

**Roehampton  
University**

**Annual Report and Financial  
Statements**

31 July 2007



Company Registration Number  
5161359 (England and Wales)

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## **Legal and Administrative Information**

### **Members of Council and Directors**

Michael Young – Chair  
Rev Professor June Boyce-Tillman  
Tyrone Campbell  
Rt Revd Richard Cheetham  
Juliet Colman  
Francis Davis  
Philip Gee – Vice Chair  
Ian Grainger  
Lady Margaret Harrop  
Terry Knight  
Max Landsberg  
Yvonne Lincoln  
Dr Ian Linden  
Germaine McBride  
Professor Robin Middlehurst  
Simon Parton  
Professor Paul O'Prey  
Rev John Pritchard  
Noel Rajaratnam  
John Rourke  
Michael Watts  
Robin Geller

### **Company Secretary**

### **Audit Committee**

Ian Grainger – Chair  
John Bamford  
Lady Harrop  
Noel Rajaratnam  
Richard Walton

### **Finance and General Purposes Committee**

Philip Gee – Chair  
Terry Knight  
Professor Paul O'Prey  
Michael Watts  
Patrick Wright

### **Remuneration Committee**

Michael Young – Chair  
Juliet Colman  
Francis Davis  
Philip Gee  
Professor Paul O'Prey

### **Company Registration Number**

5161359

### **Registered Office**

Grove House  
Roehampton Lane  
London  
SW15 5PJ

## **Legal and Administrative Information**

<b>Auditors</b>	BDO Stoy Hayward LLP Emerald House East Street Epsom Surrey KT17 1HS
<b>Bankers</b>	Barclays Bank PLC London SW18 2PR
<b>Solicitors</b>	Eversheds London EC4A 4JL

## **Analysis of Key Financial Information** Year to 31 July 2007

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**Financial Information** Year to 31 July 2007**Indicators of Financial Health:**

	<b>2007</b>	<b>2006</b>
<b>Ratio of Funding Council Grants to Total Income</b>	<b>56.05%</b>	<b>60.62%</b>
<b>Ratio of Total Tuition Fees from Full-Time Home &amp; EU Students to Total Income</b>	<b>23.58%</b>	<b>16.20%</b>
<b>Ratio of Total Tuition Fees from Full-Time Overseas Students to Total Income</b>	<b>4.92%</b>	<b>5.13%</b>
<b>Ratio of Total Research Grant and Contract Income to Total Income</b>	<b>1.90%</b>	<b>2.70%</b>
<b>Ratio of Total Other Operating Income to Total Income</b>	<b>8.39%</b>	<b>9.74%</b>
<b>Ratio of Surplus to Total Income</b>	<b>1.93%</b>	<b>21.11%</b>
<b>Ratio of Current Assets to Current Liabilities</b>	<b>1.31</b>	<b>1.11</b>

## **Report of the Members of Council Year to 31 July 2007**

### **Legal Status**

Roehampton University was incorporated as a company limited by guarantee on 23 June 2004 and commenced trading on 1 August 2004. The University is an exempt charity for the purposes of the Charities Act 1993.

The University has four constituent colleges, Froebel, Digby Stuart, Southlands and Whitelands, all of which have their own providing bodies.

### **Objectives**

The principal objectives of the University are encapsulated in the following mission statement approved by Council in December 2004:

"To continue to grow a reputation for excellent teaching and research focused in specific and distinctive areas of core strength in the Arts, Sciences, Social Sciences and Education in a friendly, lively and enriching College community in which staff and students are encouraged and supported to achieve their personal potential"

In support of this, the University's financial objectives are as follows:

- to achieve an annual operating surplus,
- to pursue alternative sources of funding, on a selective basis, consistent with the University's core competencies, and the need for a financial contribution to the University's overall finances,
- to generate sufficient levels of income to support the asset base of the University,
- to further improve the University's shorter term liquidity, and
- to fund continued capital investment

### **Financial Results**

The University's surplus after tax for the year to 31 July 2007 was £1.1m. This compares to a deficit of £0.8m in the previous financial year, prior to accounting for the receipt of a property gift of £10.9m from the Incorporated Froebel Educational Institute, which resulted in an overall surplus of £10.1m.

The University's income for 2006/7 increased by £6.6m (13.75%). The introduction of variable tuition fees resulted in an increase in tuition fee income of £5.3m. Income from Funding Council grants increased by £1.5m as a result of an increase in recurrent grant income of £2.1m which was offset by a reduction of £0.6m in other grants received. Income from research grants and contracts was £0.2m lower than the previous year.

Staff costs of £34.2m which represent the most significant item of expenditure at 63.9% compared with 64.4% for the previous financial year, rose by £2.8m. Other non-pay costs

## Report of the Members of Council Year to 31 July 2007

### Financial Results (continued)

increased by £1.9m, attributable to increased expenditure on consumables, laboratory and other expenses

The University's Consolidated Income, Expenditure and Results for the year to 31 July 2007 are summarised as follows

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Total Income	54,563	47,953
Total Expenditure	53,508	48,731
Surplus/(Deficit) on continuing operations for the year before Property Gift	1,055	(778)
Property Gift	Nil	10,900
Surplus on continuing operations for the year after Property Gift	1,055	10,122

The University's Balance Sheet at 31 July 2007 represents the effect of the continuing capital building programme and the strengthening of the University's financial base through the generation of operating surpluses. The reserves have increased by £4.8m from 31 July 2006.

### Variable Fees

The financial year, 2006/7 marked the introduction of variable fees, which accounts for the majority of the increase in tuition fee income. The University has devoted a substantial part of this enhanced income to bursaries, scholarships and access awards to ensure that access to higher education at Roehampton University is available to all.

### Payment of Suppliers

The University endeavours to abide by payment terms negotiated with suppliers and to act in accordance with the relevant legislation.

### Planned Maintenance

A significant part of the freehold in the University estate is owned by three of the constituent Colleges or their providing bodies and is made available to the University under terms set out in individual Deeds of Adherence. The provision of maintenance is shared between the University and the Colleges according to a prescribed formula as set out in each Deed. A consolidated long-term maintenance plan has been completed for the entire estate.



## **Report of the Members of Council Year to 31 July 2007**

### **Human Resources**

The University has been working in partnership with the relevant trade unions to implement the Framework Agreement to determine a new pay and grading structure across the University. This Agreement is designed to modernise pay structures to aid the recruitment and retention of staff and ensuring equal pay for work of equal value. At the time of this report the University was awaiting confirmation from one of its trade unions that the proposed structures had been accepted by its members. The agreed structures will be back-dated to 1 August 2006.

### **Staff and Student Involvement**

The University believes good communication with staff and students to be very important. There is an effective communication strategy which includes staff meetings, a regular staff newsletter, monthly team briefings, and a Staff Forum. Staff are encouraged to participate in formal and informal consultation at University, School and Department level through membership of formal committees.

The University facilitates communication to students through a regular student newsletter. The President of the Students Union is an ex officio member of the University's Council and Senate. In addition, there is a Student Forum, supported by a sub-forum for each curriculum area. Students are also invited to give feedback to the University through enrolment, induction and learner satisfaction surveys.

### **Taxation**

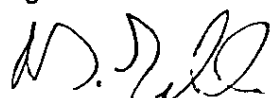
The majority of the University's activities do not fall to be charged to corporation tax.

### **Equal Opportunities**

The University is committed to ensuring equal opportunities for both staff and students ensuring that all individuals are treated with respect at all times and are given equality of opportunity in all activities.

The policy of the University is that applications from disabled persons, should receive full and fair consideration for posts for which they are suitable applicants. Where an existing employee becomes disabled they will be retained in employment wherever reasonably possible and will be given help with any necessary rehabilitation and training. Disabled employees are provided with the same opportunities for promotion, career development and training as other employees.

Signed on behalf of the Council



Robin Geller

Company Secretary

## **Statement of Corporate Governance and Internal Control Year to 31 July 2007**

### **Statement of Corporate Governance and Internal Control**

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in July 2003. Its purpose is to help the reader of the accounts understand how the principles have been applied.

In the opinion of the Council, the University complies with all the provisions of the Combined Code in so far as they apply to the Higher Education Sector, and it has complied throughout the year ended 31 July 2007.

The Committee of University Chairmen (CUC) issued their 'Guide for Members of Higher Education Governing Bodies in the UK and the accompanying Governance Code of Practice and General Principles' in November 2004. Although voluntary, the University Council has had regard to the code in reviewing and adopting its principles as appropriate. In the opinion of the Council, the University currently complies with all the principles of the Guide.

### **Statement of the University's Structure of Corporate Governance**

The University's governing body is the Council. The Council determines the ongoing strategic direction of the University. It approves major developments and is provided with regular and timely information on the overall financial performance of the University together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel-related matters and health and safety.

Council normally meets four times a year. It has several committees, including Finance and General Purposes Committee, Remuneration Committee, Employment Committee, Estates Committee and an Audit Committee. All of these committees are formally constituted with terms of reference and include lay members of Council, one of whom is the chair.

The Finance and General Purposes Committee recommends to Council the University's annual revenue and capital budgets and receives updates to the estimates during the course of the year.

The University's Remuneration Committee decides on the remuneration and benefits of the Vice-Chancellor and other senior post holders save that the initial terms and conditions are set by Council.

The University's Employment Committee sets the pay and conditions of staff, save where these are covered by the Remuneration Committee, approves and monitors the implementation of the Human Resources Strategy and associated employment policies and oversees the implications of Health & Safety legislation in relation to Employment matters.

The Estates Committee supervises the arrangements for buildings, premises and infrastructure.

**Statement of the University's Structure of Corporate Governance (continued)**

The Audit Committee has an ongoing programme for reviewing the effectiveness of the University's system of internal control. It is responsible for meeting with the internal and external auditors and reviews and discusses reports issued. The auditors have access to the committee for independent discussion. The Committee also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with the regulatory requirements.

In addition, the Clerk to the Council who is responsible to the Council for ensuring that all applicable procedures and regulations are complied with maintains a register of financial and personal interests of the members of Council. All the committees of Council are able to take independent professional advice in furtherance of their duties at the University's expense and have access to the Clerk to the Council.

Any new appointments to the Council are a matter for the consideration of the Council as a whole as the appointing authority. The Articles of Association permit the four colleges to each appoint a member of Council and their providing bodies have a similar authority. The Council has a nominations committee, consisting of five members of the Council, which is responsible for the selection and nomination of any new independent member for the Council's consideration. There is a majority of independent members on Council.

Members of Council are appointed for a term of office not exceeding three years. No member may serve more than two consecutive terms.

**Internal Control**

As the governing body of Roehampton University, The Council is ultimately responsible for the University's system of internal control and for reviewing its effectiveness in the achievement of its policies, aims and objectives.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of University policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The Council has delegated the day-to-day responsibility to the Vice-Chancellor, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the University's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the Financial Memorandum between Roehampton University, the Higher Education Funding Council for England and the Training Development Agency. He is also responsible for reporting to the University any material weaknesses or breakdowns in internal control.

## **Statement of Corporate Governance and Internal Control Year to 31 July 2007**

### **Internal Control (continued)**

The Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's significant risks that has been in place for the period ended 31 July 2007 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Council.

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by Council,
- regular reviews by Council of periodic and annual financial reports which indicate financial performance against forecasts,
- setting targets to measure financial and other performance,
- clearly defined capital investment control guidelines, and
- the adoption of formal project management disciplines, where appropriate.

Roehampton University has appointed an internal audit service, which operates in accordance with the requirements of the Accountability and Audit HEFCE Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks and the internal audit plans are endorsed by the Council on the recommendation of the Audit Committee. Annually, the Head of Internal Audit (HIA) provides Council with a report on internal audit activity in the University. The report includes the HIA's independent opinion on the adequacy and effectiveness of the University's system of risk management, controls and governance processes.

As the Accounting Officer, the Vice-Chancellor has responsibility for reviewing the effectiveness of the system of internal control. His review of the effectiveness of the system of internal control is informed by:

- the work of the internal auditors,
- the work of the executive officers within the University who have responsibility for the development and maintenance of the internal control framework, and
- comments made by the University's external auditors and the Funding Council auditors in their management letters and other reports.

## Statement of Corporate Governance and Internal Control Year to 31 July 2007

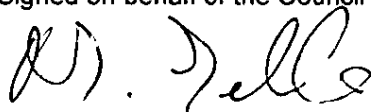
### Internal Control (continued)

The Vice-Chancellor has been advised on the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditors. A plan to address weaknesses and ensure continuous improvement of the system is in place.

The senior management team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Council regularly considers risk and control and receives reports thereon from the senior management team and the Audit Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its September and November 2007 meetings, the Council carried out the annual assessment for the year ended 31 July 2007 by considering reports from the senior management team, internal audit and Audit Committee and taking account of events since 31 July 2007.

Signed on behalf of the Council



Robin Geller  
Company Secretary

**Statement of Responsibilities of Members of Council**

The members of the Council, who are also the directors of Roehampton University for the purposes of company law, are required to present audited financial statements for each financial year, in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England and Roehampton University, the Council is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education* and which give a true and fair view of the state of affairs of the University and the result for that year. In preparing the financial statements, the Council is 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 Council is also required to prepare a report which describes what it is trying to do and how it is going about it, including the legal and administrative status of the University. The Council is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable it to ensure that the financial statements are prepared in accordance with its Memorandum and Articles of Association, the Accounts Direction issued by the Higher Education Funding Council for England (HEFCE), the *Statement of Recommended Practice Accounting for Further and Higher Education* and applicable UK law and financial reporting standards, as well as reflecting best practice in public sector corporate governance. It is responsible for taking steps that are reasonably open to it in order to safeguard the assets of the University and to prevent and detect fraud and other irregularities.

Members of Council 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 Council 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 Council 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 Council 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

**Statement of Responsibilities of the Members of Council** Year to 31 July 2007

Council in order to make themselves aware of any relevant audit information and to establish that the University's auditors are aware of that information

Signed on behalf of the Council

A handwritten signature in black ink, appearing to read 'R Geller', written in a cursive style.

Robin Geller  
Company Secretary

**Independent Auditors' Report to the Members of Council of Roehampton University**

We have audited the financial statements of Roehampton University for the year ended 31 July 2007 which comprise the Consolidated Income and Expenditure Account, 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. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of the University's Council and Auditors**

As described in the Statement of Responsibilities of Members of Council, the University's Council is responsible for preparing the annual report and the financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.

Our responsibility is to audit the financial statements in accordance with relevant legal and 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and whether the information given in the Report of Council is consistent with those financial statements. We also report to you if, in our opinion, the Members of Council have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the Members of Council or other transactions are not disclosed.

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.

We read the other information contained in the Report of the Members of Council and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Governance Statement and the Statement of the Responsibilities of the Members of Council. We consider the implications for our report if we become aware of any misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as



**Respective responsibilities of the University's Council and Auditors (continued)**

above, we do not accept responsibility for this report to any other person or for any other person or for any other purpose and we hereby expressly disclaim any and all such liability

**Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the University and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group as at 31 July 2007 and of its surplus of income over expenditure for the year then ended,
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University as at 31 July 2007,
- The financial statements have been properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice "Accounting for Further and Higher Education Institutions",
- The information given in the Report of the Members of Council is consistent with the financial statements,
- Income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received, and

**Independent Auditors Report** 31 July 2007

- Income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandums with the Higher Education Funding Council for England

*BDO Stoy Hayward LLP*

BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
Epsom

*28 November 2007*

## Consolidated Income and Expenditure Account Year to 31 July 2007

	Notes	2007 £'000	2006 as restated £'000
<b>Income</b>			
Funding Council grants	1	30,580	29,069
Academic fees and support grants	2	18,038	12,680
Research grants and contracts	3	1,041	1,297
Other operating income	4	4,580	4,673
Interest receivable	5	324	234
<b>Total income</b>		<b>54,563</b>	<b>47,953</b>
<b>Expenditure</b>			
Staff costs	6	34,200	31,384
Depreciation/Amortisation	9, 10	2,321	2,478
Other operating expenses	7	16,427	14,274
Interest payable	8	560	595
<b>Total expenditure</b>		<b>53,508</b>	<b>48,731</b>
<b>Surplus on continuing operations after depreciation of assets and tax</b>		<b>1,055</b>	<b>(778)</b>
<b>Property gift</b>	9	<b>0</b>	<b>10,900</b>
<b>Surplus on continuing operations after depreciation of assets, disposal of assets and tax</b>	19	<b>1,055</b>	<b>10,122</b>

The income and expenditure of the University relates wholly to continuing operations

Depreciation of assets is undertaken on an historical cost basis. No separate statement of historical cost surpluses and deficits is shown as it would be no different to the income and expenditure account values.


## Consolidated statement of total recognised gains and losses Year to 31 July 2007

	2007 £'000	2006 £'000
Surplus on continuing operations after depreciation of assets and disposal of assets	1,055	10,122
Appreciation of endowment asset investments	4	(1)
Actuarial gain/ (loss) in respect of pension scheme	3,763	(394)
<b>Total recognised gains relating to the year</b>	<b>4,822</b>	<b>9,727</b>
<b>Total recognised gains since last annual report</b>	<b>4,822</b>	<b>9,727</b>
<b>Reconciliation</b>		
Opening reserves and endowments	4,751	(4,964)
Prior year adjustment	—	(12)
<b>Total recognised gains/(losses) for the year</b>	<b>4,822</b>	<b>9,727</b>
<b>Closing reserves and endowments</b>	<b>9,573</b>	<b>4,751</b>

# Balance Sheets 31 July 2007

	Notes	Group 2007 £'000	Group 2006 As restated £'000	University 2007 £'000	University 2006 As restated £'000
<b>Fixed assets</b>					
Tangible assets	9	34,834	31,850	34,834	31,850
Intangible assets	10	164	173	164	173
Investments	11	—	—	29	29
		<u>34,998</u>	<u>32,023</u>	<u>35,027</u>	<u>32,052</u>
<b>Endowment assets</b>	12	50	46	50	46
<b>Current assets</b>					
Stocks and stores in hand		21	18	21	18
Debtors due within one year	13	4,771	3,180	4,769	3,166
Debtors due after one year	13	786	864	786	864
Cash at bank and in hand		4,973	3,064	4,925	3,026
		<u>10,551</u>	<u>7,126</u>	<u>10,501</u>	<u>7,074</u>
<b>Creditors</b> amounts falling due within one year	14	(8,035)	(6,423)	(8,032)	(6,417)
<b>Net current assets</b>		<u>2,516</u>	<u>703</u>	<u>2,469</u>	<u>657</u>
<b>Total assets less current liabilities</b>		<u>37,564</u>	<u>32,772</u>	<u>37,546</u>	<u>32,755</u>
<b>Creditors</b> amounts falling due after one year	15	(8,552)	(7,221)	(8,552)	(7,221)
<b>Provisions for liabilities and charges</b>	16	(1,445)	(1,265)	(1,445)	(1,265)
<b>Net assets excluding pension liability</b>		<u>27,567</u>	<u>24,286</u>	<u>27,549</u>	<u>24,269</u>
<b>Net pension liability</b>	28	(6,447)	(9,858)	(6,447)	(9,858)
<b>Net assets including pension liability</b>		<u>21,120</u>	<u>14,428</u>	<u>21,102</u>	<u>14,411</u>
<b>Represented by</b>					
Deferred capital grants	17	11,547	9,677	11,547	9,677
<b>Endowments</b>					
Specific endowments	18	50	46	50	46
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	19	15,429	14,022	15,411	14,005
Pension reserve		(6,447)	(9,858)	(6,447)	(9,858)
Income and expenditure account including pension reserve		8,982	4,164	8,964	4,147
Long term maintenance reserve	19	541	541	541	541
		<u>9,523</u>	<u>4,705</u>	<u>9,505</u>	<u>4,688</u>
		<u>21,120</u>	<u>14,428</u>	<u>21,102</u>	<u>14,411</u>

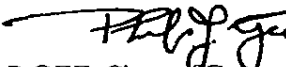
The financial statements on pages 17 to 42 were approved and authorised for issue by Roehampton University Council on November 2007 and signed on its behalf by



M YOUNG, Chair of Council



PROF P O'PREY, Vice-Chancellor



P GEE, Chair of Finance & General Purposes Committee

# **Consolidated Cash Flow Statement** Year to 31 July 2007

	Notes	2007 £'000	2006 £'000
<b>Net cash inflow from operating activities</b>	23	<b>2,899</b>	<b>917</b>
<b>Returns on investments and servicing of finance</b>	24	<b>(236)</b>	<b>(361)</b>
<b>Capital expenditure and financing investments</b>	25	<b>(2,245)</b>	<b>(3,504)</b>
<b>Cash inflow/(outflow) before financing</b>		<b>418</b>	<b>(2,948)</b>
<b>Financing</b>	26	<b>1,491</b>	<b>3,851</b>
<b>Increase in cash</b>	27	<b>1,909</b>	<b>903</b>

## **Reconciliation of net cash flow to movement in net funds/ (debt)**

	Notes	2007 £'000	2006 £'000
Increase/ in cash in the year	27	<b>1,909</b>	<b>903</b>
Change in net debt resulting from cash flows	26	<b>(1,491)</b>	<b>(3,851)</b>
Movement in net debt		<b>418</b>	<b>(2,948)</b>
Net debt at 1 August		<b>(3,551)</b>	<b>(603)</b>
Net debt at 31 July		<b>(3,133)</b>	<b>(3,551)</b>

**Accounting convention**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments and in accordance with both the Statement of Recommended Practice Accounting for Further and Higher Education ("SORP") issued in 2003 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). They conform to guidance published by HEFCE and TDA.

**Basis of consolidation**

The consolidated financial statements reflect the total activities of the University and its subsidiary Roehampton Corporate Initiatives Limited.

The University Council does not consider it appropriate to consolidate Roehampton University Student Union's (RSU's) financial statements into those of the University, as the University does not exercise dominant influence over RSU's affairs. The RSU's financial statements are therefore audited and published separately.

**Recognition of income**

Income from research grants and contracts is included to the extent of expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

The recurrent grants from funding councils represent the funding allocations attributable to the current financial year and are credited direct to the income and expenditure account. Recurrent grants are recognised in line with planned activity. Any under-achievement against this planned activity is adjusted in-year and reflected in the level of recurrent grant recognised in the income and expenditure account.

Non recurrent grants from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

**Pension schemes**

The University has two principal pension schemes for staff, the Teachers' Pension Scheme (TPS) and the London Pension Fund Authority (LPFA) Superannuation Scheme. The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension.

Pension costs in respect of the TPS and Universities Superannuation Scheme (USS) charged to the income and expenditure are equal to the contributions paid to these arrangements. The contribution rate is calculated in such a way that it is a substantially level percentage of current and future pensionable payroll. 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 LPFA are measured using closing market values. LPFA 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 in the present value of the scheme's liabilities, arising from the passage of time, are included in pension finance costs. Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

**Enhanced pensions**

The actual cost of any enhanced ongoing pension to former members of staff are paid by the University annually. An estimate of the expected future cost of any enhancement to the ongoing pensions of former members of staff is charged in full to the University's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by HEFCE.

**Foreign currencies**

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange rate differences are dealt with in the determination of income and expenditure for the financial year.

**Goodwill**

Goodwill arising on acquisition represents the excess of purchase price over the fair value of the net liabilities acquired

Goodwill is capitalised and amortised over twenty years. Members of Council consider annually whether a provision against the value of goodwill is required

**Land and buildings**

The estates of the four Colleges of the University are wholly owned by the Providing Body of each. Where the Colleges include their land assets in residences that have been consolidated under the accounting policy as described above, these are included in the balance sheet

Where the University acquires or constructs buildings, they are capitalised and depreciated as below. Any related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings

Additions and improvements to buildings costing less than £10,000 are written off in the year of completion. All other additions and improvements are capitalised

Capitalised expenditure is stated at cost and depreciated over its expected useful life as follows

Listed Residences	50 years
New Residences	40 years
Additional floors added/significant enhancements to existing buildings	25 years
New partitioning/alterations and improvements to buildings	10 years

**Equipment**

Additions costing less than £5,000 are written off. Capitalised expenditure is stated at cost. Equipment is depreciated over its expected useful life as follows

Telephone Equipment	7 years
General Equipment purchased after 1 August 2001	3 years
General Equipment purchased before 1 August 2001	5 years

Where equipment has been acquired with the aid of specific grants it is capitalised and depreciated as above. Any related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment

**Investments**

Trust Fund investments are included in the Balance Sheet at market value

**Stocks**

Stocks and Stores represent materials held by the University cleaning and postal units and the College Catering Departments. They are valued at the lower of cost or realisable value



**Cash flows and liquid resources**

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

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

**Leases**

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease. The excess of lease payments over recorded lease obligations are treated as finance charges which are charged to the Income and Expenditure Account on a straight line basis. Finance leases are depreciated over the shorter of the lease term or their useful economic life. Rental costs under operating leases are charged to expenditure in equal amounts over the period of the leases.

**Maintenance of premises**

The University has a rolling maintenance plan, which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

**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 Taxes Act 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 the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 where such income or gains are applied exclusively for charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

**Provisions**

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

**Agency arrangements**

The University acts as an agent in the collection and payment of Learner Support Funds. Related payments received from HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure account and are shown separately in note 30, except for the 5 percent of the grant received which is available to the University to cover administration costs relating to the grant. The University employs one member of staff dedicated to the administration of Learner Support Funds applications and payments.

**1 Funding council grants**

	HEFCE £'000	TDA £'000	2007 Total funds £'000	2006 Total funds £'000
Recurrent grants	21,200	6,335	27,535	25,465
HR strategy grants	277	—	277	880
Learning and teaching development	142	—	142	236
Active community fund	24	—	24	34
National Teaching Fellowship Scheme	9	—	9	34
Knowledge Transfer Capability Fund	0	—	—	85
Centres of Excellence in Teaching & Learning	414	—	414	442
HEIF2 Funding	350	—	350	432
Science Research Investment Funding (SRIF)	213	—	213	436
Teaching Quality Enhancement Fund	236	—	236	—
Capital teaching and research grants	2,764	—	2,764	2,805
ITC IIT Capital grant	—	75	75	—
Capital teaching and research grants to deferred capital grants (note 17)	(2,977)	(75)	(3,052)	(3,241)
Specialist shortage schemes and other TDA grants	—	451	451	355
Release of deferred capital grants (note 17)	1,142	—	1,142	1,106
	23,794	6,786	30,580	29,069

**2 Academic fees**

	2007 £'000	2006 £'000
Full-time students	12,048	7,261
Full-time students from European Union (EU) excluding UK	820	512
Full-time students charged overseas fees	2,689	2,463
Part-time fees	1,449	1,511
Short course fees	1,032	933
	18,038	12,680

**3 Research grants and contracts**

	2007 £'000	2006 As restated £'000
Research councils	495	500
UK based charities	93	72
European Commission	25	74
Other grants and contracts	428	651
	1,041	1,297

**4 Other operating income**

	2007 £'000	2006 As restated £'000
Residencies and catering colleges	1,663	1,515
Other income-generating activities	1,970	2,054
Other grant income	658	349
Other income	249	715
Release of deferred capital grant (Note 17)	40	40
	<b>4,580</b>	<b>4,673</b>

**5 Interest receivable**

	2007 £'000	2006 £'000
Income from short term investments	324	234
	<b>324</b>	<b>234</b>

**6 Staff**

	2007 £'000	2006 As restated £'000
<b>Staff costs</b>		
Wages and salaries	28,191	26,109
Social security costs	2,295	2,117
Other pensions costs, including FRS 17 adjustments (note 28)	3,366	3,026
PAYE/NI Provision	250	—
Restructuring costs	98	132
	<b>34,200</b>	<b>31,384</b>

Wages and salaries include the labour element of contracted-in services

	2007 £'000	2006 As restated £'000
<b>Analysis of staff costs expenditure by activity</b>		
Academic departments	19,021	17,675
Academic services	3,933	4,008
Research grants and contracts	1,325	1,571
Residences, catering and conferences	702	505
Premises	526	445
Administration	8,693	7,180
Total per income and expenditure account	<b>34,200</b>	<b>31,384</b>

**6 Staff (continued)**

	2007 £'000	2006 As restated £'000
<b>Total staff costs split by type of contract</b>		
Employment costs for staff on permanent contracts	31,965	29,320
Employment costs for staff on temporary contracts	2,137	1,932
Staff restructuring costs	98	132
	<b>34,200</b>	<b>31,384</b>

**Senior staff emoluments**

The emoluments shown below include remuneration, employer's contributions for pension and benefit covering medical insurance. For Senior staff gross salary, pension costs and any benefits are included.

	2007 £'000	2006 £'000
<b>Vice Chancellor</b>		
Salary costs	139	130
Pension	20	18
Taxable benefits		
	<b>159</b>	<b>148</b>

The University also provides the Vice Chancellor with accommodation that the Inland Revenue has confirmed does not constitute a taxable benefit in kind.

	2007 No	2006 No
<b>Senior staff</b>		
£100,001 - £110,000	2	1

The University's pension contributions to USS for the Vice Chancellor are paid at the same rates as for the academic staff and in 2007 they amounted to £19,529 (2006 - £18,129).

	2007 No	2006 No
<b>Staff numbers by major category</b>		
<b>FTE equivalents</b>		
Academic	388	378
Administrative and clerical	297	271
Other, including technical and manual	209	185
<b>Total</b>	<b>894</b>	<b>834</b>

**7 Other operating expenses**

	2007 £'000	2006 £'000
Residences and catering operating expenses	250	115
Consumables and laboratory expenditure	2,893	1,946
Books and periodicals	744	850
Heat, light, water and power	660	643
Repairs and general maintenance	1,216	1,319
Grants to Students' Union	344	318
Property lease rentals	525	723
Auditors' remuneration (internal)	43	40
Auditors' remuneration (external)	43	38
Professional Fees	—	7
Operating leases	637	654
Accommodation works	—	131
Provision for doubtful debts	385	201
Travel, subsistence, catering and entertaining	887	833
Infrastructure	1,378	1,148
Printing, stationery and postage	1,043	1,103
Consultancies	1,439	1,256
Scholarships and Bursaries	1,564	252
Staff training	335	266
Advertising	483	488
Other expenses	1,558	1,943
	<b>16,427</b>	<b>14,274</b>

The University has a ten year lease over the Mount Clare property, owned by Southlands College, which expires in 2011. The revised rental paid in the year was £400,000 (2006 - £640,000). Post year end the lease was extended to 2026.

**Analysis of expenditure (less staff costs) by activity**

	Depreciation £'000	Other operating expenses £'000	Interest payable £'000	2007 Total funds £'000	2006 Total funds £'000
Academic departments	78	3,850	—	3,928	3,577
Academic services	1,014	3,339	—	4,353	3,708
Research grants and contracts	—	324	—	324	517
Residence, catering and conferences	48	1,455	—	1,503	574
Premises	780	1,468	560	2,808	2,706
Administration	401	5,991	—	6,392	6,265
<b>Total</b>	<b>2,321</b>	<b>16,427</b>	<b>560</b>	<b>19,308</b>	<b>17,347</b>

The depreciation charge has been funded by

	£'000
Deferred capital grants released (note 17)	1,182
General income	1,139
	<b>2,321</b>

## Notes to the Financial Statements 31 July 2007

The University is unable to reclaim all VAT suffered on expenditure due to the partial exemption rules. Irrecoverable VAT suffered during the year amounted to £1,421,631 (2006 - £1,505,588)

### 8 Interest payable

	2007 £'000	2006 As restated £'000
Bank and other loans wholly repayable within five years	8	5
Loans not wholly repayable within five years	388	371
Finance leases	—	1
Pension finance costs (note 28)	164	218
	<b>560</b>	<b>595</b>

### 9 Tangible fixed assets

Group and University	Buildings under construction £'000	Buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>				
At 1 August 2006	4,426	29,705	10,211	<b>44,342</b>
Additions	4,585	364	347	<b>5,296</b>
Transfer	(6,214)	6,214	—	<b>—</b>
At 31 July 2007	<b>2,797</b>	<b>36,283</b>	<b>10,558</b>	<b>49,638</b>
<b>Depreciation</b>				
At 1 August 2006	—	5,343	7,149	<b>12,492</b>
Charge for year	—	829	1,483	<b>2,312</b>
At 31 July 2007	<b>—</b>	<b>6,172</b>	<b>8,632</b>	<b>14,804</b>
<b>Net book values</b>				
At 31 July 2007	<b>2,797</b>	<b>30,111</b>	<b>1,926</b>	<b>34,834</b>
At 1 August 2006	<b>4,426</b>	<b>24,362</b>	<b>3,062</b>	<b>31,850</b>
<b>Financed by</b>				
Capital grant	2,171	8,443	819	<b>11,433</b>
Other	626	21,668	1,107	<b>23,401</b>
Total	<b>2,797</b>	<b>30,111</b>	<b>1,926</b>	<b>34,834</b>

Any buildings that have been funded in whole or in part by exchequer funds, if disposed of, are subject to paragraphs 52 to 54 of the Financial Memorandum between the University and HEFCE that may require part or all of the proceeds to be repaid to the Council. Where these buildings form part of property owned by the four constituent colleges or their providing bodies, they are similarly bound by the Financial Memorandum.

## 10 Group and University

Goodwill	£'000
<b>Cost</b>	
At 1 August 2006	173
At 31 July 2007	173
<b>Amortisation</b>	
At 1 August 2006	—
Charge for year	9
At 31 July 2007	9
<b>Net book values</b>	
At 31 July 2007	164

At 31 July 2006 Goodwill has been amortised from 1 August 2006 in accordance with the accounting policy

## 11 Subsidiary undertakings

Roehampton Corporate Initiatives Limited (RCIL) is a wholly owned subsidiary of the University. The results of RCIL have been consolidated into the financial statements of Roehampton University. Separate audited financial statements have been prepared for the company to 31 July 2007. The company provides media and consultancy services to external clients. The investment in RCIL is £29,000.

## 12 Endowment assets

Group and University	2007 £'000	2006 £'000
Transferred on 1 August	46	47
Additions	—	2
Disposals	(7)	—
Appreciation / (Reduction) on revaluation	3	(5)
Increase(decrease) in cash balances held at Funds managers	8	2
Balance at 31 July	50	46
<b>Represented by</b>		
<b>Market value</b>		
Fixed interest stocks	19	19
Equities	17	21
	36	40
Cash	14	6
Total	50	46
<b>Fixed interest and equities at cost</b>	44	41

### 13 Debtors

	Group 2007 £'000	Group 2006 £'000	University 2007 £'000	University 2006 £'000
<b>Amounts falling due within one year</b>				
Debtors	1,704	1,117	1,566	877
Amount owed by Group undertakings				
Subsidiary Undertakings	—	—	135	193
Prepayments and accrued income	2,147	1,439	2,148	1,472
College debtors	896	597	896	597
Roehampton Students' Union Loan	218	221	218	221
Provision for Roehampton Students' Union Loan	(194)	(194)	(194)	(194)
	4,771	3,180	4,769	3,166
<b>Amounts falling due after one year</b>				
Southlands College Loan	786	786	786	786
Roehampton Students' Union Loan	78	78	78	78
Provision for Roehampton Students' debt	(78)	—	(78)	—
	786	864	786	864
<b>Total</b>	<b>5,557</b>	<b>4,044</b>	<b>5,555</b>	<b>4,030</b>

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

	Group 2007 £'000	Group 2006 £'000	University 2007 £'000	University 2006 £'000
Secured loans	340	257	340	257
Obligations under finance leases (note 20)	—	1	—	1
Payments received on account	11	65	11	65
University creditors	1,681	1,416	1,682	1,414
Taxation and social security	1,202	34	1,202	34
Accruals and deferred income	4,801	4,650	4,797	4,646
	8,035	6,423	8,032	6,417

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

	Group 2007 £'000	Group 2006 £'000	University 2007 £'000	University 2006 £'000
Secured loans				
Between one and two years	265	249	265	249
Between two and five years	1,196	1,140	1,196	1,140
In five years or more	7,091	5,832	7,091	5,832
	8,552	7,221	8,552	7,221

Lender	Type of loan	Date drawn down	Total drawn £'000	Period of loan	Interest rate
Barclays	Term loan	Apr 2005	4,625	25 years	Fixed
Lloyds TSB	Term loan	Aug 2006	4,600	20 years	Fixed



**15 Creditors: amounts falling due after one year (continued)**

The borrowing from Barclays Bank is secured by a charge over the freehold interest in Downshire House and the leasehold interest in the Molly Davies PE and Dance building. Interest has been fixed at 5.14% per annum for the duration of the loan period.

The borrowing from Lloyds TSB is secured as part of a general charge over the property that is owned by the providing body of Digby Stuart College. Interest has been fixed at 4.935% for the duration of the loan period.

**16 Provisions for liabilities and charges**

Group and University	2007 £'000	2006 £'000
<b>Enhanced pensions</b>		
At 1 August	1,265	1,333
Utilised in year	(134)	(130)
Transfer from income and expenditure account	64	62
Total	1,195	1,265
-		
PAYE/NI Provision	250	-
At 31 July	1,445	1,265

The University pays enhanced pension entitlements to staff who took early retirement after 1 April 1989 under the reorganisation programme which ended in 1993/94. 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 4% in excess of price inflation. During 2006/07, actual payments of £133,936 (2006 £129,860) have been charged to the provision. The provision will be released against the cost to the University of enhanced pension entitlements over the estimated life expectancy of relevant employees.

A provision has been made in the accounts of £250,000 in respect of the estimated PAYE/NI liability.

**17 Deferred capital grants**

<b>Group and University</b>	<b>Funding Council £'000</b>	<b>Other grants £'000</b>	<b>Total £'000</b>
At 1 August 2006			
Buildings	7,555	644	8,199
Equipment	1,478	—	1,478
	9,033	644	9,677
Cash received			
Buildings	1,690	—	1,690
Equipment	1,362	—	1,362
Release to income and expenditure			
Buildings	(279)	(40)	(319)
Equipment	(863)	—	(863)
At 31 July 2007			
Buildings	8,966	604	9,570
Equipment	1,977	—	1,977
<b>Total</b>	<b>10,943</b>	<b>604</b>	<b>11,547</b>

**18 Specific endowments**

<b>Group and University</b>	<b>Gerhard Weiler £'000</b>	<b>Honora Naughton £'000</b>	<b>Total £'000</b>
As at 1 August 2006	41	5	46
Appreciation in endowment asset investments	4	—	4
Income for year	1	—	1
Expenditure for year	(1)	—	(1)
<b>As at 31 July 2007</b>	<b>45</b>	<b>5</b>	<b>50</b>

## 19 Reserves

### a) Income and expenditure account

	Group 2007 £'000	Group 2006 £'000	University 2007 £'000	University 2006 £'000
As at 1 August	4,705	(5,011)	4,688	(5,027)
Prior year Adjustment	—	(12)	—	(12)
	4,705	(5,023)	4,688	(5,039)
Net (deficit) / surplus after depreciation of assets and disposal of assets	1,055	10,122	1,054	10,121
Actuarial gain / (loss) in respect of pension scheme	3,763	(394)	3,763	(394)
As at 31 July	9,523	4,705	9,505	4,688
<b>Balance represented by</b>				
Pension reserve	(6,447)	(9,858)	(6,447)	(9,858)
Income and expenditure account excluding pension reserve	15,429	14,022	15,411	14,005
Long term maintenance reserve	541	541	541	541
	9,523	4,705	9,505	4,688

### b) Total Reserves

Group	Income and expenditure account £'000	Pension Reserve £'000	Long-term maintenance reserve £'000	Total £'000
As at 1 August 2006	14,022	(9,858)	541	4,705
Net surplus after depreciation of assets and disposal of assets	1,407	(352)		1,055
Actuarial gain in respect of pension scheme		3,763		3,763
As at 31 July 2007	15,429	(6,447)	541	9,523

University	Income and expenditure account £'000	Pension Reserve £'000	Long-term maintenance reserve £'000	Total £'000
As at 1 August 2006	14,005	(9858)	541	4,688
Net surplus after depreciation of assets and disposal of assets	1,406	(352)		1,054
Actuarial gain in respect of pension scheme		3,763		3,763
As at 31 July 2007	15,411	(6,447)	541	9,505

No transfer was made to the Long Term Maintenance Reserve during 2006/07 with the result that the balance remains at £541,000

**20 Finance lease obligations**

<b>Group and University</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Obligations under finance leases fall due as follows		
Within one year (note 14)	—	1

**21 Operating leases**

The annual commitment under operating leases in respect of equipment is as follows, on leases expiring

<b>Group and University</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
Within one year	274	297
Between two and five years	362	357
Over five years	3	—
<b>Total</b>	<b>639</b>	<b>654</b>

**22 Capital commitments**

<b>Group and University</b>	<b>2007 £'000</b>	<b>2006 £'000</b>
<b>Commitments authorised and contracted</b>		
New research, teaching and learning building	—	2,169
HEFCE 05/08 Capital Funding Round	456	417
<b>Commitments authorised but not contracted</b>		
HEFCE 05/08 Capital Funding Round	890	2,761
<b>Total</b>	<b>1,346</b>	<b>5,347</b>

**23 Reconciliation of consolidated operating (deficit) surplus on continuing operations to net cash inflow from operating activities**

	2007 £'000	2006 £'000
Net surplus/ on continuing operations	1,055	10,122
Donation of Froebel College lease	—	(10,900)
Depreciation/Amortisation (note 9)	2,321	2,478
Deferred capital grants released to income (note 17)	(1,182)	(1,146)
Interest receivable (note 5)	(324)	(234)
Interest payable (note 8)	560	595
Pension cost less contributions payable	352	81
Increase in stocks	(3)	(7)
Increase in debtors	(1,592)	(207)
Increase in creditors	1,532	203
Increase/ (Decrease) in provisions	180	(68)
Net cash inflow from operating activities	2,899	917

**24 Return on investments and servicing of finance**

	2007 £'000	2006 £'000
Interest received from short-term investments	324	234
Interest paid	(560)	(595)
	(236)	(361)

**25 Capital expenditure and financial investment**

	2007 £'000	2006 £'000
Tangible assets acquired (note 9)	(5,297)	(6,572)
Intangible assets acquired	0	(173)
Deferred capital grants received (note 17)	3,052	3,241
Net cash outflow from capital expenditure and financial investment	(2,245)	(3,504)

**26 Analysis of changes in finance during the year**

	Finance leases £'000	Mortgages and loans £'000	Total £'000
As at 1 August 2006	1	6,614	6,615
New leases/loans	—	1,581	1,581
Capital repayment	(1)	(257)	(258)
Loan debtor	—	78	78
Overdraft		90	90
Net amount received in year	(1)	1,492	1,491
At 31 July 2007	—	8,106	8,106

**27 Analysis of changes in net debt**

	At 1 August 2006 £'000	Cash flows £'000	At 31 July 2007 £'000
Cash at bank and in hand	3,064	1,909	4,973
Loan debtor	864	(78)	786
Debt due within one year	(257)	(83)	(340)
Debt due after one year	(7,222)	(1,330)	(8,552)
Total	(3,551)	418	(3,133)

**28 Pensions**

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the Teachers' Pension Scheme (TPS) is a multi - employer pension scheme. The University is unable to identify its share of the underlying liabilities of the scheme. The University has taken advantage of the exemption of FRS17 and has accounted for the contributions to the scheme as if it were a defined contribution scheme.

The employers' contribution rates for the University were

for academic staff	TPS - 13.50% of pensionable salaries from 1/8/06-31/12/06
	TPS - 14.10% of pensionable salaries from 1/1/07-31/7/07
	USS - 14.00% of pensionable salaries from 1/8/06-31/7/07

Enhanced pension entitlements of staff who took early retirement before 1 April 1989 became Inherited Staff Liabilities of the HEFCE. Payments made to these former staff by the University and reimbursed by the HEFCE during 2006/07 totalled £130,580 2006- £130,440.

## 28 Pensions (continued)

The total pension contributions for the University in respect of current employees were

	2007 £'000	2006 £'000
Contributions to Teachers' Pension Scheme (TPS)	1,744	1,623
Contributions to Universities Superannuation Scheme (USS)	149	94
Contributions to London Pensions Fund Authority (LPFA)	1,221	1,228
Enhanced pensions charge/credit to Income and Expenditure account (staff costs)	252	81
	<b>3,366</b>	<b>3,026</b>

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. Teachers' contributions and employers' 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 purpose of determining contribution rates. The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years), a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced, effective for the first time from the 2008 valuation, a 14% cap on employer contributions payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 millions.

A copy of the GA's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions)

**28 Pensions (continued)**

**Universities Superannuation Scheme (USS)**

Latest actuarial valuation	31 March 2005
Actuarial method	Projected unit
Investment returns pa	4.5% - 6.2% pa
Salary increases pa	4.1%
Pension increases pa	3.1% pa
Market value of assets	£21,740 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	77%

The actuary also valued the scheme on a number of other bases as at the valuation date. Using the Minimum Funding Requirement prescribed assumptions introduced by the Pensions Act 1995, the scheme was 126% funded at that date, under the Pension Protection Fund regulations introduced by the Pensions Act 2004 it was 110% funded, on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 74% of the amount necessary to secure all the USS benefits with an insurance company, and using the FRS 17 formula as if USS was a single employer scheme, the actuary estimated that the funding level would have been approximately 90%.

The University's contribution rate required for future service benefits alone at the date of the valuation was 14.3% of pensionable salaries but the trustee company, on the advice of the actuary, decided to maintain the University's contribution rate at 14% of pensionable salaries.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2008. The contribution rate will be reviewed as part of each valuation.

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



**28 Pensions (continued)**

**London Pensions Fund Authority (LPFA)**

The University operates a defined benefit scheme in the UK

**SSAP24**

The pensions cost is assessed every three years in accordance with the advice of a qualified independent actuary. The assumptions and other data that have the most significant effect on the determination of the contribution level are as follows

Latest actuarial valuation	31 March 2004
Actuarial method	Projected unit
Investment returns pa	6.2% - 6.3% pa
Pension increases pa	2.9% pa
Salary scale increases pa	4.4% pa
Market value of assets at date of last valuation	£2,807.7 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	82%

**FRS 17**

The following information is based upon a full actuarial valuation of the fund at 31 March 2007 updated to 31 July 2007 by a qualified independent actuary

	2007	2006	2005	2004
Rate of increase in salaries	4.8%	4.6%	4.3%	4.4%
Rate of increase in pensions in payment	3.3%	3.1%	2.8%	2.9%
Discount rate	5.8%	5.1%	5.0%	5.8%
Inflation	3.3%	3.1%	2.8%	2.9%
Investment return per annum	7.4%	7.0%	6.8%	7.5%
Market value of assets at date of last valuation	£2,354m	£2,009m	£1,761m	£1,374m

The following amounts were measured in accordance with FRS 17 requirements

	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Total market value of assets	24,691	20,656	17,170	13,786
Present value of scheme liabilities	(31,138)	(30,514)	(26,335)	(21,309)
Deficit in the scheme – Net pension liability	(6,447)	(9,858)	(9,165)	(7,523)

**Market Value of Assets of Whole Fund**

	2007 £m	2006 £m	2005 £m	2004 £m
Equities	1,449	1,226	1,389	1,093
Bonds	515	386	170	159
Property	315	239	120	105
Cash	75	158	82	17
<b>Total</b>	<b>2,354</b>	<b>2,009</b>	<b>1,761</b>	<b>1,374</b>

**28 Pensions (continued)****London Pensions Fund Authority (LPFA) (continued)**

Asset class

	2007	Expected return (%per annum)		
		2006	2005	2004
Equities	7.9%	7.6%	7.3%	7.9%
Bonds	6.6%	6.3%	4.7%	5.4%
Property	7.0%	6.7%	5.4%	6.7%
Cash	5.1%	4.8%	4.5%	4.5%

**Analysis of the amount charged to income and expenditure account**

	2007 £'000	2006 £'000
Service cost	1,623	1,451
Total operating charge	1,623	1,451

**Analysis of net return on pension scheme**

	2007 £'000	2006 £'000
Expected return on employer assets	1,502	1,214
Interest on pension liabilities	(1,600)	(1,357)
Net return	(98)	(143)

**Amount recognised in the statement of total recognised gains and losses (STRGL)**

	2007 £'000	2006 £'000
Actual return less expected return on pension scheme assets	1,058	813
Experience losses arising on the scheme liabilities	107	(3)
Changes in assumptions underlying the present value of the scheme liabilities	2,598	(1,204)
Actual gain / (loss) in pension plan	3,763	(394)
Increase (decrease) in irrecoverable surplus from membership fall and other factors	—	—
Actual gain / (loss) recognised in STRGL	3,763	(394)

**Movement in deficit during the year**

	2007 £'000	2006 £'000
Deficit at 1 August 2006	(9,858)	(9,165)
Current service cost	(1,623)	(1,451)
Employer contributions	1,351	1,349
Contributions in respect of unfunded benefits	24	21
Past service costs	(4)	—
Impact of settlements and curtailments	(2)	(75)
Net return on assets	(98)	(143)
Actual gains	3,763	(394)
Deficit at 31 July 2007	(6,447)	(9,858)

**28 Pensions (continued)**

**London Pensions Fund Authority (LPFA) (continued)**

History of experience gains and losses	2007 £'000	2006 £'000	2005 £'000	2004 £'000
Difference between the expected and actual return on assets	1,058	813	1,723	8
Value of assets	24,691	20,656	17,170	13,786
Percentage of assets	4.3%	3.9%	10.0%	0.1%
Experience losses on liabilities	107	(3)	152	—
Present value of liabilities	31,138	30,514	26,335	21,309
Percentage of the present value of liabilities	0.3%	(0.0)%	0.6%	—
Actuarial gains / (losses) recognised in STRGL	3,763	(394)	(1,436)	(21)
Present value of liabilities	31,138	30,514	26,335	21,309
Percentage of the present value of liabilities	12.1%	(1.3)%	(5.5)%	(0.1)%

**29 Access to learner support funds**

	2007 £'000	2006 £'000
Balance at 1 August	73	21
Funding Council grants	379	619
Interest earned	9	6
	461	646
Disbursed to students	(424)	(571)
Audit fees	(2)	(2)
Balance at 31 July	35	73

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

**30 Incorporated Froebel Education Institute (IFEI)**

	2007 £'000	2006 £'000
Total Accommodation Income Collected	680	644
Total Expenditure	(600)	(629)
Management Fee to Roehampton University	(28)	(28)
Balance at 31 July	52	(13)

Roehampton University has agreed to act as Incorporated Froebel Education Institute's (IFEI) agent to provide management services for IFEI in relation to the London and Quadrant accommodation buildings. The income and related expenditure is therefore excluded from the Income and Expenditure Account. The University received a total of £28,212 each year as a management fee.

**31 Black and Minority Ethnic Recruitment and Retention (BMERR)**

	2007 £'000	2006 £'000
Balance as at 1 <sup>st</sup> August	1	—
Total payment received from TDA	25	37
	26	37
Disbursed to Students	(26)	(36)
Balance at 31 July	—	1

**32 TDA training salaries**

	2007 £'000	2006 £'000
Total payment received from TDA, excluding VAT	3,584	3,082
Total disbursed to students	(3,352)	(2,833)
Administration fee	(67)	(69)
Balance at 31 July	165	180

The Training Salary Grant is solely for students the University acts only as paying agent. The grants and disbursements are therefore excluded from the Income and Expenditure account, only the administration fee is included.

**33 Related party disclosures and use of providing body assets as loan security**

The estates of the four constituent Colleges of the University are wholly owned by their related Providing Bodies. The relationship between the University, the Colleges and the Providing Bodies is a complex one involving cross membership and substantial financial transactions.

The following disclosures are required under FRS 8, Related Party Transactions

- a The University lent £1 million to Southlands College for the purchase of Mount Clare student residences which the University rents at the cost of £400,000 (2006 - £640,000) per annum. The loan is secured on the Mount Clare site and at 31 July 2007 amounted to £786,000 (2006 - £786,000).