

Signed Copy

**Roehampton
University**

**Annual Report and financial
statements**

31 July 2005



Company Registration Number
5161359 (England and Wales)

Contents

Reports

Legal and administrative information	1
Report of the Members of Council	3
Statement of Corporate Governance and Internal Control	7
Statement of responsibilities of the Members of Council	13
Independent auditors' report	14

Financial statements

Consolidated income and expenditure account	16
Balance sheets	17
Consolidated cash flow statement	18
Principal accounting policies	19
Notes to the financial statements	22

Legal and administrative information

Members of Council and Directors

Michael Young - Chair
Anne Bartlett
Lyndie Brimstone
Francis Davis
Rev Giles Fraser
Philip Gee
Ian Grainger
Ann Grieves
Lady Harrop
Andrew Kennedy - Vice Chair
William Macintyre
Dr Colin Podmore
Professor Paul O'Prey
Rev John Pritchard
Noel Rajaratnam
John Rourke
John Tholstrup
Michael Watts
Peter White

Company Secretary and Clerk to Council

Helen Fairfoul

Audit Committee

Ian Grainger - Chair
John Bamford
Lady Harrop
Noel Rajaratnam
Richard Walton
Michael Watts

Finance and General Purposes Committee

Philip Gee - Chair
Andrew Kennedy
Terry Knight
William Macintyre
Professor Paul O'Prey
John Tholstrup
Peter White
Patrick Wright

Remuneration Committee

Michael Young – Chair

Francis Davis

Philip Gee

Andrew Kennedy

Professor Paul O'Prey

Roehampton says goodbye to the following members of the Council who left during 2004 – 2005:

Baroness Perry of Southwark

Adam Askew

Patricia Biggs

Linda Borthwick

Leslie Ferrar

Professor David James

Chris Perry

Dr Bernadette Porter

Graham Russell

Company Registration Number

5161359

Registered Office

Erasmus House

Roehampton Lane

London SW15 5PU

Auditors

Buzzacott

London EC4A 1AG

Bankers

Barclays Bank PLC

London SW18 2PR

Insurance Brokers

Marsh UK Limited

London E1 8DX

Solicitors

Eversheds

London EC4A 4JL

Legal status

On 22 June 2004, Privy Council consented to a change of name for University of Surrey Roehampton to Roehampton University, with effect from 31 July 2004.

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

Mission

The Council adopted a new vision for the University in December 2004 that encapsulated its mission as follows:

"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"

Implementation of strategic plan

The University is in the early stages of preparing a new strategic plan that it intends to submit for approval and adoption to its Council in March 2006. The plan will cover academic provision to support the University's vision and include the appropriate estate and financial strategies necessary to underpin the plan.

Financial objectives

The University's financial objectives have not changed and are:

- ♦ 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.

Finances

The University recorded a small deficit for the year of £349,000 on a turnover of £41,708,000. With over sixty percent of its income received from Funding Council grants, the University strived to grow its non-regulated income from other sources with limited success. In particular, fees from overseas students did not meet expectations, albeit these were only anticipated at a modest level.

Finances (continued)

Staff costs were contained in the year, however, other operating costs suffered large inflationary pressures with the need for increased investment in estates maintenance, utility costs, consumables and equipment leases. This expense category also included the charge for the teaching of Foundation degree programmes by Carshalton College of Further Education and costs that related to the Centre of Excellence for Teaching and Learning and Roehampton University's share of the costs of the WestFocus consortium of seven Universities, both funded by the Higher Education Funding Council for England.

There was a cash outflow in the year of which a significant proportion was due to capital investment in the new learning and teaching building that will be funded by a new bank facility but has yet to be drawn upon.

Capital projects that were completed during the year included a new PE and dance centre, an extension to the learning and resources centre and the acquisition of Downshire House, a Grade II listed building equally distanced between the north and south campus and housing teaching rooms and administrative offices.

The University continues to take a prudent approach to increasing its long term borrowing, which remains well within regulatory guidelines. Council has approved a new £7m facility to fund the construction of a new learning and teaching building which is scheduled for completion in August 2006.

In addition, the University has been awarded £2m to fund an extension to the Queens building at Southlands College to house the Centre of Excellence in Teaching and Learning in the field of human rights, social justice and citizenship.

Post-balance sheet events

The University is in an advanced stage of negotiations with the Incorporated Froebel Educational Institute, freehold owners of the Grove House Estate that houses one of the constituent colleges of the University, over the granting of a 999 year lease over the Estate to the University effective from 1 January 2006.

Payment performance

The Late Payment of Commercial Debts (Interest) Act 1998, which came into force on 1 November 1998, requires institutions, in the absence of agreement to the contrary, to make payments to suppliers within 30 days of either the provision of goods or services or the date on which the invoice was received. The University adhered to this policy during the year except where there were genuine reasons for dispute and accordingly incurred no interest charges in respect of late payment for this period.

Planned maintenance programme

Most of the freehold in the University estate is owned by its four 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.

Recent independent reports have been received that detail recommended long-term maintenance plans for two of the Colleges and the University is consolidating these into a complete planned maintenance programme for the whole of the estate which is expected to be finalised during the current financial year.

In the meantime, the University and each of the four Colleges continue to invest significant sums to maintain and enhance the existing estate infrastructure.

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. The Staff Forum is autonomous and is not a committee of the University or Council. Formal representation of staff is through the recognised trade unions. In addition, staff are able to elect two members of Council. There is also a regular student newsletter, a student representative on the University Council, and a Student Forum, supported by a sub-forum for each curriculum area. Each year students are 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 and employment of disabled persons

Roehampton University is committed to ensuring equality of opportunity for all who learn and work here. We respect and value positively differences in race, gender, sexual orientation, able-bodiedness, class and age. We strive vigorously to remove conditions which place people at a disadvantage and we will actively combat bigotry. This policy will be resourced, implemented and monitored on a planned basis. The University's Equal Opportunities Policy, including its Race Relations Policy, is published on the University's Internet site.

The University considers all applications from disabled persons, bearing in mind the aptitudes of the individuals concerned. Where an existing employee becomes disabled, every effort is made to ensure that employment with the University continues. The University's policy is to provide training, career development and opportunities for promotion which are, as far as possible, identical to those for other employees. An equalities plan is published each year and monitored by the University Senate and Council.

Disability statement

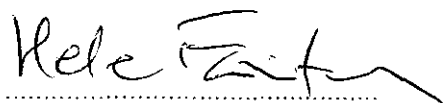
The University seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Education Needs and Disability Act 2001.

- ◆ The University is engaged in improving access to the estate following the result of several expert reports and audits, utilising funds that have been made available for this specific purpose by the Higher Education Funding Council for England.
- ◆ The University has appointed an Access Co-ordinator in each School who provides information, advice and arranges support where necessary for students with disabilities.
- ◆ There is a list of specialist equipment, such as radio aids, which the University can make available for use by students and a range of assistive technology is available in the learning centre.
- ◆ The admissions policy for all students is described in the University regulations. Appeals against a decision not to offer a place are dealt with under the complaints policy.
- ◆ The University has made a significant investment in the appointment of specialist lecturers to support students with learning difficulties and/or disabilities. There are a number of student support assistants who can provide a variety of support for learning. There is a continuing programme of staff development to ensure the provision of a high level of appropriate support for students who have learning difficulties and/or disabilities.
- ◆ Specialist programmes are described in University prospectuses, and achievements and destinations are recorded and published in the standard University format.
- ◆ Counselling and welfare services are described in the University Student Guide, which is issued to students together with the Complaints and Disciplinary Procedure leaflets at induction.

Auditors

A resolution to re-appoint Buzzacott will be proposed at the forthcoming Annual General Meeting.

Signed on behalf of the Council



Ms H Fairfoul

Company Secretary and Clerk to the Council

Approved on: 12 December 2005

Statement of Corporate Governance and Internal Control Year to 31 July 2005

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 June 1998. 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 2005.

Members of Council

The members who served on the Roehampton University Council during the year are listed as below:

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served
Baroness Perry of Southwark	July 2001; reappointed 2004 for 1 year	3 years	31 August 2005	Independent member	Chair of Council; Chair: Remuneration; Chair: Nominations
Anne Bartlett	1 September 2004	3 years		Academic support staff member	
Lyndie Brimstone	August 2003	3 years		Academic staff member	
Francis Davis	April 2004	3 years		Independent member	Chair: Employment; Remuneration
Leslie Ferrar	March 2004	3 years	January 2005	Independent member	Employment
Rev Giles Fraser	January 2005	3 years		Independent member	
Philip Gee	August 2002; reappointed July 2005	3 years		Independent member	Chair: Finance & General Purposes; Estates
Ian Grainger	1 August 2003	3 years		Independent member	Chair: Audit
Ann Grieves	August 2002; reappointed July 2005	3 years		Member	Nominations
Lady Harrop	August 2002; reappointed July 2005	3 years		Member	Audit
Prof. David James	August 2002	3 years	July 2005	Independent member	
Andrew Kennedy	August 2000; reappointed July 2003	3 years		Independent member	Vice Chair; Finance & General Purposes; Nominations; Remuneration
William Macintyre	August 2000; reappointed July 2003	3 years		Member	Finance and General Purposes
Chris Perry	July 2004	1 year	31 July 2005	Students' Union acting president	

Statement of Corporate Governance and Internal Control Year to 31 July 2005

Members of Council (continued)

	Date of appointment	Term of office	Date of resignation	Status of appointment	Committees Served
Dr Colin Podmore	August 2003	3 years		Independent member	Employment
Prof Paul O'Prey	1 September 2004	N/a		Vice-Chancellor	Employment, Finance & General Purposes, Nominations, Estates, Remuneration (from 1 Sep 04)
Dr Bernadette Porter	1999	N/a	31 August 2004	Former Vice-Chancellor	Employment, Finance & General Purposes, Nominations, Estates, Remuneration (to 31 Aug 04)
Rev John Pritchard	August 2003	3 years		Member	
Noel Rajaratnam	August 2004	3 years		Independent member	Audit
John Rourke	August 2002; reappointed July 2005	3 years		Member	
John Tholstrup	August 2002; reappointed July 2005	3 years		Member	Finance & General Purposes
Michael Watts	August 2004	3 years		Independent Member	Audit
Peter White	August 2000; reappointed July 2003	3 years		Member	Chair: Estates; Finance & General Purposes
Michael Young	August 2002; reappointed July 2005	3 years		Independent member	Estates; Finance & General Purposes; Nominations

Michael Young was appointed Chair of Council from 1 September 2005.

Helen Fairfoul acts as Clerk to Council.

It is the Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The Council 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. The Council meets four times a year.

The Council conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Council. These committees are finance and general purposes, employment, remuneration, estates, nominations and audit. Full minutes of all meetings, except those deemed to be confidential by the Council, are available on the University web-site at www.roehampton.ac.uk or from the Clerk to the Council at:

Roehampton University
Erasmus House
Roehampton Lane
London
SW15 5PU

Members of Council (continued)

The Clerk to the Council maintains a register of financial and personal interests of the members of Council. The register is available for inspection at the above address.

All 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, who is responsible to the Council for ensuring that all applicable procedures and regulations are complied with. The appointment, evaluation and removal of the Clerk are matters for the Council as a whole.

Formal agendas, papers and reports are supplied to governors in a timely manner, prior to Council meetings. Briefings are also provided on an ad hoc basis.

The Council has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Council considers that each of its non-executive members is independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair and Vice-Chancellor are separate.

Appointments to the Council

Any new appointments to the Council are a matter for the consideration of the Council as a whole. The Council has a nominations committee, consisting of five members of the Council, which is responsible for the selection and nomination of any new member for the Council's consideration. The Council is responsible for ensuring that appropriate training is provided as required.

Members of Council are appointed for a term of office not exceeding three years.

Remuneration committee

Throughout the year ended 31 July 2005, the University's remuneration committee comprised five members of the Council. The committee's responsibilities are to decide 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.

Details of remuneration for the year ended 31 July 2005 are set out in note 6 to the financial statements.

Audit committee

The audit committee comprises four members of Council and two other external members who have particular experience in audit matters. The committee operates in accordance with written terms of reference approved by the Council.

The audit committee meets four times a year and provides a forum for reporting by the University's internal and external auditors, who have access to the committee for independent discussion, without the presence of University management. 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.

The University's internal auditors monitor the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input and report their findings to management and the audit committee.

Management is responsible for the implementation of agreed audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The audit committee decides on the appointment of the internal auditors and advises the Council on the appointment of the external auditors and their remuneration for both audit and non-audit work.

Internal control

Scope of responsibility

The Council is ultimately responsible for the University's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

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 and the Higher Education Funding Council for England. He is also responsible for reporting to the University any material weaknesses or breakdowns in internal control.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all 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 system of internal control has been in place in Roehampton University for the year ended 31 July 2005 and up to the date of approval of the annual report and accounts.

Internal control (continued)

Capacity to handle risk

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 2005 and up to the date of approval of the annual report and accounts. This process is regularly reviewed by the Council.

The risk and control framework

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. At minimum annually, the Head of Internal Audit (HIA) provides the governing body 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.

Review of effectiveness

As 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.

Internal control (continued)

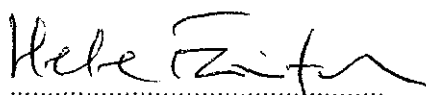
The Vice-Chancellor has been advised on the implications of the result of his review of the effectiveness of the system of internal control by the audit committee which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

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's agenda includes a regular item for consideration of risk and control and the Council 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 2005 meeting, the Council carried out the annual assessment for the year ended 31 July 2005 by considering documentation from the senior management team and internal audit, and taking account of events since 31 July 2005.

Going concern

After making appropriate enquiries, the Council considers that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Signed on behalf of the Council



Ms H Fairfoul

Company Secretary and Clerk to Council

Approved on: 12 December 2005

Statement of Responsibilities of the Members of Council Year to 31 July 2005

The members of the Council are required to present audited financial statements for each financial year.

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 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 the relevant legislation of incorporation and other relevant accounting standards. 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.

Signed on behalf of the Council



Ms H. Fairfoul

Company Secretary and Clerk to Council

Approved on: 12 December 2005

Report of the independent auditors to the Directors of Roehampton University

We have audited the financial statements on pages 16 to 38 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed asset investments) and in accordance with the accounting policies set out on pages 19 to 21.

This report is made solely to the University Council, as a body, in accordance with statute in the United Kingdom, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance. Our audit work has been undertaken so that we might state to the University Council, as a body, those matters we are required to state to them in an auditors' 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 University Council, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Governing Body and auditors

The Governing Body is responsible for preparing the Financial Report and, as described in the Statement of Responsibilities of the Members of Council on page 13 of the financial statements in accordance with the Statement of Recommended Practice for Accounting for Further and Higher Education and applicable United Kingdom law and Accounting Standards.

Our responsibilities as independent auditors are established in the United Kingdom by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

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 Statement of Recommended Practice on Accounting for Further and Higher Education. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the institution, have been properly applied only for the purposes for which they were received, and whether income has been applied in accordance with the institution's statutes and where appropriate with the financial memorandum with the Higher Education Funding Council for England and with the Funding Agreement with the Teacher Training Agency and any other terms and conditions attached to them.

We also report to you if, in our opinion, the Financial Report is not consistent with the financial statements, if the institution has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board, and the 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 Governing Body in the preparation of the financial statements, and of whether the accounting policies are appropriate to the institution's circumstances, 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 of the state of affairs of the institution at 31 July 2005, and of the deficit of income over expenditure and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice on Accounting for Further and Higher Education;
- ◆ in all material respects, income from the Higher Education Funding Council for England and the Teaching Training Agency, grants and income for specific purposes and from other restricted funds administered by the institution have been applied for the purposes for which they were received;
- ◆ in all material respects, income has been applied in accordance with the institution's statutes and where appropriate with the Financial Memoranda with the Higher Education Funding Council for England dated 1 August 2000 and 22 July 2004 and with the Funding Agreement with the Teacher Training Agency.



Buzzacott
Chartered Accountants and Registered Auditors
12 New Fetter Lane
London
EC4A 1AG

12 December 2005

Consolidated income and expenditure account Year to 31 July 2005

	Notes	2005 £'000	2004 £'000
Income			
Funding Council grants	1	25,315	23,046
Academic fees and support grants	2	11,606	11,443
Research grants and contracts	3	835	759
Other operating income	4	3,324	4,094
Interest receivable	5	628	330
Total income		41,708	39,672
Expenditure			
Staff costs	6	28,100	27,815
Depreciation	9	1,537	1,316
Other operating expenses	7	12,248	10,580
Interest payable	8	172	513
Total expenditure		42,057	40,224
Deficit on continuing operations after depreciation of assets		(349)	(552)
Gains on disposal of building		—	664
(Deficit)/surplus on continuing operations after depreciation of assets and disposal of assets	18	(349)	112

Pro-forma comparatives are shown on pages 16 to 38 – see paragraph on comparative figures within Principal Accounting Policies.

All gains and losses for the year have been recognised in the income and expenditure account.

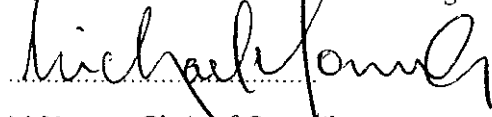
The income and expenditure of the University relates wholly to continuing operations.

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.

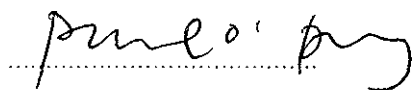
Balance sheets 31 July 2005

	Notes	Group 2005 £'000	Group 2004 £'000	University 2005 £'000	University 2004 £'000
Fixed assets					
Tangible assets	9	16,850	15,534	16,850	15,534
Investments	10	—	—	29	29
		16,850	15,534	16,879	15,563
Endowment assets	11	47	36	47	36
Current assets					
Stocks and stores in hand		8	17	8	17
Debtors due within one year	12	2,703	1,788	2,755	1,744
Debtors due after one year	12	1,824	1,938	1,824	1,938
Cash at bank and in hand		2,161	3,634	2,051	3,627
		6,696	7,377	6,638	7,326
Creditors: amounts falling due within one year	13	(6,086)	(6,716)	(6,073)	(6,707)
Net current assets		610	661	565	619
Total assets less current liabilities		17,507	16,231	17,491	16,218
Creditors: amounts falling due after one year	14	(4,389)	(4,599)	(4,389)	(4,599)
Provisions for liabilities and charges	15	(1,333)	(1,409)	(1,333)	(1,409)
Total net assets		11,785	10,223	11,769	10,210
Represented by:					
Deferred capital grants	16	7,582	5,656	7,582	5,656
Endowments					
Specific endowments	17	47	36	47	36
Reserves					
Income and expenditure account	18	3,615	3,990	3,599	3,977
Long term maintenance reserve	18	541	541	541	541
		11,785	10,223	11,769	10,210

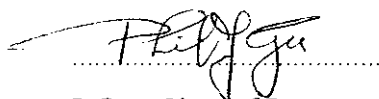
The financial statements on pages 16 to 38 were approved by Roehampton University Council on 12 December 2005 and signed on its behalf by:



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 2005

	Notes	2005 £'000	2004 £'000
Net cash inflow from operating activities	22	3,121	2,132
Returns on investments and servicing of finance	23	73	(183)
Capital expenditure and financing investments	24	(3,761)	(2,314)
Cash outflow before financing		(567)	(365)
Financing	25	(906)	(747)
Decrease in cash	26	(1,473)	(1,112)

Notes to the cash flow statement for the year to 31 July 2005.

Reconciliation of net cash flow to movement in net debt

	Notes	2005 £'000	2004 £'000
Decrease in cash in the year	26	(1,473)	(1,112)
Change in net debt resulting from cash flows	25	906	747
Movement in net debt		(567)	(365)
Net (debt) funds at 1 August 2004		(36)	329
Net debt at 31 July 2005		(603)	(36)

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") and applicable United Kingdom Accounting Standards. They conform to guidance published by HEFCE and TTA.

Basis of consolidation

The consolidated financial statements reflect the total activities of the University and its subsidiary Roehampton Corporate Initiatives Limited. It also incorporates the trading results and net assets of the Halls of Residence at Mount Clare of Southlands College which is subject to a lease given to the University.

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.

Comparative figures

Pro-forma comparatives relate to University of Surrey Roehampton (Charity Number 276590), whose assets, liabilities and activities were transferred to Roehampton University ('the Company' – Company Number 5161359). The comparatives have been shown for illustrative purposes and do not form part of the Company's statutory accounts.

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 two principal pension schemes for the University's staff are the Teachers' Superannuation Scheme (TSS) 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 Earnings-Related Pension Scheme. The TSS is valued every five years by the Government Actuary. The LPFA Scheme is valued every five years by a professionally qualified independent actuary using the "Projected Unit" method. Pension costs are assessed on the latest actuarial valuations of the schemes and are accounted for on the basis of charging the costs of providing pensions over the period during which the institution benefits from the employee's service.

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.

Land and buildings

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:

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 £1,000 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
Southlands College Equipment	3 - 10 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 print 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. The University also sets aside sums on an annual basis to meet the cost of major maintenance works. These sums are held in a long term maintenance reserve.

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.

1 Funding council grants

	HEFCE £'000	TTA £'000	2005 Total funds £'000	2004 Total funds £'000
Recurrent grants	16,891	6,008	22,899	21,361
Specific grants	—	—	—	426
HR strategy grants	839	—	839	548
Restructuring and inherited liabilities grant	130	—	130	126
Summer schools	—	—	—	10
Learning and teaching development	291	—	291	69
Active community fund	43	—	43	83
National Teaching Fellowship Scheme	10	—	10	—
Knowledge Transfer Capability Fund	75	—	75	—
Centres of Excellence in Teaching & Learning	245	—	245	—
HEIF2 Funding	151	—	151	—
Science Research Investment Funding (SRIF)	262	—	262	142
Capital teaching and research grants	2,160	—	2,160	4,091
Capital teaching and research grants to deferred capital grants (note 16)	(2,422)	—	(2,422)	(4,204)
Specialist shortage schemes and other TTA grants	—	177	177	128
Release of deferred capital grants (note 16)	455	—	455	266
	19,130	6,185	25,315	23,046

2 Academic fees

	2005 £'000	2004 £'000
Full-time students	6,939	6,442
Full-time students from European Union (EU) excluding UK	295	189
Full-time students charged overseas fees	2,461	2,853
Part-time fees	1,235	1,156
Short course fees	676	803
	11,606	11,443

3 Research grants and contracts

	2005 £'000	2004 £'000
Research councils	357	226
UK based charities	77	20
European Commission	16	69
Other grants and contracts	385	444
	835	759

4 Other operating income

	2005 £'000	2004 £'000
Residencies and catering colleges	768	1,603
Other income-generating activities	2,038	2,269
Other grant income	215	57
Other income	303	165
	3,324	4,094

5 Interest receivable

	2005 £'000	2004 £'000
Income from short term investments	245	303
Exceptional item – Past interest borne by Whitelands College (note 30 b (ii))	383	—
Other short term investment income	—	27
	628	330

6 Staff

	2005 £'000	2004 £'000
Staff costs		
Wages and salaries	23,507	22,889
Social security costs	2,000	1,903
Other pensions costs (note 27)	2,652	2,409
Restructuring costs	(59)	614
	28,100	27,815

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

	2005 £'000	2004 £'000
Analysis of staff costs expenditure by activity		
Academic departments	16,081	15,698
Academic services	4,396	4,678
Research grants and contracts	1,219	735
Residences, catering and conferences	—	199
Premises	397	370
Administration	6,007	6,135
Total per income and expenditure account	28,100	27,815

6 Staff (continued)

Senior staff emoluments

The emoluments shown below include one month of the outgoing Vice Chancellor and 11 months of the incoming Vice Chancellor. They include remuneration, employer's contributions for pension and benefit covering medical insurance. For Senior staff gross salary, pension costs and any benefits are included.

	2005 £'000	2004 £'000
Vice Chancellor		
Salary costs	119	109
Pension	17	15
Taxable benefits	1	1
	137	125

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

	2005 No	2004 No
Senior staff		
£70,001 - £80,000	3	1
£80,001 - £90,000	—	—
£90,001 - £100,000	2	2

The University's pension contributions to TSS for the Vice Chancellor are paid at the same rates as for the academic staff and in 2005 they amounted to £16,662 (2004 - £14,670).

	2005 No	2004 No
Staff numbers by major category:		
FTE equivalents		
Academic	317	333
Administrative and clerical	291	295
Other, including technical and manual	157	166
Total	765	794

7 Other operating expenses

	2005 £'000	2004 £'000
Residences and catering operating expenses	—	215
Consumables and laboratory expenditure	1,794	1,615
Books and periodicals	248	305
Heat, light, water and power	316	250
Repairs and general maintenance	892	634
Grants to Students' Union	295	280
Auditors' remuneration (internal)	38	35
Auditors' remuneration (external)	37	33
Auditors' remuneration in respect of non-audit services	15	13
Operating leases	1,655	1,428
Accommodation works	23	185
Provision for doubtful debts	51	—
Travel, subsistence, catering and entertaining	903	766
Infrastructure	1,113	858
Printing, stationery and postage	1,604	1,398
Other expenses	3,264	2,561
	12,248	10,580

Analysis of 2005 expenditure (less staff costs) by activity

	Depreciation £'000	Other operating expenses £'000	Interest payable £'000	2005 Total funds £'000	2004 Total funds £'000
Academic departments	242	3,473	—	3,715	2,573
Academic services	407	1,674	—	2,081	1,549
Research grants and contracts	2	491	—	493	101
Residence, catering and conferences	—	—	—	—	680
Premises	704	809	172	1,685	1,824
Administration	182	5,801	—	5,983	5,682
Total	1,537	12,248	172	13,957	12,409

The depreciation charge has been funded by:

	£'000
Deferred capital grants released (note 16)	495
General income	1,042
	1,537

8 Interest payable

	2005 £'000	2004 £'000
Bank and other loans wholly repayable within five years	39	64
Loans not wholly repayable within five years	131	446
Finance leases	2	3
	172	513

9 Tangible fixed assets

Group and University	Buildings under construction £'000	Buildings £'000	Equipment £'000	Finance leased equipment £'000	Total £'000
Cost or valuation					
Transferred on 1 August 2004	5,536	11,473	6,274	583	23,866
Novation of Harris Halls (Note 30b)	—	(3,923)	(2)	—	(3,925)
Additions	2,105	2,034	2,049	—	6,188
Transfer	(6,595)	6,595	—	—	—
Disposals	—	—	(2)	—	(2)
At 31 July 2005	1,046	16,179	8,319	583	26,127
Depreciation					
Transferred on 1 August 2004	—	3,539	4,210	583	8,332
Novation of Harris Halls (Note 30b)	—	(588)	(2)	—	(590)
Charge for year	—	590	947	—	1,537
Disposals	—	—	(2)	—	(2)
At 31 July 2005	—	3,541	5,153	583	9,277
Net book values					
At 31 July 2005	1,046	12,638	3,166	—	16,850
At 1 August 2004	5,536	7,934	2,064	—	15,534
Financed by:					
Capital grant	98	5,650	1,834	—	7,582
Other	948	6,988	1,332	—	9,268
Total	1,046	12,638	3,166	—	16,850

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 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 2005. The company provides media and consultancy services to external clients. The investment in RCIL is £29,000.

11 Endowment assets

Group and University	2005 £'000	2004 £'000
Transferred on 1 August 2004	36	34
Additions	5	—
Appreciation on revaluation	6	2
Balance at 31 July 2005	47	36
Represented by:		
Market value		
Fixed interest stocks	20	19
Equities	18	15
	38	34
Cash	9	2
Total	47	36
Fixed interest and equities at cost	40	40

12 Debtors

	Group 2005 £'000	Group 2004 £'000	University 2005 £'000	University 2004 £'000
Amounts falling due within one year				
Debtors	1,226	931	1,220	887
Prepayments and accrued income	1,151	576	1,209	576
College debtors	274	245	274	245
Roehampton Students' Union Loan (Note 30e)	246	230	246	230
Provision for Roehampton Students' Union Loan	(194)	(194)	(194)	(194)
	2,703	1,788	2,755	1,744
Amounts falling due after one year				
Southlands College Loan (Note 30c)	893	1,000	893	1,000
Whitelands College Foundation Loan (Note 30d)	931	938	931	938
Roehampton Students' Union Loan (Note 30e)	78	77	78	77
Provision for Roehampton Students' Union Loan	(78)	(77)	(78)	(77)
	1,824	1,938	1,824	1,938
Total	4,527	3,726	4,579	3,682

13 Creditors: amounts falling due within one year

	Group 2005 £'000	Group 2004 £'000	University 2005 £'000	University 2004 £'000
Secured loans	189	995	189	995
Obligations under finance leases (note 19)	10	14	10	14
Payments received on account	43	36	43	35
University creditors	996	1,371	996	1,365
Taxation and social security	1,080	1,004	1,071	1,004
Accruals and deferred income	3,768	3,296	3,764	3,294
	6,086	6,716	6,073	6,707

14 Creditors: amounts falling due after one year

	Group 2005 £'000	Group 2004 £'000	University 2005 £'000	University 2004 £'000
Secured loans	4,389	4,590	4,389	4,590
Obligations under finance leases (note 19)	—	9	—	9
	4,389	4,599	4,389	4,599

Lender	Type of loan	Date drawn down	Total drawn £'000	Period of loan	Interest rate
Barclays	Term loan	Apr 2005	4,625	25 years	Variable

During the year, existing Barclays' lending was increased to finance the purchase of Downshire House and other capital building work. Total lending was consolidated into one term loan in April 2005. The resulting £4.6m is to be repaid over a 25-year period. Further detail on the long term secured loans can be found in note 30.

15 Provisions for liabilities and charges

Group and University	Pensions 2005 £'000	Pensions 2004 £'000
Transferred on 1 August 2004	1,409	1,452
Utilised in year	(126)	(123)
Transfer from income and expenditure account	50	80
At 31 July 2005	1,333	1,409

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 2004/05, actual payments of £126,160 (2004: £123,130) 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.

16 Deferred capital grants

Group and University	Funding Council £'000	Other grants £'000	Total £'000
Transferred on 1 August 2004			
. Buildings	4,206	723	4,929
. Equipment	727	—	727
	4,933	723	5,656
Cash received			
. Buildings	982	—	982
. Equipment	1,440	—	1,440
Release to income and expenditure			
. Buildings	(124)	(40)	(164)
. Equipment	(331)	—	(331)
At 31 July 2005			
. Buildings	5,064	684	5,748
. Equipment	1,834	—	1,834
Total	6,898	684	7,582

17 Specific endowments

Group and University	Gerhard Weiler £'000	Honora Naughton £'000	Total £'000
Transferred on 1 August 2004	36	—	36
Additions	—	5	5
Appreciation of endowment asset investments	6	—	6
As at 31 July 2005	42	5	47

18 Reserves

a) Income and expenditure account

	Group 2005 £'000	Group 2004 £'000	University 2005 £'000	University 2004 £'000
Funds transferred from University of Surrey Roehampton (Charity Number 276590) on 1 August 2004	4,531	4,419	4,518	4,409
Novation of Harris Halls reserves (Note 30b)	(26)	—	(26)	—
Net (deficit) / surplus after depreciation of assets and disposal of assets	(349)	112	(352)	109
As at 31 July 2005	4,156	4,531	4,140	4,518

18 Reserves (continued)

b) Total Reserves

Group	Income and expenditure account £'000	Long-term maintenance reserve £'000	Total £'000
Funds transferred from University of Surrey Roehampton (Charity Number 276590) on 1 August 2004	3,990	541	4,531
Novation of Harris Halls reserves (Note 30b)	(26)	—	(26)
Net deficit after depreciation of assets and disposal of assets	(349)	—	(349)
As at 31 July 2005	3,615	541	4,156

University	Income and expenditure account £'000	Long-term maintenance reserve £'000	Total £'000
Funds transferred from University of Surrey Roehampton (Charity Number 276590) on 1 August 2004	3,977	541	4,518
Novation of Harris Halls reserves (Note 30b)	(26)	—	(26)
Net deficit after depreciation of assets and disposal of assets	(352)	—	(352)
As at 31 July 2005	3,599	541	4,140

No transfer was made to the Long Term Maintenance Reserve during 2004/05 with the result that the balance remains at £541,000.

19 Finance lease obligations

Group and University	2005 £'000	2004 £'000
Obligations under finance leases fall due as follows:		
Within one year (note 13)	10	14
Between one and two years (note 14)	—	9
	10	23

20 Operating leases

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

Group and University	2005 £'000	2004 £'000
Within one year	179	120
Between two and five years	518	627
Over five years	960	695
Total	1,657	1,442

21 Capital commitments

Group and University	2005 £'000	2004 £'000
Commitments authorised and contracted		
New PE and dance building	—	715
LRC building extension	—	280
Parkstead fit-out	—	1,544
New research, teaching and learning building	5,365	574
New CRUCiBLE building	166	—
Commitments authorised but not contracted		
New research, teaching and learning building	—	6,190
New CRUCiBLE building	1,834	—
Acquisition of Downshire House, Roehampton Lane	—	2,000
Total	7,365	11,303

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

	2005 £'000	2004 £'000
Net (deficit) surplus on continuing operations	(349)	112
Novation of Harris Halls	3,692	—
Depreciation (note 9)	1,537	1,316
Gain on disposal of building	—	(664)
Loss on disposal of other tangible fixed assets	—	10
Appreciation in endowment assets	(6)	—
Deferred capital grants released to income (note 16)	(495)	(306)
Interest receivable (note 5)	(628)	(330)
Interest payable (note 8)	172	513
Decrease in stocks	9	2
(Increase) in debtors	(915)	(8)
Increase in creditors	180	1,530
(Decrease) in provisions	(76)	(43)
Net cash inflow from operating activities	3,121	2,132

23 Return on investments and servicing of finance

	2005 £'000	2004 £'000
Interest received from short-term investments	245	330
Interest paid	(172)	(513)
	<u>73</u>	<u>(183)</u>

24 Capital expenditure and financial investment

	2005 £'000	2004 £'000
Tangible assets acquired (note 9)	(6,188)	(7,368)
Sales of tangible fixed assets	—	850
Deferred capital grants received (note 16)	2,422	4,204
Endowment received	5	—
Net cash outflow from capital expenditure and financial investment	<u>(3,761)</u>	<u>(2,314)</u>

25 Analysis of changes in finance during the year

	Finance leases £'000	Mortgages and loans £'000	Total £'000
Transferred as at 1 August 2004	23	5,585	5,608
New leases/loans	—	3,700	3,700
Capital repayment	(13)	(4,707)	(4,720)
Loan debtor	—	114	114
Net amount repaid in year	<u>(13)</u>	<u>(893)</u>	<u>(906)</u>
At 31 July 2005	<u>10</u>	<u>4,692</u>	<u>4,702</u>

26 Analysis of changes in net (debt) funds

	At 1 August 2004 £'000	Cash flows £'000	At 31 July 2005 £'000
Cash at bank and in hand	3,634	(1,473)	2,161
Loan debtor	1,938	(114)	1,824
Debt due within one year	(1,009)	810	(199)
Debt due after one year	(4,599)	210	(4,389)
Total	<u>(36)</u>	<u>(567)</u>	<u>(603)</u>

27 Pensions

The employers' contribution rates for the University were:

for academic staff:	13.50% of pensionable salaries from 1/8/04-31/7/05
for non-academic:	13.90% of pensionable salaries from 1/8/04-5/4/05
	15.70% of pensionable salaries from 6/4/05-31/7/05

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 2004/05 totalled £129,500 (£(2004: £126,491)).

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

	2005 £'000	2004 £'000
Contributions to Teachers' Pension Scheme (TPS)	1,556	1,490
Contributions to London Pensions Fund Authority (LPFA)	1,096	919
	2,652	2,409

Teachers Pension Scheme

Latest Actuarial Valuation	March 2001
Actuarial Method	Prospective Benefits
Investment returns pa	7.00%
Salary increases pa	5.00%
Pension increases pa	3.50%
Market Value of assets	£142,880 million
Proportion of members' accrued benefits covered by the actuarial value of the assets	100%

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. As a result of this, the rate increased to 13.5% from 1 April 2003. An appropriate SSAP 24 provision in respect of unfunded pensioners' benefits is included in provisions.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS 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 FRS17 and has accounted for the contributions to the scheme as if it were a defined contribution scheme.

27 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 2004 updated to 31 July 2005 by a qualified independent actuary.:

	2005	2004	2003	2002
Rate of increase in salaries	4.3%	4.4%	4.1%	3.9%
Rate of increase in pensions in payment	2.8%	2.9%	2.6%	2.4%
Discount rate	5.0%	5.8%	5.5%	6.0%
Inflation	2.8%	2.9%	2.6%	2.4%
Investment return per annum	6.8%	7.5%	7.5%	7.6%
Market value of assets at date of last valuation	£1,761m	£1,374m	£1,288m	£1,183m

The following amounts were measured in accordance with FRS 17 requirements:

	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Total market value of assets	17,170	13,786	11,740	10,452
Present value of scheme liabilities	(26,335)	(21,309)	(18,990)	(14,774)
Deficit in the scheme – Net pension liability	(9,165)	(7,523)	(7,250)	(4,322)

27 Pensions (continued)

London Pensions Fund Authority (LPFA) (continued) –
Market Value of Assets of Whole Fund

	2005 £m	2004 £m	2003 £m	2002 £m
Equities	1,389	1,093	1,053	983
Bonds	170	159	170	183
Property	120	105	65	—
Cash	82	17	—	17
Total	1,761	1,374	1,288	1,183

Asset class

	Expected return (% per annum)			
	2005	2004	2003	2002
Equities	7.3%	7.9%	8.0%	8.0%
Bonds	4.7%	5.4%	5.0%	5.5%
Property	5.4%	6.7%	6.0%	6.0%
Cash	4.5%	4.5%	3.5%	4.0%

Under the transitional arrangements of FRS17, no provision has been made by the University for its share of the deficit of the scheme. If provision were made the entries would be as follows:

	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Net assets	11,785	10,223	6,211	5,984
Pension liability	(9,165)	(7,523)	(7,250)	(4,322)
Net assets including pension asset	2,620	2,700	(1,039)	1,662
Income and expenditure account	3,615	3,990	2,878	2,905
Pension reserve	(9,165)	(7,523)	(7,250)	(4,322)
Income and expenditure account	(5,550)	(3,533)	(4,372)	(1,417)

The last formal funding valuation of the LPFA for funding purposes was March 2004. The Projected Unit method was used in the actuarial valuation. The data used in the above valuation includes the membership data submitted for the March 2004 valuation, pension fund accounts for each year since this valuation and other relevant information provided by the LPFA as the administering authority to the fund in relation to the University in the period since the previous valuation.

27 Pensions (continued)

London Pensions Fund Authority (LPFA) (continued)

Analysis of the amount charged to income and expenditure account	2005 £'000	2004 £'000
Service cost	1,043	1,119
Total operating charge	1,043	1,119

Analysis of net return on pension scheme	2005 £'000	2004 £'000
Expected return on employer assets	1,072	922
Interest on pension liabilities	(1,270)	(1,080)
Net return	(198)	(158)

Amount recognised in the statement of total recognised gains and losses (STRGL)	2005 £'000	2004 £'000
Actual return less expected return on pension scheme assets	1,723	8
Experience losses arising on the scheme liabilities	152	—
Changes in assumptions underlying the present value of the scheme liabilities	(3,311)	(29)
Actuarial loss in pension plan	(1,436)	(21)
Increase (decrease) in irrecoverable surplus from membership fall and other factors	—	—
Actual loss recognised in STRGL	(1,436)	(21)

Movement in deficit during the year	2005 £'000	2004 £'000
Deficit at 1 August 2004	(7,523)	(7,250)
Current service cost	(1,043)	(1,119)
Employer contributions	1,096	1,031
Contributions in respect of unfunded benefits	21	22
Past service costs	—	(15)
Impact of settlements and curtailments	(82)	(13)
Net return on assets	(198)	(158)
Actuarial losses	(1,436)	(21)
Deficit at 31 July 2005	(9,165)	(7,523)

27 Pensions (continued)

London Pensions Fund Authority (LPFA) (continued)

History of experience gains and losses	2005 £'000	2004 £'000	2003 £'000	2002 £'000
Difference between the expected and actual return on assets	1,723	8	(630)	(3,090)
Value of assets	17,170	13,786	11,740	10,452
Percentage of assets	10.0%	0.1%	(5.4%)	(29.6%)
Experience losses on liabilities	152	—	62	(768)
Present value of liabilities	26,335	21,309	18,990	14,774
Percentage of the present value of liabilities	0.6%	—	0.3%	(5.2%)
Actuarial losses recognised in STRGL	(1,436)	(21)	(2,888)	2,288
Present value of liabilities	26,335	21,309	18,990	14,774
Percentage of the present value of liabilities	(5.5%)	(0.1%)	(15.2%)	(15.5%)

28 Access funds

	2005 £'000	2004 £'000
Transferred as at 1 August 2004	155	70
Funding Council grants	458	510
Interest earned	6	4
	619	584
Disbursed to students	(596)	(427)
Audit fees	(2)	(2)
Balance at 31 July 2005	21	155

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.

29 TTA training salary

	2005 £'000	2004 £'000
Total payment received from TTA, excluding VAT	2,967	3,014
Total disbursed to students	(2,826)	(2,717)
Administration fee	(54)	(54)
Balance at 31 July 2005	87	243

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.

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

The four federated 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. As a result, the following disclosures are required under FRS 8, Related Party Transactions.

- a. At the University's financial year end of 31 July 2005 there was a £62,000 unsecured loan outstanding from Froebel College to Roehampton University.
- b. (i) At 31 July 2004, the University had a loan from Allied Irish Bank PLC of £3.3 million which with interest was secured against assets at Whitelands College leased to the University on a 99 year lease (see (ii) below).

(ii) As part of an agreement entered into on 28 March 2003, between the University, Whitelands College Foundation and Allied Irish Bank PLC, upon completion of the sale of the West Hill site, the parties agreed to enter into a deed of Novation pursuant to which the Harris Halls facility be novated in favour of Whitelands and the bank's security over the 99 year sub-lease released. The latter agreed actions were effected in September 2004 and resulted in a credit to the Income and Expenditure account in the year of £383,000 and a debit to the brought forward balance of £26,000.
- c. The University lent £1 million to Southlands College for the purchase of Mount Clare student residences which the University rents at the cost of £960,000 per annum. The loan is secured on the Mount Clare site and at 31 July 2005 amounted to £893,000 (2004 - £1 million).
- d. The University has lent £931,000 (2004 - £938,000) to Whitelands College Foundation, payment of the interest on a £10 million loan from Allied Irish Bank plc for the purchase of Parkstead House.
- e. The University has lent £78,000 to Roehampton Students' Union for working capital. Roehampton Students' Union also owes £246,000 (2004 - £230,000) to the University on a current account. Provision has been made against a proportion of this debtor.