 - £295,653). These emoluments are in respect of the Vice-Chancellor and the staff governors in their capacity as members of staff. No other governors received remuneration. Employer pension contributions of the governors totalled £40,440 (2013 - £42,975), in respect of six governors (2013 - five) all of whom are accruing retirement benefits under defined benefit schemes.

The average number of persons employed by the University during the period, expressed as full-time equivalents was:

	Number	Number
Teaching and research	213	207
Administration, support and central services	313	310
	<u>526</u>	<u>517</u>

The average staffing numbers exclude all casual staff.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

8 Analysis of total expenditure by activity

	31 July 2014 £'000	31 July 2013 £'000
Academic departments	18,568	17,025
Academic services	5,319	4,788
Administration and central services	10,286	9,796
Premises	5,203	4,461
Residences, catering and conferences	4,966	5,965
Research grants and contracts	188	173
Other expenses	1,309	1,284
	<u>45,839</u>	<u>43,492</u>

9 Other operating expenses

	31 July 2014 £'000	31 July 2013 £'000
Catering and conference	1,137	1,271
Chichester bursaries	2,057	2,041
Equipment and materials	2,560	2,441
Estates	3,072	3,023
Operating lease rentals - equipment	377	470
Partner colleges	633	602
Payments for placements	499	563
Students' Union grant	300	211
Travel and subsistence	1,204	1,130
Utilities	1,082	1,171
Other expenses	3,873	3,278
	<u>16,794</u>	<u>16,201</u>
Other expenses include:		
External auditors' remuneration in respect of audit services	40	44
External auditors' remuneration in respect of non-audit services	6	7
Internal auditors' remuneration	36	34

Expenses paid to or on behalf of trustees in the year amounted to £7,070 (2013 - £4,326). It related to seventeen governors and was for travel and subsistence expenses.

10 Interest payable

	31 July 2014 £'000	31 July 2013 £'000
On bank loans and other loans:		
Repayable wholly or partly in more than five years	304	318
Net loss on pension scheme (note 29)	-	46
	<u>304</u>	<u>364</u>

11 Surplus on continuing operations for the year

	31 July 2014 £'000	31 July 2013 £'000
The surplus on continuing operations for the year is made up as follows:		
University of Chichester's surplus for the year	1,216	1,995
(Loss)/Profit generated by subsidiary undertaking for the year	(9)	6
	<u>1,207</u>	<u>2,001</u>

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

12 Tangible fixed assets

Group

	Land and buildings £'000	Adaptations £'000	Furniture and equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 August 2013	47,808	16,364	6,299	2,502	72,973
Additions	-	3,376	1,764	1,018	6,158
Disposals	-	-	(278)	-	(278)
Transfers	-	2,263	5	(2,268)	-
Balance at 31 July 2014	47,808	22,003	7,790	1,252	78,853
Depreciation					
At 1 August 2013	5,842	3,941	3,798	-	13,581
Charge for year	746	915	1,057	-	2,718
Disposals	-	-	(278)	-	(278)
Balance at 31 July 2014	6,588	4,856	4,577	-	16,021
Net book value at 31 July 2014	41,220	17,147	3,213	1,252	62,832
Net book value at 31 July 2013	41,966	12,423	2,502	2,502	59,393
Financed by:					
- Capital grant	15,575	-	106	-	15,681
- Other	25,645	17,147	3,107	1,252	47,151
Net book value at 31 July 2014	41,220	17,147	3,213	1,252	62,832
Analysis between cost and valuation:					
2014					
Cost	30,700	22,003	7,790	1,252	61,745
Valuation	17,108	-	-	-	17,108
Total	47,808	22,003	7,790	1,252	78,853
2013					
Cost	30,700	16,364	6,299	2,502	55,865
Valuation	17,108	-	-	-	17,108
Total	47,808	16,364	6,299	2,502	72,973

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

12 Tangible fixed assets (continued)

University

	Land and buildings £'000	Adaptations £'000	Furniture and equipment £'000	Assets under construction £'000	Total £'000
Cost or valuation					
At 1 August 2013	47,808	16,364	6,246	2,502	72,920
Additions	-	3,376	1,764	1,018	6,158
Disposals	-	-	(278)	-	(278)
Transfers	-	2,263	5	(2,268)	-
Balance at 31 July 2014	47,808	22,003	7,737	1,252	78,800
Depreciation					
At 1 August 2013	5,842	3,941	3,753	-	13,536
Charge for year	746	915	1,053	-	2,714
Disposals	-	-	(278)	-	(278)
Balance at 31 July 2014	6,588	4,856	4,528	-	15,972
Net book value at 31 July 2014	41,220	17,147	3,209	1,252	62,828
Net book value at 31 July 2013	41,966	12,423	2,493	2,502	59,384
Financed by:					
- Capital grant	15,575	-	106	-	15,681
- Other	25,645	17,147	3,103	1,252	47,147
Net book value at 31 July 2014	41,220	17,147	3,209	1,252	62,828
Analysis between cost and valuation:					
2014					
Cost	30,700	22,003	7,737	1,252	61,692
Valuation	17,108	-	-	-	17,108
Total	47,808	22,003	7,737	1,252	78,800
2013					
Cost	30,700	16,364	6,246	2,502	55,812
Valuation	17,108	-	-	-	17,108
Total	47,808	16,364	6,246	2,502	72,920

Included within land and buildings is £13,687,105 relating to land (2013 - £13,687,105).

Land and buildings have been valued at open market value for existing use adopting the depreciated replacement cost basis of valuation. These valuations were made at 31 July 1995 by Grimley, a firm of international property advisers. The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS 15. Accordingly, the asset values at implementation have been retained.

The University may be required, under the terms of the Financial Memorandum with HEFCE, to surrender a proportion of the sale proceeds of any land or buildings which have been wholly or partly financed by exchequer funds, should they be sold.

There were no fixed asset impairments in the year.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

13 Investments

	Group 31 July 2014 £	Group 31 July 2013 £	University 31 July 2014 £	University 31 July 2013 £
Investments in subsidiary	-	-	2	2
Other investments	-	25,000	-	25,000
	<u>-</u>	<u>25,000</u>	<u>2</u>	<u>25,002</u>

During the year ended 31 July 2004 the University acquired 100% of the issued ordinary £1 shares of Chichester Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services. The net assets and profit for Chichester Enterprises Limited were as follows:

	31 July 2014 £'000	31 July 2013 £'000
Net assets	(44)	(35)
(Loss)/Profit on ordinary activities after taxation	(9)	6

As at 31 July 2013 the University owned 50 (5.5%) of the issued ordinary £1 shares of LeNSE Limited, at a cost of £25,000. The company was dissolved in the financial year and the investment written off.

14 Endowment asset investments

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Cash balances held for endowment funds	<u>26</u>	<u>26</u>	<u>26</u>	<u>26</u>

15 Debtors

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Debtors	1,474	1,172	1,293	1,038
Amount due from subsidiary	-	-	356	687
Chichester Academy Trust	793	236	793	236
Prepayments and accrued income	1,309	936	1,257	883
Net investment in finance lease	8	10	8	10
	<u>3,584</u>	<u>2,354</u>	<u>3,707</u>	<u>2,854</u>

The net investment in finance lease relates to a bicycle lease agreement which the University initially entered into in October 2007. Employees lease bicycles from the University over an 18 month period. The total cost of the bicycles currently leased to employees is £8,491 and the total rent income received in 2014 was £10,423.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

16 Creditors: amounts falling due within one year

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Bank loans (note 18)	270	265	270	265
Expense creditors	1,700	1,096	1,659	1,081
Taxation, social security and pensions	857	780	857	780
Other creditors	564	830	559	829
Accruals and deferred income	2,438	2,966	2,302	2,850
HEFCE Revolving Green Fund	125	-	125	-
Catering contract - finance lease	130	-	130	-
Tuition fees received in advance	89	100	89	100
	6,173	6,037	5,991	5,905

17 Creditors: amounts falling due after more than one year

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Bank loans (note 18)	7,404	5,674	7,404	5,674
Catering contract - finance lease	390	-	390	-
HEFCE Revolving Green Fund	338	100	338	100
	8,132	5,774	8,132	5,774

18 Borrowings

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Bank loans are repayable as follows:				
In one year or less	270	265	270	265
Between one and two years	381	270	381	270
Between two and five years	1,180	845	1,180	845
In five years or more	5,843	4,559	5,843	4,559
Total falling due after more than one year	7,404	5,674	7,404	5,674
	7,674	5,939	7,674	5,939

As at 31 July 2014 the University had three loans with the Allied Irish Bank as follows:

- a bank loan at a fixed rate of interest of 5.53 per cent per annum repayable by instalments falling due between 1 August 2006 and 31 July 2031 totalling £2,746,885 (2013 - £2,842,471). The loan is secured on a portion of the freehold land and buildings of the University.

- a bank loan at a fixed rate of interest of 4.95 per cent repayable by instalments falling due between 1 November 2006 and 31 October 2031 totalling £2,926,652 (2013 - £3,096,313). The loan is secured on a portion of the freehold land and buildings of the University.

- in the year the University drew down the first tranche (£2,000,471) of a £12,000,000 loan. The loan is secured on a portion of the freehold land and buildings of the University.

19 Provisions for liabilities and charges

	31 July 2014 £'000	31 July 2013 £'000
Enhanced pension cost: Group and University		
At 1 August	581	583
Utilised in the year	(45)	(45)
Transfer from income and expenditure account	28	43
At 31 July	564	581

The provision for enhanced pension costs has been reviewed as at 31 July 2014 and updated using the PRC Actuarial Tables provided by the Teachers' Pension Scheme.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

20 Deferred capital grants

Group and University	NCTL £'000	HEFCE £'000	Other grants £'000	Total £'000
Buildings	-	14,077	1,781	15,858
Equipment	7	161	1	169
At 1 August 2013	<u>7</u>	<u>14,238</u>	<u>1,782</u>	<u>16,027</u>
Cash receivable				
Buildings	-	258	-	258
Equipment	-	-	6	6
	<u>-</u>	<u>258</u>	<u>6</u>	<u>264</u>
Released to income and expenditure account				
Buildings (Notes 2 and 5)	-	447	94	541
Equipment (Notes 2 and 5)	-	68	1	69
	<u>-</u>	<u>515</u>	<u>95</u>	<u>610</u>
Buildings	-	13,888	1,687	15,575
Equipment	7	93	6	106
At 31 July 2014	<u>7</u>	<u>13,981</u>	<u>1,693</u>	<u>15,681</u>

21 Endowments

Expendable funds: Group and University	31 July 2014 £'000	31 July 2013 £'000
At 1 August	26	28
Additions	2	2
Expenditure for year	(2)	(4)
At 31 July	<u>26</u>	<u>26</u>
Representing		
Prize funds	8	7
Other funds	18	19
Total	<u>26</u>	<u>26</u>

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

22 Reserves

<i>Income and expenditure reserve</i>	<i>Group</i>	<i>Group</i>	<i>University</i>	<i>University</i>
	31 July 2014	31 July 2013	31 July 2014	31 July 2013
	£'000	£'000	£'000	£'000
At 1 August	27,132	24,677	27,168	24,719
Surplus retained for the year	1,209	2,005	1,217	1,999
Transfer from Revaluation Reserve	88	88	88	88
Add back pension deficit	230	362	230	362
At 31 July	28,659	27,132	28,703	27,168

Pension reserve: Group and University

	31 July 2014	31 July 2013
	£'000	£'000
At 1 August	(2,990)	(5,668)
Actuarial (loss)/gain	(3,406)	3,040
Deficit retained within reserves	(230)	(362)
At 31 July	(6,626)	(2,990)

Revaluation reserve: Group and University

	31 July 2014	31 July 2013
	£'000	£'000
At 1 August	14,491	14,579
Transfer to general reserve of amount equivalent to depreciation charged for the year	(88)	(88)
At 31 July	14,403	14,491

23 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	31 July 2014	31 July 2013
	£'000	£'000
Surplus on continuing operations after depreciation of fixed assets at valuation	1,207	2,001
Depreciation (notes 1 and 12)	2,718	2,384
Loss on the disposal of assets (note 12)	24	3
Deferred capital grants released to income (notes 2, 5 and 20)	(610)	(612)
Interest payable (note 10)	304	318
Net pension loss (notes 7 and 29)	230	362
Decrease in stock	(1)	31
Increase in debtors	(1,232)	(513)
Increase in creditors	109	206
Decrease in provisions	(17)	(2)
Interest receivable (note 6)	(38)	(106)
Net cash inflow from operating activities	2,694	4,072

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

24	Returns on investments and servicing of finance				
		31 July 2014	31 July 2013		
		£'000	£'000		
	Income from short term investments	6	88		
	Other interest received	35	62		
	Interest paid	(305)	(318)		
	Net cash outflow from returns on investments and servicing of finance	(264)	(168)		
25	Capital expenditure and financial investment				
		31 July 2014	31 July 2013		
		£'000	£'000		
	Payments made to acquire tangible fixed assets	(5,864)	(6,272)		
	Deferred capital grants received (note 20)	258	168		
	New endowments received	2	2		
	Net cash outflow from capital expenditure and financial investment	(5,604)	(6,102)		
26	Management of liquid resources				
		31 July 2014	31 July 2013		
		£'000	£'000		
	Movement on short-term deposits	2,279	2,994		
	Net cash inflow from management of liquid resources	2,279	2,994		
27	Financing				
		31 July 2014	31 July 2013		
		£'000	£'000		
	Repayments of amounts borrowed	(265)	(260)		
	New amounts borrowed	2,363	-		
	Net cash outflow from financing	2,098	(260)		
28	Analysis of changes in net funds/(debt)				
		At 1 August 2013	Cash flows	Non-cash	At 31 July 2014
		£'000	£'000	changes	£'000
				£'000	
	Cash at bank and in hand:				
	Endowment assets (note 14)	26	0	-	26
	Other cash at bank and in hand	5,979	1,203	-	7,182
		6,005	1,203	-	7,208
	Short-term investments	2,287	(2,279)	-	8
	Debt due within one year	(265)	140	(400)	(525)
	Debt due after one year	(5,774)	(2,238)	(120)	(8,132)
		2,253	(3,174)	(520)	(1,441)

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

29 Pension costs

The University's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are both defined benefit schemes.

The total pension cost for the year ended 31 July 2014 was £3,520,537 (2013 - £3,042,168), this included a FRS17 charge of £446,000 (2013 - £316,000) and an amount of £28,038 (2013 - £42,517) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement (note 19). The calculation of the cost of early retirement provisions charged to the Income and Expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 3.5% in excess of price inflation.

Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teachers' pension scheme (TPS) is a multi-employer pension scheme. As the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2013 to 31 July 2014.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2004 to 31 March 2012. The Government Actuary's report of June 2014 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191.5 billion. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176.6 billion million. The assumed real rate of return is 3% in excess of prices and 1.25% in excess of earnings. The rate of real earnings growth is assumed to be 2.75%. The assumed gross rate of return is 5.06%.

The next formal actuarial valuation is due as at 31 March 2016.

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

29 Pension costs (continued)

Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The employer's contribution rate for administrative and manual staff for the period 1 August 2013 to 31 March 2014 was 16.1%, this increased from 1 April 2014 to 17.2%, with an annual deficit repayment of £147,000. The employer contributions expected to be paid into the scheme during the year ended 31 July 2015 is £1,797,000.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2013 updated to 31 July 2014 by a qualified independent actuary. The next formal valuation is due as at 31 March 2016.

The major assumptions used by the actuary were:

	2014 %	2013 %
Salary increases	4.0	5.1
Pension increases	2.7	2.8
Discount rate	4.0	4.6
Expected return on assets		
- Equities	6.6	6.3
- Bonds	3.8	4.0
- Properties	4.7	4.6
- Cash	3.6	3.4

With regard to mortality assumptions life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2010 model assuming long term improvements of 1.25% p.a., with allowance for short term rates of improvement and declining mortality for the over 90s. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male 31 July 2014	Male 31 July 2013	Female 31 July 2014	Female 31 July 2013
Current pensioners	24.4 years	22.7 years	25.8 years	24.2 years
Future pensioners	26.9 years	24.3 years	28.5 years	26.4 years

The University's share of assets in the fund were:

	Value at 31 July 2014 £'000	Proportion	Value at 31 July 2013 £'000	Proportion
Equities	25,334	74%	22,546	76%
Bonds	5,478	16%	4,153	14%
Property	2,739	8%	2,373	8%
Cash	685	2%	593	2%
Total market value of assets	34,236	100%	29,665	100%

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

29 Pension costs (continued)

Local Government Pension Scheme (continued)

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

Analysis of the amount shown in the balance sheet

	31 July 2014 £'000	31 July 2013 £'000
University of Chichester – Estimated asset share	34,236	29,665
University of Chichester – Present value of funded liabilities	(40,805)	(32,603)
University of Chichester – Present value of unfunded liabilities	(57)	(52)
University of Chichester – Net pension deficit	(6,626)	(2,990)

Analysis of amounts charged to staff costs in the income and expenditure account

	31 July 2014 £'000	31 July 2013 £'000
Employer service cost (net of employee contribution)	(1,969)	(1,614)
Past service cost	-	(15)
Losses on curtailments	-	(19)
Total operating charge	(1,969)	(1,648)

Analysis of the amount that is debited to other finance costs in the income and expenditure account

	31 July 2014 £'000	31 July 2013 £'000
Expected return on pension scheme assets	1,759	1,183
Interest on pension liabilities	(1,543)	(1,229)
Net return/(loss) on pension scheme	216	(46)

Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	31 July 2014 £'000	31 July 2013 £'000
Actual return less expected return on pension fund assets	1,419	3,761
Experience (losses)/gains arising on the fund liabilities	(1,030)	13
Change in financial and demographic assumptions underlying the fund liabilities	(3,795)	(734)
Actuarial (loss)/gain recognised in the statement of total recognised gains and losses (STRGL)	(3,406)	3,040

Analysis of the movement in the present value of the scheme liabilities

	31 July 2014 £'000	31 July 2013 £'000
Opening present value of the defined benefit obligation	(32,655)	(29,240)
Movement in the period:		
Current service cost	(1,969)	(1,614)
Interest cost	(1,543)	(1,229)
Contributions by members	(564)	(497)
Actuarial loss	(4,825)	(721)
Past service costs	-	(15)
Losses on curtailments	-	(19)
Estimated unfunded benefits paid	4	4
Estimated benefits paid	690	676
Closing present value of the defined benefit obligation	(40,862)	(32,655)

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

29 Pension costs (continued)

Local Government Pension Scheme (continued)

Analysis of the movement in the fair value of the scheme assets

	31 July 2014 £'000	31 July 2013 £'000
Opening fair value of employer assets	29,665	23,572
Movement in the period:		
Expected return on assets	1,759	1,183
Contributions by members	564	497
Contributions by the employer	1,519	1,328
Contributions in respect of unfunded benefits	4	4
Actuarial gain/(loss)	1,419	3,761
Estimated unfunded benefits paid	(4)	(4)
Estimated benefits paid	(690)	(676)
Closing fair value of Employer assets	34,236	29,665

Amounts for the current and previous four periods are as follows:

	2014 £000	2013 £000	2012 £000	2011 £000	2010 £000
Defined benefit obligation	(40,862)	(32,655)	(29,240)	(24,063)	(22,082)
Plan assets	34,236	29,665	23,572	21,580	15,794
Deficit	(6,626)	(2,990)	(5,668)	(2,483)	(6,288)
Experience adjustments on plan liabilities	(1,030)	13	(257)	(482)	5
Experience adjustments on plan assets	1,419	3,761	(362)	3,802	1,414

30 Capital commitments

	Group 31 July 2014 £'000	Group 31 July 2013 £'000	University 31 July 2014 £'000	University 31 July 2013 £'000
Commitments contracted for	312	1,016	312	1,016
Authorised but not contracted for	3,405	5,230	3,405	5,230
At 31 July	3,717	6,247	3,717	6,247

31 Lease obligations

At 31 July the University had annual operating lease commitments in respect of equipment for the financial year, on leases expiring:

	31 July 2014 £'000	31 July 2013 £'000
Land and buildings		
In five years or more	368	368
Other		
Within one year	67	153
Between one and five years	312	206
In five years or more	7	7
	386	366
Total	754	734

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

32 Related party disclosures

The University has taken advantage of the exemption within FRS8 and has not disclosed transactions with wholly owned subsidiary companies.

All governors of the University are directors of the Company.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

The University is the sponsor to the University of Chichester (Multi) Academy Trust, a company limited by guarantee, which was formed in July 2013. Professor Clive Behagg, Vice Chancellor, is Chair of the Board of Directors and a Member of the Trust and Ian Child, Deputy Vice Chancellor is a Director and a Member of the Trust. During the financial year, the University has financed costs on behalf of the Trust totalling £523,471 and invoiced the Trust £33,101 in regard of consultancy and marketing services. As at 31 July 2014, the University was owed £793,067 (2013 - £236,495).

Transactions are disclosed below where members of the Board of Governors disclose a significant interest in a body with whom the University undertakes transactions which are considered material to the University's financial statements and/or the other party.

Governor	Sales to related party	Purchases from related party	Grants to related party	Amounts owed by related party as at 31 July 2014	Amounts owed to related party as at 31 July 2014
	£'000	£'000	£'000	£'000	£'000
Ms J Hope as President of University of Chichester Students' Union					
Income and expenditure activities	36	(2)	300	20	77
Payroll cost recharges	285	-	-	67	-

33 Members

The University of Chichester is a company limited by guarantee and therefore does not have share capital. The liability of members is limited to £1 each.

34 Amounts disbursed as agent

Access funds	31 July 2014 £'000	31 July 2013 £'000
Balance at 1 August	9	-
Funding Council grants	127	129
Interest earned	-	1
	136	130
Disbursed to students	(126)	(108)
Fee waivers	(5)	(10)
Administration costs	(3)	(3)
	2	9
Balance unspent at 31 July	2	9

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

The University of Chichester

Notes to the accounts for the year ended 31 July 2014

34 Amounts disbursed as agent (continued)

National College for Teaching and Leadership graduate teacher programme

	31 July 2014 £'000	31 July 2013 £'000
Balance at 1 August	9	63
NCTL grants received	-	749
NCTL grants refunded	-	(109)
	<u>9</u>	<u>703</u>
Disbursed to students		(687)
Administration costs		(7)
Released to income	(9)	
Balance unspent at 31 July	<u>-</u>	<u>9</u>

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

National College for Teaching and Leadership training bursaries

	31 July 2014 £'000	31 July 2013 £'000
Balance at 1 August	156	42
NCTL grants received	1,554	1,291
NCTL grants refunded	(145)	(31)
	<u>1,565</u>	<u>1,302</u>
Disbursed to students	(1,455)	(1,146)
Balance unspent at 31 July	<u>110</u>	<u>156</u>

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

South East Coastal Communities

	31 July 2014 £'000	31 July 2013 £'000
Balance at 1 August	33	33
Released to income	(33)	-
Balance unspent at 31 July	<u>-</u>	<u>33</u>

Grants relating to the South East Coastal Communities project are received from HEFCE on behalf of other local Universities and partners; the University acts only as a paying agent.

35 Catering contract

	31 July 2014 £'000	31 July 2013 £'000
Cash sales	772	-
Cost of sales	(474)	-
Income, as recognised in the University's financial statements	<u>298</u>	<u>-</u>

The University receives a guaranteed return from the operation of its catering facilities by an external company. The University declares output VAT on the standard rated element of the cash sales and includes the above figures in its VAT return.