



**Annual Report and Financial  
Statements**

31 July 2012

Company Registration Number  
5161359 (England and Wales)

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## Chair of Council's Statement



2011-12 was a good year for the University despite a very challenging environment across the University sector. I would like to congratulate all the staff of the University for their hard work. The success of the University last year is very much their success. We performed well, generating a surplus and increasing net liquidity. Financial sustainability has improved and this creates a strong base for future investment.

Across the sector institutions have been facing the challenges of adapting to the new student fees regime. The funding regime is now even more complex, with the introduction of market based mechanisms covering students attaining the equivalent of AAB plus at A-level and the introduction of School Direct, which allows schools to recruit and train their own staff.

There continues to be significant volatility in the number of home undergraduates seeking places at universities. We took proactive measures during 2011-12 to manage this risk for the September 2012 intake. As a result we attracted more students with AAB or higher grades than expected and income from overseas (non-EU) tuition fees has risen. We have, therefore, performed well in these challenging times. We generated a 3% surplus despite funding council grants falling by £2.9m (nearly 9%). We no longer receive significant HEFCE funding for capital expenditure so it is important to build reserves to fund investment. We now have a much improved liquidity with our reserves now covering a potential operating period of 85 days.

Most importantly of all we have improved the attainment of our students. Over 60% of last year's Roehampton graduates achieved a first or upper second degree, up on previous years. Nine out of ten of our graduates were in work or further study within six months of graduating. Student retention is now ahead of the national average. This is a significant achievement given the high number of students we have from non-traditional backgrounds. We also performed strongly in the 2012 National Student Survey. The University scored 85% in Overall Satisfaction and moved up the league table as a result.

We have now completed the process of creating a unified operational structure for the University. Just after the close of the 2011-12 financial year agreement was reached with the Church of England and Whitelands Trust on the college's future status within the University. This marks the final element of establishing the University in its new form. I am confident that 2012-13 will mark the start of the next phase of developing the University. Over the next year we will also develop plans to invest in new student accommodation and learning facilities, research and new courses.

Although we should not underestimate the challenges ahead I am confident that the University of Roehampton is well placed to deal with these and be a stronger institution relevant to the 21<sup>st</sup> century.

A handwritten signature in blue ink, which appears to read 'David Bell'. The signature is stylized and written over a horizontal line.

Sir David Bell  
Chair of Council

## Operating and Financial Review Year to 31 July 2012

### Members of Council and Directors

Sir David Bell – Chair  
Dr Susan Acheson  
Nicholas Brookes – Vice-Chair  
Canon Peter Bruinvels (*until 11 October 2012*)  
Rt Rev Dr Richard Cheetham (*until 31 July 2012*)  
John Constantine  
Janet Cooper (*from 1 May 2012*)  
Roger Dawe CB, OBE  
Rev David Deeks  
Clare Delmar  
Noel Flannery  
Terry Knight (*until 31 July 2012*)  
Max Landsberg  
David Lochtie (*from 15 October 2012*)  
Stephen Ludlow  
Rev. James McKinney (*from 12 October 2012*)  
Alex Murray (*ex officio until 2 July 2012*)  
Mark Neale CB  
Brian Newey  
David Parrott (*until 31 July 2012*)  
Professor Paul O'Prey  
Dr Julie Shaughnessy  
Wade Tomlinson (*ex officio from 2 July 2012*)

### Company Secretary and Clerk to the Council

Robin Geller (*until 31 May 2012*)  
Andrew Skinner (*from 1 June to 7 September 2012*)  
Laurence Benson (*from 7 September 2012*)

### Audit Committee

Noel Flannery – Chair  
John Constantine  
Roger Dawe CB, OBE  
Elaine Hutton  
Brian Newey (*from 12 March 2012*)  
Jeffery Onions QC

## Operating and Financial Review Year to 31 July 2012

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

Nicholas Brookes – Chair  
Dr Susan Acheson (*until 31 July 2012*)  
Robert Alexander  
Clare Delmar  
Terry Knight (*until 31 July 2012*)  
Alex Murray (*ex officio, until 2 July 2012*)  
Professor Paul O'Prey (*ex officio*)  
Mark Neale CB  
Wade Tomlinson (*ex officio, from 2 July 2012*)

### **Remuneration Committee**

Sir David Bell – Chair (*ex officio*)  
Nicholas Brookes  
Rev David Deeks  
Max Landsberg  
Professor Paul O'Prey (*ex officio*)

### **Employment Committee**

Rev David Deeks – Chair  
John Allen (*until 25 November 2011*)  
Professor Pat Corcoran  
Stuart Hannan  
Max Landsberg  
Alex Murray (*ex officio, until 2 July 2012*)  
Brian Newey  
Professor Paul O'Prey (*ex officio*)  
Wade Tomlinson (*ex officio, from 2 July 2012*)

## Operating and Financial Review Year to 31 July 2012

### **Estates Committee**

Terry Knight – Chair (*until 31 July 2012*)  
Group Captain Laurence Barnes  
Professor Jane Broadbent (*ex officio, until 12 March 2012*)  
Nicholas Brookes  
Professor Lynn Dobbs (*ex officio, from 1 May 2012*)  
Robert Erskine  
Virginia Jordan (*from 1 November 2011*)  
Stephen Ludlow (*Acting Chair from 1 August 2012*)  
Rev Jim McKinney (*from 8 October 2012*)  
Alex Murray (*ex officio, until 2 July 2012*)  
David Noakes (*until 30 September 2012*)  
Professor Paul O'Prey (*ex officio*)  
Dean Sutton  
Wade Tomlinson (*ex officio, from 2 July 2012*)  
Philip Wildman

### **Honorary Awards Committee**

Sir David Bell – Chair (*ex officio*)  
Professor Jane Broadbent (*ex officio, until 12 March 2012*)  
Canon Peter Bruinvels (*until 11 October 2012*)  
Professor Michael Chanan  
Profession Michael Day (*from 1 October 2012*)  
Clare Delmar  
Professor Lynn Dobbs (*ex officio, from 1 May 2012*)  
Professor Cecilia Essau  
Dr Aisha Gill  
Professor Garry Marvin  
Andrew Masheter (*ex officio*)  
Alex Murray (*ex officio, until 2 July 2012*)  
Professor Paul O'Prey (*ex officio*)  
Andrew Skinner (*until 26 September 2012*)  
Wade Tomlinson (*ex officio, from 2 July 2012*)

## Operating and Financial Review Year to 31 July 2012

### Health & Safety Committee

Robin Geller – Chair (*until 31 May 2012*)  
Laurence Benson – Chair (*from 7 September 2012*)  
Dr Ghazwa Alwani-Starr  
Reggie Blennerhassett  
Dr Patrick Brady (UCU)  
John Constantine (*from 1 August 2012*)  
Professor Pat Corcoran  
Simon Dorman  
Dr Mark Garner (*from 1 August 2012*)  
Irene Gerlach (GMB)  
Professor Suzy Harris  
Gary Jennings (*ex officio, from 20 February 2012*)  
Terry Knight (*until 31 July 2012*)  
Alex Murray (*ex officio, until 2 July 2012*)  
Dr Claire Ozanne  
John Payne  
Christopher Stephens  
Wade Tomlinson (*ex officio, from 2 July 2012*)

### Nominations & Governance Committee

Sir David Bell – Chair (*ex officio*)  
Nicholas Brookes  
Canon Peter Bruinvels (*until 11 October 2012*)  
Terry Knight (*until 31 July 2012*)  
Andrew Masheter (*from 1 November 2011*)  
Alex Murray (*ex officio, until 2 July 2012*)  
Professor Paul O'Prey (*ex officio*)  
Wade Tomlinson (*ex officio, from 2 July 2012*)

## Operating and Financial Review Year to 31 July 2012

<b>Company Registration Number</b>	<b>5161359</b>
<b>Registered Office</b>	Grove House Roehampton Lane London SW15 5PJ
<b>Auditors</b>	BDO LLP 2nd Floor 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
<b>Bankers</b>	Barclays Bank PLC London SW18 2PR
<b>Solicitors</b>	Eversheds London EC4A 4JL



# Operating and Financial Review Year to 31 July 2012

## Operating and Financial Review

### Introduction

This report reviews the University's activities in the year 2011-12 in the context of the challenges and risks within which it operates. In England, the Higher Education sector is regulated primarily by the Higher Education Funding Council for England, with both the Teaching Agency and the Skills Funding Agency also maintaining an oversight of areas of activity which they fund directly. All UK universities undertake research and teaching and other activities, although the focus and balance of activities varies. The most recently available figures for the sector shows that in 2010-11, institutions generated some £28 billion in income of which £9 billion comprised Funding Council grants. The size of institutions varies widely, with income generated ranging from £1 billion for the largest institution to £7 million for the smallest. The University's turnover for 2011-12 was £72 million, of which £30 million comprised of Funding Council grants.

### 1 Statement of Public Benefit

Roehampton University is an exempt charity under the terms of Charities Act 2011. In preparing this statement of public benefit, the governors as trustees of the University have had regard to the Charity Commission's guidance on the reporting of public benefit and its supplementary public benefit guidance on the advancement of education.

#### 1.1 Objects, Vision and Values

The University's objects, vision and values reflect the institution's commitment to public benefit. The objects are set out in its Memorandum of Association which provides that:

*The object of the University shall be the establishment, conduct and development of a university for the advancement of higher and further education and as an institution for teaching and research*

The University's vision gives a particular focus to the benefits that both the student and society receive as a result of a Roehampton education. The vision is:

*Challenging, inspiring and supporting students to grow as individuals and to be responsible citizens and leaders in a complex world*

The institution's core values are embedded within the University's Strategic Plan which illustrates clearly the University's commitment to public benefit:

*At Roehampton we are defined by the high quality and strategic focus of our teaching and research, a commitment to serving our local communities in London, a distinctive approach to higher education and by the way we put into action a clear set of values:*

- *We challenge, inspire and support our students as individuals, to grow intellectually, personally and spiritually*
- *We prepare our students to be responsible citizens and leaders in a fast-changing, complex world*
- *We are committed to serving the needs of local communities and to contributing to the economic, social and cultural success of South and West London*
- *We work to promote social justice through our outreach and teaching programmes and through research, consultancy and engagement with communities*

## Operating and Financial Review Year to 31 July 2012

- *We encourage learning, creativity and the arts as ways of nurturing the human spirit and improving the quality of life*
- *We are engaged in the pursuit of truth through reason, research and debate based on freedom of thought and expression*
- *We promote equality, diversity, mutual respect and understanding*

Students who attend the University benefit directly from the quality of the education they receive and the opportunity this offers them to pursue satisfying and meaningful careers. Those careers allow them to contribute to the public purse and to support themselves and their families. Their studies, as well as activities outside the classroom, allow our students to acquire skills and knowledge that enable them to be fully contributing members of society, prepared to engage actively in their communities. The University's commitment to preparing its students for responsible citizenship, through modules such as Questioning Citizenship, gives them the capacity to act as informed participants in society and in its democratic processes. Many of our graduates will also have the ability and the desire to take on significant leadership roles as a result of the education they receive here. The composition of our student body also ensures that many Roehampton graduates serve as inspiring role models in their communities.

Members of staff at Roehampton engage actively in public debates on their areas of expertise. They frequently contribute to those debates through direct participation as well as through interviews given to the media. Their insights into current events and discoveries help to shape and inform public opinion.

For example, Dr Kate Teltscher is to bring the legendary dictionary of British India back to life with the re-launched Hobson-Jobson. Gifting us with 'dinghy', 'bungalow' and 'shampoo', the tome has resulted in more English words of Indian origin entering the Oxford English Dictionary than of any other country since its first publication in 1886. Continuously in print for 140 years the Hobson-Jobson has amused, inspired and seduced generations of writers from Rudyard Kipling to Salman Rushdie. Dr Teltscher collaborated with the award-winning poet and Roehampton Honorary Research Fellow Daljit Nagra for a radio programme on Hobson-Jobson. Hobson-Jobson was compiled by two extraordinary polymaths, Henry Yule and Arthur Burnell, who corresponded with scholars, diplomats, missionaries, intelligence officers and army personnel across the globe to produce their 1000-page lexicon.

Roehampton's Peter Jaeger has received an Arts and Humanities Research Council (AHRC) Fellowship for research into Buddhist philosophy and ecological concerns in the writing of the American composer, visual artist and poet John Cage. The findings will be disseminated as a series of public lectures exploring the interface of 'What did Buddhism mean for Cage? And how did his understanding of Buddhist philosophy impact on his poetics and his representation of nature?' Although Cage was among the first wave of post-war American artists and intellectuals to be influenced by Zen Buddhism, there is as yet no sustained critical text addressing his Buddhist poetics. 'John Cage and Buddhist Eco-poetics' will address this critical gap, and contribute to recent academic and popular interest in Buddhist discourse and green issues.

The English and Creative Writing Department's Dr Sebastian Groes and Dr Alison Waller have been awarded AHRC Research Networking funding for their project 'The Memory Network', which brings together scientists, arts and humanities scholars, writers and artists to think critically and creatively about memory in the twenty-first century. The project consists of various high-profile public events, symposia and conferences and two major publications. Dr Groes is acting as Principal Investigator, with Durham University's Professor Patricia Waugh as Co-investigator. This follows several successful applications for AHRC networking grants made by colleagues in the department of Media, Culture and Language this academic year. The AHRC is also to fund a Networking Project on the topic of 'Translating Music', coordinated by Lucile Desblache and involving the universities of Kingston and Macerata (Italy).

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Department of Humanities Lecturer Dr Mahlet Zimeta has been appointed to the Chatham House (CH) Under 35s Forum Steering Group. The mission of Chatham House is to be a world-leading source of independent analysis, informed debate and influential ideas on how to build a prosperous and secure world for all. The advisory group of Chatham House members helps to deliver a stimulating and wide-ranging events programme geared to the interests of the Under 35s membership and provides a unique environment in which the younger CH membership can expand their knowledge and network with like-minded people. Dr Zimeta teaches philosophy at Roehampton, and is also an Honorary Research Associate at the Department of Science and Technology Studies, UCL. Born in Ethiopia and educated in Britain, she read Philosophy, Politics and Economics at Somerville College, Oxford, and then completed an MPhil in Philosophy at King's College, Cambridge. She was awarded her PhD in Philosophy from the University of York and has a particular interest in the role of art and culture in social and intellectual change and innovation.

Other examples of the public benefit offered by the University include its widening participation programme, its community engagement particularly in sport and its public education programmes.

### 1.2 Widening Participation

Roehampton is committed to offering students from diverse backgrounds the opportunity to benefit from a university education. The University devotes significant resources to outreach activities as well as to its scholarship and bursary programmes. Its student body reflects this commitment as shown in the most recently available figures:

- 96.5% of young full-time undergraduate entrants to the University in 2010-11 were from state schools or colleges compared to the UK average of 89.2%
- 35.5% of young full-time undergraduates entering the University in 2010-11 were from National Statistics Social Economic Classifications 4 to 7 (compared to the sector average of 31.3%)
- 37.4% of students were from Black and Minority Ethnic backgrounds in 2010-11 (compared to a sector average of 18.4%)

The University also delivers an extensive and well-established programme of targeted outreach activities designed to raise levels of attainment, aspiration and applications among under-represented groups. Highlights include:

- An academic mentoring programme through which Roehampton students work with secondary schools in the local region to offer academic support and act as role models for pre-GCSE students
- Taster and progression days for schools in our region that are identified as having low progression to HE
- Masterclasses for gifted and talented students that are arranged through the Local Authority and direct contact with target schools, in a variety of subjects

The University is also committed to ensuring that all students benefit from an excellent teaching and learning experience. The University has invested in providing additional academic support to students who are less well-prepared for the demands of a university programme. A wide range of extra-curricular activities is also available, including the opportunity to engage in community volunteering programmes. We provide an extensive student welfare programme which includes health services, counselling, support for disabled students, sport and exercise facilities, and careers and financial advice.

## Operating and Financial Review Year to 31 July 2012

### 1.3 Community Engagement

The University continues to be an active player in community engagement and the regional economic development agenda, with particularly strong relationships with Wandsworth Borough Council and Hammersmith & Fulham Borough Council, as well as key influential business networks such as London First. The University welcomed the establishment of the London Enterprise Panel, the new pan-London Enterprise Partnership (LEP), and its strategic advisory role to the Mayor and the Greater London Assembly.

The University remains committed to the strategic aim of "positively contributing to the local economy through community regeneration and renewal activities", by working with the LEP and through its active membership of the Roehampton Trust (acting as a catalyst for regeneration), with the primary aims of:

- Encouraging the organisation of and involvement in sports, arts and home skills
- Improving employment opportunities and street activity
- Supporting a Roehampton Festival

This activity builds upon the University's cultural and community engagement and potential short-course activities. Similarly, the University is also involved in the Roehampton Partnership, where it works closely with key local stakeholders, most prominently Wandsworth Borough Council, on economic development and related matters.

The University has sought to strengthen its community interaction by focusing and concentrating its employability and employer engagement activities. The University has developed its employer networks in the local and regional community and through its active membership of local Chambers of Commerce and business networks, including Wandsworth Business Support Network, Wandsworth Lifelong Learning Development Group, Lambeth Business Support Network and West London Business.

The University remains committed to serving the needs of local communities and contributing to the economic, social and cultural success of South and West London. The University hosts many public lectures and events that are advertised in the local community and are free of charge, including the Roehampton Awards, which recognises volunteering and the importance of transferable skills developed and encourages students to build on their achievements as they enter the labour market.

Many of the University's facilities are open to the public and are used for public events and sporting activities. Indeed, sport remains an area in which the University is particularly active in the community. The University's Sport England sponsored 'ROEActive' project has acted, in this Olympic year, as a catalyst for increased levels of sporting participation, dovetailing student sports clubs with local community activity, and growing partnerships with national governing bodies and community sports clubs to provide new opportunities for student engagement.

### 1.4 Public Education

The University offers a range of short courses and continuing professional development programmes aimed at the wider community, both at home and overseas, with specific strengths working with local schools in providing a wide range of opportunities for both personal professional development and school improvement. In 2011–12 The University hosted over 400 individuals for professional development programmes on campus and over 500 individuals within the wider community mostly within local partner schools.

## Operating and Financial Review Year to 31 July 2012

These courses are intended to enable participants to

- Increase their skills and employability
- Maintain their professional accreditations
- Develop new interests

The University has worked in partnership with a number of organisations including Wandsworth Borough Council, Lend Lease, Babcock Education, the Fire Service, English National Ballet and the Madrid Ministry of Education. In addition, the University has a unique role to play in the introduction of and professional development within the Art Therapies.

## 2 Strategy and Risk Analysis

### 2.1 Strategic Plan

The University's Strategic Plan was approved by its Council in October 2011. This established a strategy for managing the rapid transition from direct government funding for the majority of undergraduate provision towards the new student fees system. This Plan was created to put in place the measures necessary to ensure the sustainability of the University, whilst building on the achievements of the last full Strategic Plan (2006-2011).

The Plan is focussed on the following priorities:

- Positioning the University in the market
- Driving up non-regulated income and reducing the overall cost base
- Delivering high-quality student learning and enhancing student employability
- Improving the student and staff experience

### 2.2 Progress Update

This year has been notable for improvements in the performance of the University across a range of key metrics. The University had a very encouraging result in the 2012 National Student Survey (NSS). The University scored higher in all of the 22 questions of the survey than it did in 2011, driving significant improvements in all 7 question groups. At the same time, 62% of students who graduated from the University in July were awarded a first class or upper second degree, up from 54% the previous year. These successes build upon improvements in student retention: the proportion of Roehampton students dropping out of higher education after a year of study is now 7.7%, less than half the rate three years previously and better than the national average and as a result the University was awarded the "most improved retention" prize by the Sunday Times.

### 2.3 Key Performance Targets

Progress against the Key Performance Indicators for each of the Strategic Plan priority areas and highlights of recent activity are listed below:

## Operating and Financial Review Year to 31 July 2012

### Positioning the University in the market

The institution has put in place a number of measures to improve the processes that underpin student recruitment. This has included new advertising campaigns; innovative methods of engaging potential students, their teachers and parents such as webinars; investment a new geographically-intelligent mobile and desktop website; a mobile app; and also software to enable the University in monitoring its digital marketing activity.

Indicator	Measure	Baseline	Target	Status Oct 2012
<b>Brand Recognition</b>	Volume of positive conversations relating to University of Roehampton in digital space (per month)	May 2011 352 (708 total mentions)	5000	<b>October 2012</b> 525 (3690 total mentions)
<b>Applications</b>	Market share of UCAS applications	2010-11 entry 0.36%	0.50%	<b>2012-13 entry</b> <b>October 2012 at</b> 0.29%

### Driving up non-regulated income and reducing the cost base

The University has performed well against its Key Performance Indicators (KPIs) related to financial sustainability over the past year. In 2011-12, the University achieved almost half its targeted increases in income from overseas (non-EU) tuition fees, in other operating income and in net liquidity days (Section 5.1).

### Delivering high-quality student learning and enhancing student employability

The University performed strongly in the 2012 National Student Survey, against which a number of KPIs in this priority area are measured. As well as improving in all question groups in the survey, including those related to student employability, the University scored 85% in Overall Satisfaction.

Student retention has continued to improve over the last year, with 92.3% of students enrolling at Roehampton in 2009-10 still in HE a year later. This compares to 91.9% for the previous year and is now ahead of the national average.

The University has increased the proportion of staff engaged in teaching that are recognised Higher Education Academy (HEA) Teaching Fellows from 23% to 32%, driven in the past year by a focus on more staff seeking recognition in this manner.

## Operating and Financial Review Year to 31 July 2012

Indicator	Measure	Baseline	Target 2014	Status Oct 2012
<b>Excellence in Teaching</b>	% Teaching staff with recognised HE teaching qualification	2010 23%	50%	<b>2012</b> 32%
<b>Quality of Teaching</b>	% Agree Teaching section in NSS	NSS 2010 82%	85%	<b>NSS 2012</b> 86%
<b>Quality of Learning and Teaching Resources</b>	% Agree Learning Resources section in NSS	NSS 2010 77%	82%	<b>NSS 2012</b> 81%
<b>Organisation and Management</b>	% Agree Organisation and Management section in NSS	NSS 2010 67%	75%	<b>NSS 2012</b> 78%
<b>Continuation of Students</b>	HESA Performance Indicators on non-continuation (no longer in HE)	2008-09 entrants 8.1%	7.9%	<b>2009-10 entrants</b> 7.7%
<b>Student Quality</b>	Average tariff on entry for undergraduates	2010-11 276	300	<b>2011-12</b> 298
<b>Employability</b>	% Graduates employed or in further study	DLHE 2008-09 88.4%	90%	<b>DLHE 2010-11</b> 88.7%
<b>Embedding Employability</b>	% Agree they were satisfied in the NSS careers section	NSS 2010 60%	70%	<b>NSS 2012</b> 65%
<b>Student Development</b>	% Agree they were satisfied with the Personal Development section in NSS	NSS 2010 76%	80%	<b>NSS 2012</b> 80%
<b>Research</b>	Number of research grants and contract bids	2009-10 192	200	<b>2010-11</b> 224
	% Successful research grants and contracts bids	2009-10 31% (25%)	20%	<b>2010-11</b> 42% (25%)

### Improving the student and staff experience

Over the last year, the University has been making practical changes to implement its Student Partnership. The aim of this scheme is to ensure that Roehampton works in partnership with its students, and encourages them to share in responsibility for determining the direction of their University.

In practical terms this has resulted in the University increasing student membership on all its committees where this is appropriate, as well as ensuring there is a more diverse range of student members, including postgraduate students. At academic departmental level, students are regular members of decision-making and discussion forums. At the same time, Student Senate has for the second year running allocated significant funds towards projects supported by students. Student

## Operating and Financial Review Year to 31 July 2012

Senate is a unique committee whose membership is drawn from the senior team, from the Students' Union and the wider student body and which makes recommendations on areas of interest to students.

A Student Life Office has been established to drive forward initiatives to enhance social and cultural activities and the student community. Its main aim is to increase participation in clubs and societies, to encourage students to develop leadership and employability skills, and to increase membership of Departmental societies.

Indicator	Measure	Baseline	Target 2014	Status Oct 2012
<b>Academic Support</b>	% Agree with the Academic Support section in NSS	NSS 2010 70%	77%	<b>NSS 2012</b> 76%
<b>Student Feedback</b>	% Agree with the Assessment and Feedback section in the NSS	NSS 2010 61%	70%	<b>NSS 2012</b> 71%

### 2.4 Looking Forward

The Strategic Plan's key aim has been to maintain the financial stability and sustainability of the University. Despite a challenging recruitment round for 2012-13, the efforts of the University in this area have ensured it is in a strong position to meet the challenges ahead.

The University will shortly commence the process of writing a new Strategic Plan, focussed on working towards its 2025 goals at the same time as building on the achievements of the current Plan.

The eight 2025 goals, which were agreed by Council in January 2009, are:

- To establish an international reputation in learning and teaching in subject areas which combine excellence and critical mass
- To be ranked in the top third of UK universities for quality of research
- To be recognised as one of the top ten universities in the UK for student satisfaction
- To be regarded as one of the best universities to work for in the UK
- To prepare students to be responsible and confident citizens and leaders in a complex world, by offering all students the opportunity to engage with major issues of importance to contemporary society
- To be the top 'new university' in London for graduate employability
- To create a campus environment that is a stimulating and inspiring place in which to study, work and live, and which is environmentally efficient
- To establish significant and innovative partnerships with institutions and organisations in the UK and abroad which have world-class reputations



## Operating and Financial Review Year to 31 July 2012

### 2.5 Risk Analysis

The University's Council has identified a number of high-level risks that it monitors on a regular basis. The Council is confident that these risks are well managed.

The high-level risk register consists of two tables: a one-page overview document that prioritises the risks, and a more detailed version that details plans and tracks progress. A number of changes were made following recommendations in the 2011 Risk Audit. The 2012 Risk Audit report did not make any further recommendations.

The University has identified the following two most significant risks: changes in Government policy on future funding for places and failure to recruit to target (for undergraduate and postgraduate taught students).

Future activities to continue to mitigate the risk of Government policy changes include:

- Continuing to diversify income streams and grow non-regulated income
- Exploring potential for new subject areas
- Continuing to develop links with other partners
- Continuing to keep costs under tight control
- Strengthening marketing and recruitment activities with the aim of increasing applications from well-qualified students

Failure to recruit to target (for undergraduate and postgraduate taught students) also impacts on sustainability issues for the University. The University has been taking a number of important actions to reduce significantly the risk of under-recruitment, including:

- A new marketing strategy
- Enhancing branding and marketing activities including the launch of a new website
- A review of pricing strategy in the light of competitor activity
- Revised targets for the 2012-13 entry cycle
- New university alliances in major world regions of recruitment
- Expanding our Study Abroad operation
- Development of online degree provision with Laureate
- Development of a new recruitment plan

Moving forward to mitigate this risk, there will be more emphasis on ensuring actions are taken to safeguard both undergraduate and postgraduate taught student numbers. Additional programmes will be developed in areas where there is already subject expertise and new subject areas will be considered where there is student demand. We will continue to work with external agents who will be employed for international applications and considered for home recruitment and at undergraduate level. Finally, a strong relationship with feeder schools/colleges will be developed via Compact arrangements.

## Operating and Financial Review Year to 31 July 2012

Another significant risk relates to the costs of supporting pension schemes, due mainly to the lack of control that universities have over this. We have been engaging in dialogue with the pension schemes to find affordable long-term solutions and a Universities Superannuation Scheme (USS) career average scheme is now in place for new members. We have continued to monitor closely developments in the main pension schemes in which the University has members, and we will continue to do this in our two main schemes, London Pension Fund Authority (LPFA) and Teachers' Pension Scheme (TPS). We must also manage the introduction of auto-enrolment to ensure we are compliant with the new regulations by September 2013.

### 3 Academic Review

#### 3.1 Overview

The academic objectives of the University rest on the need to achieve excellence and to be among the best at whatever we do. We are ambitious and continue to develop our strong research portfolio, consolidating research excellence in existing areas of strength and investing to build capacity elsewhere. We see excellence in learning and teaching as a core responsibility for all academic staff. The synergy between research and learning and teaching provides the foundation for developing the student experience. It is also the basis for building knowledge-transfer activity. The table below shows degree classifications achieved in 2011-12.

Degree Classification 2011-12	%
First Class Honours	11.95
Second Class Honours (Upper Division)	48.64
Second Class Honours (Lower Division)	34.68
Third Class Honours	4.74

#### 3.2 Learning and Teaching

The University has a Learning, Teaching and Assessment Strategy agreed by the University Senate which informs practice and departmental operation plans. During this year, the learning and teaching aspects of operational plans have related to issues such as enhancing attainment, assessment methods, embedding employability skills and enhancing the student experience. University-wide working groups reporting into the Learning & Teaching and Quality Committee looked more deeply across the university at flexible and distance learning, employability, timetabling and third-term activity.

The National Student Satisfaction (NSS) Survey indicates the impact of the strategy on the undergraduate student experience. Levels of satisfaction have greatly improved in the areas of teaching, assessment, feedback, organisation and management. With retention also improving significantly, the University has enhanced its position in the national league tables. For example, we have moved up 18 places in the 2012 Sunday Times League Table and receiving the Sunday Times award for most improved retention.

During the year, there has been a focus upon improving the feedback from students on their learning experience. To this end, a University-wide undergraduate module evaluation scheme has been successfully introduced which provides feedback to individual academic staff and managers and which is being used to inform decisions around staff development and communication to students. This year's module evaluations indicate slightly higher satisfaction than NSS scores. Postgraduate courses have been entered into a national survey scheme and next year the University evaluation scheme will be extended to research students. In addition, a new initiative encouraged students to sit on new programme approval panels and departmental quality reviews. The first annual programme representatives conference ensured that students felt able to take on this role effectively while articulating key issues for University attention.

## **Operating and Financial Review Year to 31 July 2012**

In relation to professional development of academic staff, a key performance target has been set in the Strategic Plan for 50% of academic staff to have gained Higher Education Academy Fellowship status by 2014. We currently have 32% of staff with this qualification and have recently been recognised by the HE Academy to be able to award this in house through a new University Professional Recognition scheme. There is much enthusiasm for the scheme and we expect to meet the target.

The University Teaching Fellowship Scheme continues to reward excellence and three staff members applied for the National Teaching Fellowship Award. Nicky Reid, the University Money Doctor, was successful and was awarded this prestigious title-one of only 55 National Teaching Fellows across the sector. The University now has six National Teaching Fellows. Given our size this is a great achievement.

This year the Learning and Teaching Enhancement unit has successfully bid for funds for projects to extend work on black and minority ethnic attainment, to support the embedding of learning technologies and to develop the SEDA programme for doctoral supervision. At a local level, academic staff have been supported by the HE Academy to explore e-portfolios in the Humanities, and technology-enhanced learning in Biomechanics.

The annual Learning and Teaching Conference attracted 160 staff making it the largest University-wide event and indicating the level of engagement with learning and teaching issues.

### **3.3 Research**

The University's research priority remains the maintenance and development of its research strengths to ensure the best possible submission to the Research Excellence Framework (REF2014). The University has undertaken significant preparation work for REF2014 and will continue to focus its efforts in this area in 2013-14 and beyond to reinforce its research environment and maximise the academic and non-academic impact of its research, building stronger pathways for impact in an economic, social and cultural context.

The University's strategy of engaging with relevant external audiences, coupled with the desire to see such interaction generate sustainable, repeatable and scalable business, should allow the University to demonstrate both impact and additional value from the best of its research activities.

The University has shown improvements in the conversion rates for peer review funding applications, particularly to the AHRC and the British Academy, reflecting increasingly robust internal bid demand-management activities and systems.

There shall remain an emphasis on the development of research grant applications and whilst it is accepted that the current economic climate is likely to curtail research grant income from traditional routes such as the UK Research Councils, new potential funders within the EU, charity and industrial sectors will continue to be identified and targeted.

### **3.4 Collaboration**

There remains a greater focus on collaborative partnerships and the University has begun the process of rolling out a new client relationship management system to better evidence and co-ordinate its interactions with clients, partners and stakeholders.

In addition, the University has secured its involvement in major regional flagship collaborations, most notably the successful £4m AHRC CreativeWorks London Knowledge Exchange Hub (co-ordinated by Queen Mary, University of London). CreativeWorks is an interdisciplinary, cross-sectoral consortium which seeks to connect with leading businesses, SMEs,

## Operating and Financial Review Year to 31 July 2012

micro-enterprises and cultural organisations both large and small and to increase the number of arts and humanities researchers actively engaged in knowledge exchange with the creative economy. A key element of CreativeWorks is access to an 'innovation voucher' scheme which will allow easier initial commercial engagement between universities and SMEs in the creative industries.

The University will continue its collaborative approaches to knowledge-exchange activity through its continued involvement in consortia to exchange experiences and practice and to develop projects of mutual benefit, most notably:

- Westfocus – a consortium made up of universities based in South West London and the Thames Valley, which runs the successful Bright Futures course and Bright Ideas competition for entrepreneurial students and supports innovative projects through a business creation function, which manages a number of investment funds
- Higher Education Entrepreneurship Group (HEEG) – a self-funding regional network of academics, business development, knowledge-transfer and entrepreneurship professionals, careers services staff, senior managers and students based in Higher Education Institutions across South East England
- Knowledge London – a self-funding network for all knowledge-transfer practitioners working in the London area drawn from universities, FE colleges, research organisations and business support groups focusing on increasing opportunities to improve skills and effectiveness through training and exchanging good practice.

## 4 Corporate Responsibility

### 4.1 Staff

The University depends on the contribution and quality of its workforce. Employment strategy is considered by the Employment Committee, a committee of the University Council. In addition, regular, independently chaired meetings are held between the University's management and the recognised trades unions (GMB and UCU) to discuss emerging staff issues.

Staff are kept informed through team meetings, weekly newsletters and ad hoc all-staff e-mails. In addition, during periods of significant change, staff workshops and away-days are used to involve staff in the decision-making process. The University further invests in its staff by offering a range of training and development activities both locally within departments and centrally, the latter supported by central funding.

The University was re-accredited with Investors in People (IiP) status in 2010 and has therefore held the status continuously, throughout the organisation, since 2004. Informed by annual IiP surveys and a Staff Wellbeing Audit carried out by Southern Universities Management Services (SUMS) in 2009, the University has developed a suite of managerial behaviours called CUE for Roehampton managers and academic leaders. CUE, which stands for Communicate, Understand and Ensure, is designed to support a positive work environment for staff at Roehampton. The University is committed to embedding these behaviours throughout the University, supported by the current Strategic Plan and a new Human Resources Strategy agreed in June 2012.

Staff well-being is central to the University's mission. As well as providing a range of rewards and benefits, the University subscribes to an employee assistance programme to provide staff with advice on a wide variety of personal matters. Following the success of previous events, a Wellbeing Week was held incorporating health screening sessions (height, weight, blood pressure, lung function, cholesterol) and a Sport and Wellbeing Day, including a number of sporting activities.

## **Operating and Financial Review Year to 31 July 2012**

In addition, the University participated in the Corporate Global Challenge promoting cycling, running and walking over a 16-week period. The University also works with the Financial Services Authority to provide financial planning advice to both students and staff.

The University's main pay and reward scheme was developed in conjunction with the trades unions and in line with the 2003 National Framework Agreement on pay equality. A second scheme, for senior staff, was developed in 2008 in conjunction with an independent external advisor using national benchmark data from the University and Colleges Employers' Association.

Salary costs currently equate to 58.4% of the University's income, remaining the same as 2010-11. Staff costs are still above the sector average of 53.0% (2010-11). In order to manage this, the University has implemented rigorous procedures with regards to all amendments to posts and vacancies. All new posts and amendments are reviewed by a senior management committee and now require sign-off from the Deputy Vice-Chancellor before they can be filled. In order to improve student employability and give our student access to work experience, a change to our arrangements for hiring temporary staff from Blue Arrow to an internal franchise, Unitemps was implemented this year. The additional advantage of Unitemps is that it has allowed a greater focus on temporary staff costs.

### **4.2 Sustainability**

The University continues its efforts to improve its environmental performance and good progress has been made in the year, with the University being awarded the EcoCampus Silver award following on from last year's Bronze. Roehampton remains one of 15 out of 48 participating organisations to achieve Silver. A major priority for the University remains reduction in carbon footprint through better energy management. The University identified 10 near-term projects which will make significant progress towards meeting the 40% target and has commenced implementation focussing on lighting and insulation works. The 50 strong Environmental Champions networks and the Roehampton BUG (bicycle user group) remain active, influencing sustainability awareness throughout the University. The University will be running the national Student Switch Off campaign again in partnership with the Roehampton Students Union: this led to a 4% reduction in residential electrical bills, or 18 tonnes of CO<sub>2</sub> last year. The University has also continued to maintain its estate with focus on refurbishment and improvement of teaching, social, catering and living accommodation.

The conferencing department enjoyed a very busy year against a background of a very difficult commercial market. The University secured a contract to accommodate and cater for members of the Metropolitan Police during the Olympics.

This is the second year of the centralised Academic Conference team and this has been integrated well into the University's departmental operations. Academic conferences are now breaking even and most conferences returning a small surplus.

### **4.3 Equality and Diversity**

Equality and diversity are promoted widely across the University and are embedded in all aspects of University life including the curriculum. For example, the Questioning Citizenship module, developed by the University's Centre of Excellence in Teaching and Learning on Social Justice and Human Rights (CRUCIBLE), is available to all undergraduates across all programmes.

Similarly, all staff receive diversity awareness training as part of their induction and have access to an online self-assessment tool for refreshing awareness, which has been updated to reflect the provisions of the Equality Act 2010. This is supplemented by a highly innovative approach to diversity awareness facilitated by actors using dramatic performance to challenge misconceptions and beliefs. On the recommendation of the Diversity and Equal Opportunity (D&EO) Committee

## Operating and Financial Review Year to 31 July 2012

of the University Senate, all staff are required to complete either of the training options noted above, once every three years.

D&EO issues are overseen by a committee chaired by the Registrar and University Secretary which meets termly to develop policies and strategies and monitor compliance. In 2011-12, the University Diversity & Equal Opportunity Policy was fully revised and the Disability Policy was both fully revised and extended to include application to students as well as staff. The committee was also involved in the publication of an Equality Report to demonstrate how the University is meeting the Public Sector Equality Duty. The University has also introduced Equality Objectives to ensure compliance with its duty, which are the University's priority aims for progressing its equality agenda over the next four years. Both documents appear on the University's website.

In conjunction with its four constituent Colleges, the University supports a large chaplaincy team who advise students and staff in a range of faiths. Their inter-faith based activities do a great deal to promote awareness and understanding between faiths, and bring communities together with music, storytelling and reflection and by debating common issues such as the environment. In addition, building on the success of the Armagh Venture, which since 1972 had brought together Protestant and Catholic secondary-school pupils for an annual one-week residential retreat at the University, the team now supports projects such as the Southlands Venture which encourages students to engage with the local community including visiting patients in hospital and supporting children's reading in schools. A comprehensive review of the way the Chaplaincy was structured was undertaken during summer 2012 and recommendations will be implemented which will strengthen the role of the Chaplaincy within the University and in the ethos of each College.

Disabled students, and staff in their professional role, receive support from a team of expert staff located in Central Student Services Affairs. In addition, disabled students and the staff who teach them are supported by Departmental Disability Co-ordinators located within each Department.

The University participated in a national study in respect of BEM students (Black and Ethnic Minority) and disabled students in higher education looking at improving retention and success, and a series of recommendations were put forward for implementation.

The University's gender and ethnicity profiles for staff are shown below.

Staff number by FTE	2012	%	2011	%
Male	356	39%	321	37%
Female	561	61%	558	63%
	917		879	
Full-time	676	74%	704	80%
Part-time	196	21%	166	19%
Part-time hourly	45	5%	9	1%
	917		879	
Disabled	40	4%	38	4%
Ethnic minority	161	18%	144	16%

All figures expressed in full-time equivalency. Figures from the 2012 and 2011 HESA Staff Returns.

## Operating and Financial Review Year to 31 July 2012

### 5 Financial

#### 5.1 A Financial Strategy for Sustainability

In 2009 the University Council approved the Financial Strategy, the primary purpose being to ensure that the University remains financially viable and that long-term success and sustainability are achieved in line with the 2025 goals. Following the release of the new Strategic Plan, the new Financial Strategy has now been approved. The Financial Strategy will contain a number of action points to be achieved within the life of the strategy, some of which are highlighted below:

#### Targets

Indicator	Measure	Baseline (2009-10)	Target 2014	July 2012
<b>INCOME</b>				
<b>Overseas Recruitment</b>	Income generated from non-EU course fees	£3.3m	50% increase in revenue	<b>2011-12</b> £5.0m (52% increase)
<b>Other income</b>	Other income generated (including residences, conferencing and catering)	£10.1m	15% increase in revenue	<b>2011-12</b> £10.7m (6% increase)
<b>SUSTAINABILITY</b>				
<b>Staffing</b>	Total income as a proportion to staff costs	1.67	1.75	<b>2011-12</b> 1.71
<b>Liquidity</b>	Days ratio of net liquidity to total expenditure	59	90	<b>2011-12</b> 85
<b>Historical cost surplus or deficit</b>	Historical cost surplus or deficit	1.6%	6.0%	<b>2011-12</b> 3.0%
<b>Net cash flow from operating activities</b>	Percentage ratio of total net cash inflow from operating activities to total income	6.5%	6.5%	<b>2011-12</b> 6.3%
<b>Discretionary reserves</b>	Reserves	£18.5m	£25m	<b>2011-12</b> £25m

#### 5.2 Financial Review of the Year 2011-12

The University's surplus retained within general reserves for the year to 31 July 2012 was £2.2m. This compares to a surplus of £2.8 in the previous financial year.

Surplus / (deficit) as a percentage of income for the past five years compared to the Higher Education sector average is illustrated in the table below.

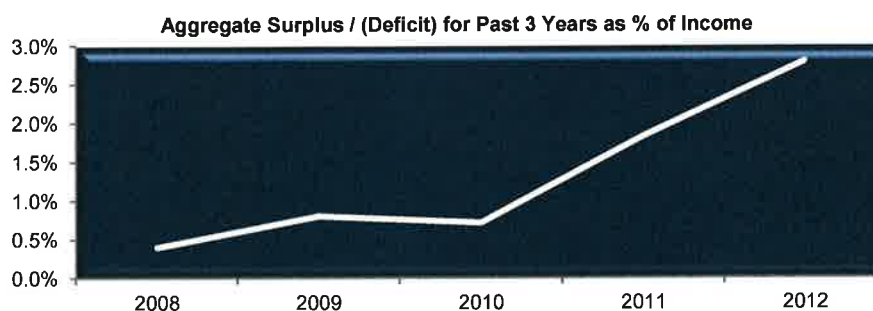
## Operating and Financial Review Year to 31 July 2012

Financial Year to 31 July	2008	2009	2010	2011	2012
<b>Surplus/(deficit) as % of Income</b>	0.5%	0.0%	1.6%	3.7%	3.0%
<b>Higher Education Sector Average</b>	2.0%	1.9%	3.2%	3.6%	2.6%

The HE sector average for 2012 is taken from the latest available forecast.

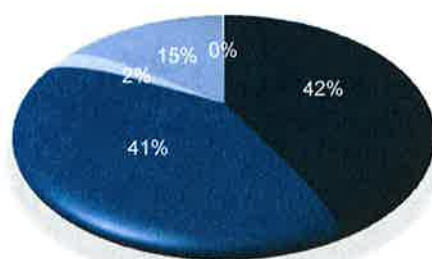
A key financial indicator (KFI) in the University's Financial Strategy is the aggregate surplus / (deficit) for the past 3 years as a percentage of income. This KFI is calculated by taking the sum of the surplus / (deficit) for the past 3 years and dividing this by the sum of total income for the same period, and is illustrated in the charts below.

	2008	2009	2010	2011	2012
<b>Aggregate Surplus for Past 3 Years as % of Income</b>	0.4%	0.8%	0.7%	1.8%	2.8%

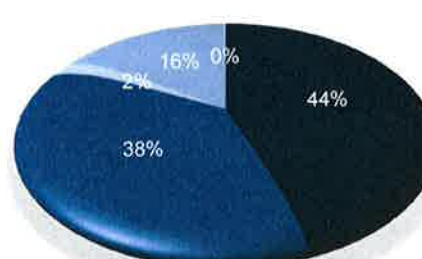


The University's income for 2011-12 decreased by £2.0m (-2.7%). Tuition fee income increased by £1.2m (4.3%). Income from Funding Council grants reduced by £2.9m (-8.7%), due to funding reductions. Income from research grants and contracts was £0.3m (21.6%) higher than the previous year. Other Operating Income reduced by £0.7m (-6.2%).

Income 2011-12



Income 2010-11



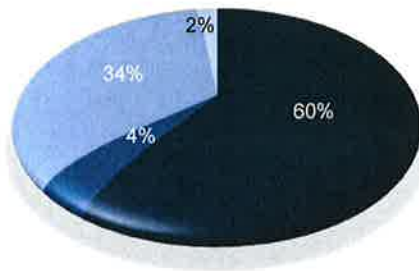
- Funding Council grants
- Research grants and contracts
- Interest receivable and endowment income

- Academic fees and support grants
- Other operating income

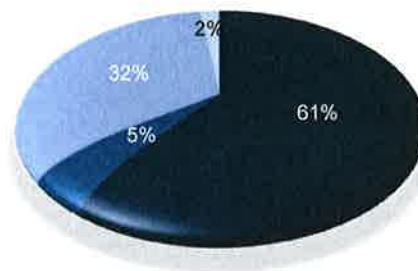


## Operating and Financial Review Year to 31 July 2012

Expenditure 2011-12

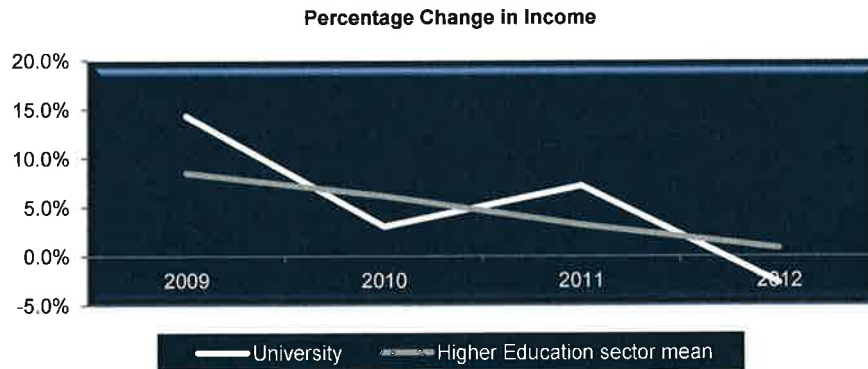


Expenditure 2010-11

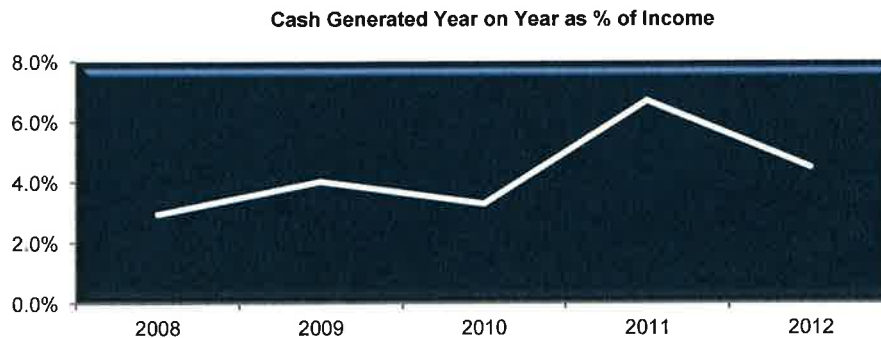


■ Staff costs   ■ Depreciation/amortisation   ■ Other operating expenses   ■ Interest payable

Income growth and diversity are key elements of the new Financial Strategy. The chart below illustrates growth in income for the past six years compared with the sector mean:

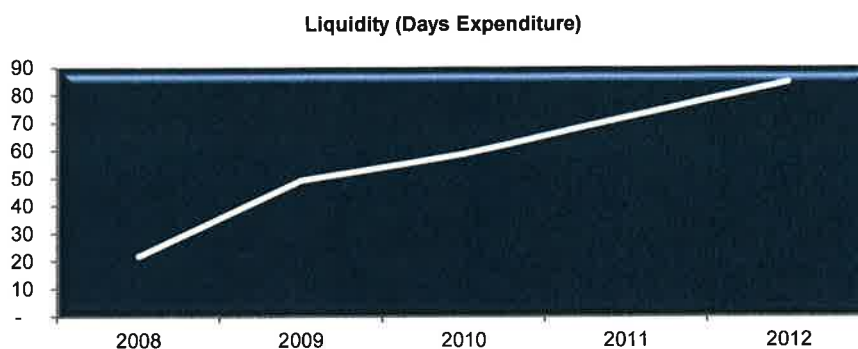


Cash generated is a useful measure of the financial headroom the institution is creating from its operations. It is calculated as historic surplus + pension financing costs + depreciation – capital grants released. Cash generated over the past six years is illustrated in the chart below:



The University aims to improve its liquidity ratio to 90 days' worth of expenditure. There has been an overall improvement in the ratio over the past five years and at the end of July 2012 the ratio was 84.6 days, as illustrated below:

## Operating and Financial Review Year to 31 July 2012



Staff costs of £42.2m, which represent the most significant item of expenditure were at 60.2% compared with 60.6% for the previous financial year, reducing by £1.2m (-2.8%). The reduction is due primarily to the restructuring done in the previous financial year. In 2012 Other Operating Expenses increased by only £0.2m (0.7%). Interest Payable remained by and large static with the FRS17 interest adjustment remaining on par with the 2010-11 figure.

### 5.3 Investments

The University uses predominantly a cash management service to manage its treasury activity. All surplus funds are invested for a maximum period of time to improve return. In October 2011 the University agreed an investment policy to ensure that funds are invested to maximise return, minimise risk and ethically. The policy was updated in September 2012 and now sets a maximum that can be invested in any one financial institution and also ensures that the University does not invest more than 20% of its cash in financial institutions that are B rated and that all other cash is invested in financial institutions that are rated A or above. Two of the University's endowment funds are invested directly with investment fund companies.

### 5.4 Payment of Creditors

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

### 5.5 Accounting Systems

The University's finance system, Agresso, will be upgraded in 2013 to version 5.6, the latest available. This will allow for additional functionality and reporting. In August 2012 the planner module was added to the Agresso system; the module will assist in improving the budgeting process. Following a systems review, additional accounts receivable and credit control functionality ensures the accounting system has been set up for the new tuition fee regime.

### 5.6 Post Balance Sheet Events

Post Balance Sheet events may have a significant effect on the values shown in the accounts, and occur after the Balance Sheet date but prior to the date on which the accounts are approved by Council. Effective from 1 August 2012, the University took over the operational management of the property, other assets and the liabilities of Whitelands College.

## Operating and Financial Review Year to 31 July 2012

### 6 Corporate Governance

#### 6.1 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 2011. In 2011 the University changed its trading name to the University of Roehampton. The legal name still remains Roehampton University.

The University is composed of four constituent Colleges, Froebel, Digby Stuart, Southlands and Whitelands, each of which has a Providing Body. The University has long-term leases and associated management agreements with Froebel, Digby Stuart and Southlands Colleges. The University and Whitelands College have recently entered into a new Deed of Adherence and a Licence and Management Agreement both of which took effect on 1 August 2012.

The new Deed of Adherence replaces the 2004 Deed of Adherence and sets out the terms upon which the College shall remain a constituent college of the University. Among such terms are those governing the University's use and occupation of Parkstead House, the property on which the College is situated and its use of 7 Redwoods, Alton Road, Roehampton, a residential house held by the College under lease (together called the "Deed Property"). The College has delegated responsibility to the University for the use, operation and exploitation of the Deed Property and the University undertakes to carry out these obligations so as to assist the College in the fulfilment of its charitable objects. The College's charitable objects are the provision, conduct and development of a college for the higher and further education of men and women, including in particular and without prejudice to the generality of the foregoing, the training of persons intending to become teachers.

Under the Licence and Management Agreement (the Agreement), the College grants the University a licence to use the land and buildings adjoining Parkstead House together with 47 Laverstoke Gardens, Alton Road, London, a freehold property registered under title number SGL161884 (together called the "Residential Property"). The College has delegated full responsibility to the University for the operation and exploitation of the Residential Property. The College retains full responsibility for making all payments due under and complying with the terms of certain of its financial and legal obligations. It is envisaged that through the operation and exploitation of the Residential Property, the University shall assist the College in fulfilling its charitable objects as defined in the foregoing paragraph.

#### 6.2 Statement of Corporate Governance

The University is committed to exhibiting best practice in all aspects of corporate governance. In 2011 the University engaged Dr Geoffrey Copland, former Vice-Chancellor of the University of Westminster, to carry out an effectiveness review of its governance processes.

This summary describes the manner in which the University has applied the principles set out in the July 2008 version of Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange. 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 the provisions of the Combined Code insofar as they apply to the Higher Education sector, and it has complied throughout the year ended 31 July 2012.

In March 2009, the Committee of University Chairs (CUC) issued an updated Guide for Members of Higher Education Governing Bodies in the UK which includes the Governance Code of Practice and General Principles of Governance.

## Operating and Financial Review Year to 31 July 2012

Although the Code is voluntary, the Council has had regard to the Code in developing its governance structures and practices. The University complies with the principles set out in the Guide.

The University holds Professional Indemnity and Officers' Liability insurance, which provide indemnity to Members of Council and officers of the University, in their personal capacity, against damages and legal costs and expenses arising from claims made against them by reason of wrongful acts committed by them in the course of their official duties.

### 6.3 Statement of Responsibilities of the Members of Council

Company law requires the members of Council, who are also Directors of the University for the purposes of company law, to prepare financial statements for each financial year. Under that law Council have elected to prepare the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Principles. Within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the University, the Council prepares financial statements for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. Under company law Council must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of its surplus or deficit for that period. In preparing the financial statements the Council are required to

- Select suitable accounting policies and apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare financial statements on the going concern basis, unless it is inappropriate to assume that the University will continue in operation

The Council also gives a report in the financial statements which includes the legal and administrative status of the University. The Council is responsible for the keeping of adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable it to ensure that the financial statements are prepared in accordance with its Memorandum and Articles of Association, the Accounts Direction issued by 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. The Council 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 HEFCE 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 also ensure that appropriate financial and management controls are 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.

## Operating and Financial Review Year to 31 July 2012

### 6.4 Disclosure of Information to Auditors

At the date of making this report, Council confirms that:

- So far as each member of Council is aware, there is no relevant information needed by the University's auditors in connection with preparing their report of which the University's auditors are unaware;
- Each member of Council has taken all the steps that he/she ought to have taken as a member of Council in order to make himself/herself aware of any relevant information needed by the University's auditors in connection with preparing their report and to establish that the University's auditors are aware of that information

### 6.5 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, risk management, legal compliance, quality assurance, and personnel-related and Health & Safety matters.

The Council is composed of up to 23 members:

- 11 independent members, 4 of whom are nominated by the Colleges
- 4 members appointed by the College Governing bodies
- 4 members appointed by the College Providing bodies
- An elected representative of academic staff
- An elected representative of academic support staff
- Vice-Chancellor
- President of the Students' Union

Appointments to Council are a matter for the Council as a whole to determine. There is a majority of independent members on the Council. Members of Council are appointed for a term of office not exceeding three years and are eligible to serve no more than two consecutive terms.

The University is in the process of reviewing its Articles of Association, which will involve a change to the composition of Council. This proposes a reduction from 23 to 20 members: up to 15 independent members (eight of whom shall be nominated by the College Providing Bodies or equivalent) in addition to the Vice-Chancellor, the President of the Students' Union, two staff members and a member nominated by the University Senate. It is expected that the revised Articles, which need to be approved by the Privy Council, will become effective during the latter half of the 2012-13 financial year.

Council normally meets four times each year. It has six standing committees: Audit Committee, Employment Committee, Estates Committee, Finance and General Purposes Committee, Nominations and Governance Committee, and Remuneration Committee. Council committees are formally constituted with terms of reference and composition set out in the University Regulations. All committees include lay members of Council and most committees also include external members with expertise in the committee's subject area. In addition, the Honorary Awards Committee is a joint committee of Council and Senate and the Health & Safety Committee was established at the beginning of the 2011-12 academic year.

## Operating and Financial Review Year to 31 July 2012

The Finance and General Purposes Committee, among other things, recommends to Council the University's annual revenue and capital budgets and receives updated forecasts during the course of the year.

The Remuneration Committee determines the remuneration and benefits of the Vice-Chancellor and other senior post-holders save for the initial terms and conditions for the Vice-Chancellor which are established by Council.

The Employment Committee sets the pay and conditions of staff, save where these are covered by the Remuneration Committee or associated employment policies, and monitors the implementation of Health & Safety compliance in relation to employment matters.

The Estates Committee oversees the management and development of University property, in conjunction with the constituent Colleges and on behalf of the University in accordance with the University's Strategic Plan and Campus Strategy. The Committee ensured that the University is compliant with Health & Safety, environmental and other relevant legislation. It has recently reviewed changes to its terms of reference that has seen responsibility for Health & Safety transferred to the new University Health and Safety Committee.

The Audit Committee oversees 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 to and from HEFCE as they affect the University's business, and monitors adherence to relevant regulatory requirements.

The Nominations and Governance Committee advises Council on the discharge of its responsibilities in relation to appointments to Council and to its standing committees, and is also responsible for reviewing the effectiveness of governance. The Committee has authority to make appointments to Council committees but the appointment of members of Council and of Chairs of all committees is the responsibility of Council.

The new Health & Safety Committee has assumed responsibility from the Estates Committee for ensuring the University's compliance with health and safety legislation, and for overseeing the management of health and safety in conjunction with the University's local health and safety committees.

The Joint Honorary Awards Committee considers and recommends candidates for the award of the Honorary Degrees and Fellowships of the University. In addition, the Clerk to the Council is responsible to the Council for ensuring that all applicable procedures and regulations are complied with, and 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.

### 6.6 Internal Control

As the governing body of the 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 provide reasonable but 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.

## Operating and Financial Review Year to 31 July 2012

The Council has delegated to the Vice-Chancellor, as Chief Accountable Officer, the day-to-day responsibility 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 the University and HEFCE. He is also responsible for reporting to Council any material weaknesses or breakdowns in internal control.

The University has a Risk Management Policy which was revised in 2011. The Council's role as defined under this policy is to:

- Set the tone and influence the culture of risk management within the University, including setting the standards and expectations of staff with respect to conduct and probity
- Approve major decisions affecting the University's risk profile or exposure
- Monitor the management of high-level risks
- Satisfy itself that the less high-level risks are being actively managed, with the appropriate controls in place and working effectively
- Annually review the University's approach to risk management and approve changes or improvements to key elements of its processes and procedures

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 high-level risks that has been in place for the period ended 31 July 2012 and up to the date of approval of the Annual Report and Financial Statements. 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 investment appraisal guidelines
- The adoption of formal project management disciplines where appropriate

The University has appointed an internal audit service which operates in accordance with the requirements set out in 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 is endorsed by the Council on the recommendation of the Audit Committee, and Audit Committee agrees an appropriate internal audit plan. Annually, the Head of Internal Audit provides Council with a report on internal audit activity in the University. The report includes the Head of Internal Audit's independent opinion on the adequacy and effectiveness of the

## Operating and Financial Review Year to 31 July 2012

University's system of risk management, controls and governance processes. The internal audit plan includes an annual review of governance.

As the Chief Accountable 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
- Comments made by the University's external auditors and the Funding Council auditors in their management letters and other reports

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 University's academic and administrative 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 consists of 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 November 2012 meeting, the Council carried out the annual assessment of risk for the year ended 31 July 2012 by considering reports from the Senior Management team, internal audit and Audit Committee and taking account of events since 31 July 2012.

The report from internal audit considered the assurance mechanisms by which the risk management framework and related processes, internal controls assurance and performance management tools inter-relate and, together, combine to provide the Council with the necessary assurance to enable the University to make the disclosures required within the statement of internal control. It concluded that the University, overall, has an appropriate framework for delivering assurance to the governing body on key aspects of governance, risk management and internal control. The report concluded that assurance can be given of the adequacy of the control environment and that substantial assurance can be given of the effectiveness of the University's overall assurance and risk management arrangements.

Signed on behalf of the Council



Laurence Benson

Company Secretary and Clerk to the Council



## **Independent Auditors' Report Year to 31 July 2012**

### **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 2012 which comprise the Consolidated Income and Expenditure Account, Consolidated Statement of Total Recognised Gains and Losses, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of the University's Council and Auditors**

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

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

#### **Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm). In addition, we also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

#### **Opinion on the Financial Statements**

In our opinion:

- The financial statements give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2012 and of the Group's surplus of income over expenditure for the year then ended
- The financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and the Education Reform Act 1988

## Independent Auditors' Report Year to 31 July 2012

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

### Opinion on other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on Which we are Required to Report by Exception

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

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



James Aston, Senior Statutory Auditor  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick  
United Kingdom

Date: 27 November 2012

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

## Consolidated Income and Expenditure Account Year to 31 July 2012

	Notes	2012 £'000	2011 £'000
<b>Income</b>			
Funding Council grants	1	30,043	32,918
Academic fees and support grants	2	29,491	28,272
Research grants and contracts	3	1,812	1,490
Other operating income	4	10,749	11,454
Interest receivable and endowment income	5	128	104
<b>Total income</b>		<b>72,223</b>	<b>74,238</b>
<b>Expenditure</b>			
Staff costs	6	42,182	43,385
Depreciation/amortisation	7,9,10	3,069	3,517
Other operating expenses	7	23,476	23,302
Interest payable	8	1,393	1,388
<b>Total expenditure</b>		<b>70,120</b>	<b>71,592</b>
<b>Surplus on continuing operations after depreciation of assets, disposal of assets and tax</b>		<b>2,103</b>	<b>2,646</b>
<b>Transfer from accumulated income within expendable endowments</b>		<b>75</b>	<b>105</b>
<b>Surplus for the year retained within general reserves</b>	19	<b>2,178</b>	<b>2,751</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 2012

	2012 £'000	2011 £'000
Surplus on continuing operations after depreciation of assets/ disposal of assets and tax	2,103	2,646
Appreciation of endowment asset investments	4	25
Actuarial (loss) / gain in respect of pension scheme	(7,487)	2,445
Total recognised (loss) / gain relating to the year	(5,380)	5,116
<b>Total recognised (losses) / gains since last Annual Report</b>	<b>(5,380)</b>	<b>5,116</b>
<b>Reconciliation</b>		
Opening reserves and endowments	7,739	2,623
Total recognised (loss) / gains for the year	(5,380)	5,116
<b>Closing reserves and endowments</b>	<b>2,359</b>	<b>7,739</b>

**Balance Sheets** as at 31 July 2012  
Company Registration Number 5161359 (England and Wales)

	Notes	Group 2012 £'000	Group 2011 £'000	University 2012 £'000	University 2011 £'000
<b>Fixed assets</b>					
Tangible assets	9	102,328	105,433	102,328	105,433
Intangible assets					
Goodwill	10	121	129	121	129
Negative goodwill	10	(62,677)	(64,211)	(62,677)	(64,211)
Investments	11	—	—	29	29
		<b>39,772</b>	41,351	<b>39,801</b>	41,380
<b>Endowment assets</b>	12	<b>777</b>	848	<b>777</b>	848
<b>Current assets</b>					
Stocks and stores in hand		107	74	107	74
Debtors due within one year	13	3,403	3,121	3,678	3,471
Cash at bank and in hand		15,532	13,378	15,011	12,878
		<b>19,042</b>	16,573	<b>18,796</b>	16,423
<b>Creditors:</b> Amounts falling due within one year	14	<b>(8,100)</b>	(8,106)	<b>(7,896)</b>	(7,998)
<b>Net current assets</b>		<b>10,942</b>	8,467	<b>10,900</b>	8,425
<b>Total assets less current/ Liabilities</b>					
		<b>51,491</b>	50,666	<b>51,478</b>	50,653
<b>Creditors:</b> Amounts falling due after one year	15	<b>(13,522)</b>	(14,144)	<b>(13,522)</b>	(14,144)
<b>Provisions for liabilities and charges</b>	16	<b>(1,960)</b>	(1,977)	<b>(1,960)</b>	(1,977)
<b>Net assets excluding pension liability</b>		<b>36,009</b>	34,545	<b>35,996</b>	34,532
Net pension liability	25	<b>(22,660)</b>	(14,322)	<b>(22,660)</b>	(14,322)
<b>Net assets including pension liability</b>		<b>13,349</b>	20,223	<b>13,336</b>	20,210
<b>Represented by:</b>					
<b>Deferred capital grants</b>	17	<b>10,990</b>	12,484	<b>10,990</b>	12,484
<b>Endowments</b>					
Restricted expendable endowments	18	<b>777</b>	848	<b>777</b>	848
<b>Reserves</b>					
Income and Expenditure Account excluding pension reserve		25,137	22,165	25,124	22,152
Pension reserve		(23,555)	(15,274)	(23,555)	(15,274)
Income and Expenditure Account including pension reserve	19	1,582	6,891	1,569	6,878
		<b>13,349</b>	20,223	<b>13,336</b>	20,210

The financial statements on pages 35 to 62 were approved and authorised for issue by Roehampton University Council on 26 November 2012 and signed on its behalf by:

SIR D BELL, Chair of Council

PROF P O'PREY, Vice-Chancellor

MR N BROOKES, Chair of Finance & General Purposes Committee

*R. S. Bell*

## Consolidated Cash Flow Statement Year to 31 July 2012

	Notes	2012 £'000	2011 £'000
Net cash inflow from operating activities	20	4,518	4,840
Returns on investments and servicing of finance	21	(624)	(678)
Capital expenditure and financial investments	22	(1,239)	(1,085)
Cash inflow / (outflow) before financing		2,655	3,077
Financing	23	(576)	(288)
<b>Increase / (decrease) in cash</b>		<b>2,079</b>	<b>2,789</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt Year to 31 July 2012

	Notes	2012 £'000	2011 £'000
Increase / (decrease) in cash in the year		2,079	2,789
Change in net debt resulting from cash flows	23	576	288
Movement in net debt	24	2,655	3,077
Net debt at 1 August	24	(803)	(3,880)
<b>Net debt at 31 July</b>		<b>1,852</b>	<b>(803)</b>

## Principal Accounting Policies Year to 31 July 2012

### 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 issued in 2007 and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). They conform to guidance published by HEFCE and TA.

### 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 Students' Union (RSU) financial statements into those of the University, as the University does not exercise dominant influence over RSU affairs. The RSU financial statements are therefore audited and published separately.

The University has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Income and Expenditure Account.

### 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.

Tuition fee income is credited to income over the academic year in which the student is studying. Where tuition discounts are given for prompt payment these are deducted from income receivable. All bursaries and scholarships are recognised as expenditure.

### Pension Schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the London Pension Fund Authority (LPFA) Superannuation Scheme. In addition, a small number of staff are members of the Universities Superannuation Scheme (USS). The schemes are defined-benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme.

## Principal Accounting Policies Year to 31 July 2012

### **Pension Schemes (continued)**

As stated in Note 25, the TPS and USS are a multi-employer scheme and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined-contribution scheme and the contributions recognised as they are paid each year. Contributions to the TPS and USS are charged to the Income and Expenditure Account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method for the TPS scheme and triennial valuations using a projected unit method for the USS scheme.

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 is 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 and liabilities 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.

## Principal Accounting Policies Year to 31 July 2012

### Negative Goodwill

Negative goodwill arising on acquisitions is allocated to non-monetary assets. This negative goodwill is then retained on the Balance Sheet and released to the Income and Expenditure Account over the remaining useful life of those assets (40 years from 1 August 2008 in respect of buildings and 125 years from 1 August 2008 in respect of long leasehold land). In the event the assets are disposed prior to the end of their useful life any remaining negative goodwill will be released immediately. The excess of any negative goodwill above the value of non-monetary assets is released to the Income and Expenditure Account immediately.

### Land and Buildings

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
Leasehold buildings	40 years
Leasehold land	125 years
Additional floors added/significant enhancements to existing buildings	25 years
New partitioning/alterations and improvements to existing 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	3 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.

### 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 and net realisable value.



## **Principal Accounting Policies Year to 31 July 2012**

### **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**

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 2011 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 26, except for the 5% 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.

## Notes to the Financial Statements Year to 31 July 2012

### 1 Funding Council grants

	HEFCE £'000	TA £'000	2012 Total funds £'000	2011 Total funds £'000
Recurrent grants	21,058	6,148	<b>27,206</b>	28,375
Non-recurrent grants				
Higher Education Innovation Fund	438	—	<b>438</b>	1,067
Research Capital Investment Fund	141	—	<b>141</b>	225
Capital teaching and research grants	110	—	<b>110</b>	867
Matched Funding for Voluntary Giving	—	—	<b>—</b>	327
JISC	67	—	<b>67</b>	262
Economic Challenge Investment Fund	—	—	<b>—</b>	61
Capital teaching and research grants to deferred capital grants (note 17)	(251)	—	<b>(251)</b>	(1,092)
Other TDA grants	—	627	<b>627</b>	580
Release of deferred capital grants (note 17)	1,705	—	<b>1,705</b>	2,246
	<b>23,268</b>	<b>6,775</b>	<b>30,043</b>	<b>32,918</b>

### 2 Academic fees

	2012 £'000	2011 £'000
Full-time students	<b>20,684</b>	20,364
Full-time students from European Union excluding UK	<b>1,459</b>	1,285
Full-time students charged overseas fees	<b>4,989</b>	4,042
Part-time fees	<b>1,726</b>	1,647
Short course fees	<b>633</b>	934
	<b>29,491</b>	<b>28,272</b>

### 3 Research grants and contracts

	2012 £'000	2011 £'000
Research Councils	<b>365</b>	688
UK based charities	<b>451</b>	335
European Commission	<b>368</b>	224
Other grants and contracts	<b>628</b>	243
	<b>1,812</b>	<b>1,490</b>

## Notes to the Financial Statements Year to 31 July 2012

### 4 Other operating income

	2012 £'000	2011 £'000
Residences, conferencing and catering	6,845	7,033
Other income generating activities	3,275	3,099
Other grant income	446	1,006
Other income	143	276
Release of deferred capital grants (note 17)	40	40
	<b>10,749</b>	<b>11,454</b>

### 5 Interest receivable

	2012 £'000	2011 £'000
Income from short-term investments	109	85
Endowment Income	19	19
	<b>128</b>	<b>104</b>

### 6 Staff

<b>Staff costs</b>	2012 £'000	2011 £'000
Wages and salaries	34,561	34,674
Social security costs	2,958	3,012
Other pensions costs, including FRS 17 adjustments (note 25)	4,554	4,846
Restructuring costs	109	853
	<b>42,182</b>	<b>43,385</b>

<b>Analysis of staff costs by activity</b>	2012 £'000	Restated 2011 £'000
Academic departments	22,527	22,806
Academic services	7,787	7,606
Research grants and contracts	501	557
Residences, catering and conferences	651	609
Premises	2,963	3,123
Administration	7,753	8,684
<b>Total per Income and Expenditure Account</b>	<b>42,182</b>	<b>43,385</b>

The administration activity costs includes £108k of restructuring costs and £342k of pension costs relating to FRS17 (Note 25).

<b>Analysis of staff costs by type of contract</b>	2012 £'000	2011 £'000
Employment costs for staff on permanent contracts	41,522	42,258
Employment costs for staff on temporary contracts	551	274
Staff restructuring costs	109	853
	<b>42,182</b>	<b>43,385</b>

## Notes to the Financial Statements Year to 31 July 2012

### 6 Staff (continued)

#### Total emoluments of staff Members of Council

The total emoluments of all staff Members of Council in the year amounted to £338,104 (2011: £311,393). Employer pension contributions in respect of the staff Members of Council totalled £42,505 (2011: £38,349) and were paid on behalf of three staff Members of Council (2011: three staff members).

The Vice-Chancellor's 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.

<b>Vice-Chancellor</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
Salary costs	202	193
Pension	32	31
Taxable benefits	1	1
	<b>235</b>	<b>225</b>

The University's pension contributions to the Universities Superannuation Scheme (USS) for the Vice-Chancellor are paid at the same rates as for the academic staff and in 2012 they amounted to £32,090 (2011: £30,760).

<b>Remuneration of other senior staff</b>	<b>2012 No</b>	<b>2011 No</b>
£110,001 - £120,000	1	2
£120,001 - £130,000	2	3
£130,001 - £140,000	2	1

<b>Staff numbers by major category (full-time equivalent)</b>	<b>2012 No</b>	<b>2011 No</b>
Academic	399	408
Administrative and clerical	372	321
Other including technical and manual	146	150
	<b>917</b>	<b>879</b>

The administrative and clerical staff FTE total for 2012 also includes temporary staff recruited through Unitemps.

## Notes to the Financial Statements Year to 31 July 2012

### 7 Other operating expenses

	2012 £'000	2011 £'000
Residences, conferencing and catering	1,250	1,096
Consumables and laboratory expenditure	2,638	2,347
Books and periodicals	1,267	1,063
Heat, light, water and power	1,108	1,246
Repairs and general maintenance	1,165	1,139
Grants to Students' Union	358	365
Property lease rentals	455	906
Auditors' remuneration (internal)	47	47
Auditors' remuneration (external)	45	46
Auditors' remuneration in respect of non-audit services	14	-
Operating leases	89	109
Provision for doubtful debts	106	310
Travel, subsistence, catering and entertaining	983	849
Infrastructure	2,651	2,503
Printing, stationery and postage	612	530
Temporary Staff	2,322	2,342
Consultancies	454	329
Professional fees	561	317
Management fees	127	173
Scholarships and bursaries	3,406	3,796
Staff training	585	518
Advertising	597	252
Other student-related expenditure	2,013	2,307
Other expenses	623	712
	<b>23,476</b>	<b>23,302</b>

Included within external auditors' remuneration is an amount of £45,617 (2010: £45,617) in respect of the audit of the University.

The University has a lease over the Mount Clare property, owned by Southlands College, which expires in 2026. The rental paid in the year was £400,000 (2011: £400,000).

#### Members of Council and Directors

No Member of Council has received any remuneration/waived payment from the University during the year in their capacity as a Member of Council. Emoluments received by Council Members in their capacity as employees are included in Note 6. The total expenses paid to or on behalf of 19 Members of Council were £1,183 (2011: £1,262). These represent travel and subsistence expenses incurred in attending Council Committee meetings and other events in their official capacity.

## Notes to the Financial Statements Year to 31 July 2012

### 7 Other operating expenses (continued)

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

	Other operating expenses £'000	Depreciation /Amortisation £'000	Interest payable £'000	2012 Total funds £'000	2011 Total funds £'000
Academic departments	1,793	28	—	1,821	2,706
Academic services	3,635	1,023	—	4,658	4,445
Research grants and contracts	1,701	—	—	1,701	770
Residence, catering and conferences	4,654	52	367	5,073	4,290
Premises	3,126	1,666	385	5,177	4,846
Administration	8,567	300	641	9,508	11,150
	<b>23,476</b>	<b>3,069</b>	<b>1,393</b>	<b>27,938</b>	<b>28,207</b>

#### Funding of depreciation charge

	£'000
Deferred capital grants released (note 17)	1,745
General income	1,324
	<b>3,069</b>

### 8 Interest payable

	2012 £'000	2011 £'000
Loans not wholly repayable within five years	752	782
LPFA pension finance costs (note 25) and enhanced pension finance cost	641	606
	<b>1,393</b>	<b>1,388</b>

## Notes to the Financial Statements Year to 31 July 2012

### 9 Tangible fixed assets Group and University

	Work in progress £'000	Leasehold land £'000	Leasehold buildings £'000	Freehold buildings £'000	Equipment £'000	Total £'000
<b>Cost or valuation</b>						
At 1 August 2011	92	22,900	90,541	3,279	16,821	133,633
Additions	55	—	403	—	1,032	1,490
Transfer	(92)	—	—	—	92	—
At 31 July 2012	55	22,900	90,944	3,279	17,945	135,123
<b>Depreciation</b>						
At 1 August 2011	—	252	13,458	475	14,015	28,200
Charge for year	—	124	2,805	88	1,578	4,595
At 31 July 2012	—	376	16,263	563	15,593	32,795
<b>Net book values</b>						
At 31 July 2012	55	22,524	74,681	2,716	2,352	102,328
At 1 August 2011	92	22,648	77,083	2,804	2,806	105,433
<b>Financed by:</b>						
Capital grant	—	—	9,009	—	1,981	10,990
Other	55	22,524	65,672	2,716	371	91,338
	55	22,524	74,681	2,716	2,352	102,328

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.

## Notes to the Financial Statements Year to 31 July 2012

### 10 Goodwill Group and University

Negative goodwill, relating to Digby Stuart College and Southlands College, is being amortised in line with depreciation of the relevant assets.

	Positive Goodwill Total £'000	Negative Goodwill Total £'000
<b>Total goodwill</b>		
<b>Cost</b>		
At 1 August 2011	173	(67,227)
Additions	—	—
At 31 July 2012	<u>173</u>	<u>(67,227)</u>
<b>Amortisation</b>		
At 1 August 2011	(44)	3,016
Charge for year	(8)	1,534
At 31 July 2012	<u>(52)</u>	<u>4,550</u>
<b>Net book values</b>		
At 31 July 2012	<u>121</u>	<u>(62,677)</u>

### 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 the University. Separate audited financial statements have been prepared for the company to 31 July 2012. The company provides media and consultancy services to external clients. The investment in RCIL is £29,003. The University owns 100% of the ordinary shares of RCIL. In 2011-12 RCIL made a profit of £35,569, all of which is gift aided to the University.

### 12 Endowment assets

<b>Group and University</b>	2012 £'000	2011 £'000
Balance at 1 August	848	928
Net (disposals)	(75)	(105)
Appreciation on revaluation	4	25
Balance at 31 July	<u>777</u>	<u>848</u>
<b>Represented by:</b>		
<b>Market value</b>		
Fixed interest stocks	150	134
Equities	122	134
	<u>272</u>	<u>268</u>
Cash	505	580
<b>Total</b>	<u>777</u>	<u>848</u>
Fixed interest and equities at cost	<u>240</u>	<u>241</u>



## Notes to the Financial Statements Year to 31 July 2012

### 13 Debtors: Amounts falling due within one year

	<b>Group 2012 £'000</b>	Group 2011 £'000	<b>University 2012 £'000</b>	University 2011 £'000
Debtors	<b>1,792</b>	1,444	<b>1,352</b>	1,330
Amount owed by Group undertakings:				
Subsidiary undertakings	—	—	<b>715</b>	465
Prepayments and accrued income	<b>445</b>	878	<b>466</b>	896
College debtors	<b>880</b>	578	<b>859</b>	559
Roehampton Students' Union loan	<b>286</b>	221	<b>286</b>	221
	<b>3,403</b>	3,121	<b>3,678</b>	3,471

The bad debt provision has been calculated based on a sector-wide bench-marking exercise. The debtors figure includes a bad debt provision of £724k (2011:£618k) for student-related debt.

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

	<b>Group 2012 £'000</b>	Group 2011 £'000	<b>University 2012 £'000</b>	University 2011 £'000
Secured loans	<b>663</b>	617	<b>663</b>	617
University creditors	<b>1,547</b>	1,663	<b>1,527</b>	1,650
Taxation and social security	<b>1,554</b>	1,520	<b>1,554</b>	1,520
Accruals and deferred income	<b>4,336</b>	4,306	<b>4,152</b>	4,211
	<b>8,100</b>	8,106	<b>7,896</b>	7,998

## Notes to the Financial Statements Year to 31 July 2012

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

Secured loans	Group 2012 £'000	Group 2011 £'000	University 2012 £'000	University 2011 £'000
Between one and two years	695	901	695	901
Between two and five years	2,350	2,049	2,350	2,049
In five years or more	10,477	11,194	10,477	11,194
	<b>13,522</b>	<b>14,144</b>	<b>13,522</b>	<b>14,144</b>

Lender	Type of loan	Date drawn down	Total drawn at inception £'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
Lloyds TSB	Term loan	Nov 2003	1,441	20 years	Fixed
Lloyds TSB	Term loan	Oct 2004	6,500	25 years	Fixed
Salix	Term loan	Jan 2011	237	4 years	Interest Free
Salix	Term loan	Jan 2011	35	4 years	Interest Free
Salix	Term loan	Jan 2012	48	4 years	Interest Free

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 on all of these loans for the duration of the loan period. The £4.6 million drawn-down loan has interest at 4.935%, the £1.44 million drawn-down loan has interest at 5.495% and the £6.5 million drawn-down loan has interest at 5.661%.

With effect from midnight on 31 July 2008, the liability to repay the bank loans transferred from Digby Stuart College to the University in accordance with a novation agreement. Given the nature of the lease agreements over the land and buildings, the Digby Stuart College Trust continues to offer a mortgage of the freehold of the main College site as ultimate security for these loans.

The University was successful in receiving £320,000 in funding from the HEFCE/Salix Revolving Green Fund. The Fund is intended to provide repayable grants for the University to undertake specific projects that will reduce carbon emission. The financial savings made as a result of these projects are used to replenish the Fund. The loan is a long-term grant and only repayable once reinvestment in relevant carbon management projects ceases.

## Notes to the Financial Statements Year to 31 July 2012

### 16 Provisions for liabilities and charges

#### Group and University

	Enhanced Pension £'000	Kingston City Group pension provision £'000
<b>At 1 August 2011</b>	<b>1,977</b>	<b>—</b>
Utilised in year	(149)	—
Transfer from Income and Expenditure Account	185	4
Loss in respect of pension scheme recognised in the STRGL	(57)	—
<b>At 31 July 2012</b>	<b>1,956</b>	<b>4</b>

The University pays enhanced pension entitlements (EP) 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 2011-12, actual payments of £149,186 (2011-12: £146,000) 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.

In addition to the enhanced pensions which are being provided above, the University also provides enhanced pension contributions to a further 50 former employees. HEFCE is providing the University with additional funds each year to meet these contributions. Although HEFCE does not have a legal obligation to continue making these payments, the University expects them to do so. As the costs of these payments have been recognised as a liability in the financial statements of HEFCE (indicating HEFCE's expectation that they will be meeting these costs in the future) they have not been recognised as a liability in the University's Balance Sheet. Were the position to change, the estimated cost to the University of meeting these pension payments was £1.2 million as at 31 July 2012 (2011: £1.2 million).

## Notes to the Financial Statements Year to 31 July 2012

### 17 Deferred capital grants

	Funding Council £'000	Other grants £'000	Total £'000
<b>At 1 August 2011</b>			
Buildings	8,367	444	8,811
Equipment	3,673	—	3,673
	12,040	444	12,484
<b>Cash received</b>			
Buildings			
Equipment	251	—	251
	251	—	251
<b>Release to Income and Expenditure</b>			
Buildings	(623)	(40)	(663)
Equipment	(1,082)	—	(1,082)
	(1,705)	(40)	(1,745)
<b>At 31 July 2012</b>			
Buildings	7,744	404	8,148
Equipment	2,842	—	2,842
	10,586	404	10,990

### 18 Restricted expendable endowments

	Gerhard Weiler £'000	Honora Naughton £'000	Dove Bowerman £'000	The Ebb and Flow Fund £'000
<b>At August 2011</b>	48	5	222	26
Appreciation in endowment asset for year	1	—	3	—
Income for year	1	1	—	—
Expenditure for year	—	(1)	—	(4)
<b>At 31 July 2012</b>	<b>50</b>	<b>5</b>	<b>225</b>	<b>22</b>

	Society of the Sacred Heart Fund (RUSH) £'000	Jewish Resource Centre £'000	Society of the Sacred Heart Fund (Chaplain's Assistant) £'000	Total £'000
<b>At August 2011</b>	535	12	—	848
Appreciation in endowment asset for year	—	—	—	4
Income for year	—	15	2	19
Expenditure for year	(85)	(4)	—	(94)
<b>At 31 July 2012</b>	<b>450</b>	<b>23</b>	<b>2</b>	<b>777</b>

## Notes to the Financial Statements Year to 31 July 2012

### 19 Reserves

#### a) Income and Expenditure Account

	<b>Group 2012 £'000</b>	Group 2011 £'000	<b>University 2012 £'000</b>	University 2011 £'000
<b>At 1 August 2011</b>	<b>6,891</b>	1,695	<b>6,878</b>	1,682
Net (deficit)/ surplus after depreciation of assets, disposal of assets and tax	<b>2,178</b>	2,751	<b>2,178</b>	2,751
Actuarial gain/(loss) in respect of pension scheme	<b>(7,487)</b>	2,445	<b>(7,487)</b>	2,445
<b>At 31 July 2012</b>	<b>1,582</b>	6,891	<b>1,569</b>	6,878
<b>Balance represented by</b>				
Pension reserve	<b>(23,555)</b>	(15,274)	<b>(23,555)</b>	(15,274)
Income and Expenditure Account excluding pension reserve	<b>25,137</b>	22,165	<b>25,124</b>	22,152
	<b>1,582</b>	6,891	<b>1,569</b>	6,878

#### b) Total Reserves

<b>Group</b>	Income and Expenditure Account £'000	Pension reserve £'000	<b>Total £'000</b>
<b>At 1 August 2011</b>	22,165	(15,274)	<b>6,891</b>
Net surplus after depreciation of assets, disposal of assets and tax	2,972	(794)	<b>2,178</b>
Actuarial loss in respect of pension scheme	—	(7,487)	<b>(7,487)</b>
<b>At 31 July 2012</b>	<b>25,137</b>	<b>(23,555)</b>	<b>1,582</b>

<b>University</b>	Income and Expenditure Account £'000	Pension reserve £'000	<b>Total £'000</b>
<b>At 1 August 2011</b>	22,152	(15,274)	<b>6,878</b>
Net surplus after depreciation of assets, disposal of assets and tax	2,972	(794)	<b>2,178</b>
Actuarial loss in respect of pension scheme	—	(7,487)	<b>(7,487)</b>
<b>At 31 July 2012</b>	<b>25,124</b>	<b>(23,555)</b>	<b>1,569</b>

## Notes to the Financial Statements Year to 31 July 2012

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

	2012 £'000	2011 £'000
<b>Net surplus / (deficit) on continuing operations</b>	<b>2,103</b>	2,646
Depreciation/amortisation (Notes 9, 10)	<b>3,069</b>	3,517
Deferred capital grants released to income (Note 17)	<b>(1,745)</b>	(2,286)
Interest receivable (Note 5)	<b>(128)</b>	(104)
Interest payable (Note 8)	<b>752</b>	782
Pension cost less contributions payable	<b>794</b>	884
(Increase) in stocks	<b>(33)</b>	(17)
(Increase) in debtors	<b>(282)</b>	(231)
(Decrease) in creditors	<b>(52)</b>	(411)
Increase in provisions	<b>40</b>	60
<b>Net cash inflow from operating activities</b>	<b>4,518</b>	4,840

### 21 Return on investments and servicing of finance

	2012 £'000	2011 £'000
Interest received from short-term investments	<b>128</b>	104
Interest paid	<b>(752)</b>	(782)
	<b>(624)</b>	(678)

### 22 Capital expenditure and financial investment

	2012 £'000	2011 £'000
Tangible assets acquired (Note 9)	<b>(1,490)</b>	(2,273)
Net loss on sale of asset	-	28
Net cash acquired with Southlands College	-	131
Net movement on endowments	-	(63)
Deferred capital grants received (Note 17)	<b>251</b>	1,092
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,239)</b>	(1,085)

### 23 Analysis of changes in finance during the year

	Mortgages and loans £'000	Total £'000
<b>At 1 August 2011</b>	14,761	<b>14,761</b>
New loans	48	<b>48</b>
Capital repayment	(624)	<b>(624)</b>
Net amount received/(repaid) in year	(576)	<b>(576)</b>
<b>At 31 July 2012</b>	14,185	<b>14,185</b>

## Notes to the Financial Statements Year to 31 July 2012

### 24 Analysis of changes in net debt

	At 1 August 2011	Cash flows £'000	Non-cash changes £'000	At 31 July 2012 £'000
Cash at bank and in hand	13,378	2,154	—	15,532
Cash held within endowments	580	(75)	—	505
Debt due within one year	(617)	617	(663)	(663)
Debt due after one year	(14,144)	(41)	663	(13,522)
	(803)	2,655	—	1,852

### 25 Pensions

The University's employees belong to three principal pension schemes, the Teachers' Pensions Scheme (TPS), the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). All are defined benefit schemes. The total pension cost for the year ended 31 July 2012 was £4.5 million (2011: £4.8 million); this includes an amount of £185,000 (2011: £146,000) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement. 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.

#### Teachers' Pension Scheme

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

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

The employers' contribution rate for the University's academic staff was 14.1% of pensionable salary from 1 August 2011 to 31 July 2012.

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

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary'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 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million.

## Notes to the Financial Statements Year to 31 July 2012

### 25 Pensions (continued)

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 2008, 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), giving 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 million.

A copy of the Government Actuary'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).

#### Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme (LGPS) is a funded defined-benefit scheme, with the assets held in separate trustee administered funds. The total contribution made for the year ended 31 July 2012 was £2.4 million (2011: £2.9 million) of which employer's contributions totalled £1.7 million (2011: £2.1 million) and employees' contributions totalled £0.7 million (2011: £0.8 million).

The employer's contribution rate for administrative and manual staff for the period 1 August 2011 to 31 July 2012 was 16%. The employer contributions expected to be paid into the scheme during the year ended 31 July 2012 amount to £1.9 million.

#### *Financial Reporting Standard (FRS) 17 - Retirement Benefits*

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2012 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2012 %	2011 %
Retail price index increases	2.6	3.5
<b>Consumer price index increases</b>	<b>1.8</b>	2.7
Salary increases	3.5	4.5
Pension increases	1.8	2.7
Discount rate	3.9	5.3
<b>Expected return on assets</b>		
Equities	5.6	6.8
Target Return Portfolio	4.3	4.5
Alternative Assets	4.6	5.8
Cash	0.5	3.0
Other Bonds	n/a	5.3



## Notes to the Financial Statements Year to 31 July 2012

### 25 Pensions (continued)

The assumed life expectations from age 65 are:

<b>Life Expectancy from 65 (years)</b>	<b>31 July 2012</b>	<b>31 July 2011</b>
Retiring Today		
Males	<b>20.6</b>	20.5
Females	<b>23.9</b>	23.8
Retiring in 20 years		
Male	<b>22.6</b>	22.5
Female	<b>25.8</b>	25.7

The estimated asset allocation for Roehampton University as at 31 July 2012 is as follows:

	<b>Value at 31 July 2012 £'000</b>	<b>Proportion %</b>	<b>Value at 31 July 2011 £'000</b>	<b>Proportion %</b>
Equities	<b>24,544</b>	<b>71%</b>	22,913	69%
Target Return Portfolio	<b>3,457</b>	<b>10%</b>	3,653	11%
Alternative Assets	<b>5,531</b>	<b>16%</b>	4,649	14%
Cash	<b>1,037</b>	<b>3%</b>	1,328	4%
Bonds	<b>—</b>	<b>0%</b>	664	2%
<b>Total market value of assets</b>	<b>34,569</b>	<b>100%</b>	33,207	100%

The following amounts, at 31 July 2012, were measured in accordance with the requirements of FRS 17:

<b>Analysis of the amount shown in Roehampton University's Balance Sheet</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>
Estimated asset share	<b>34,569</b>	33,207
Present value of funded liabilities	<b>(56,914)</b>	(47,224)
Present value of unfunded liabilities	<b>(315)</b>	(305)
<b>Net pension deficit</b>	<b>(22,660)</b>	(14,322)

## Notes to the Financial Statements Year to 31 July 2012

### 25 Pensions (continued)

<b>Analysis of amounts charged to staff costs in the Income and Expenditure Account</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>
Employer service cost (net of employee contributions)	2,045	2,420
Losses on curtailments	-	158
<b>Total operating charge</b>	<b>2,045</b>	<b>2,578</b>

<b>Analysis of the amount that is credited to interest payable in the Income and Expenditure Account</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>
Expected return on pension scheme assets	2,086	1,947
Interest on pension liabilities	(2,542)	(2,386)
<b>Net return on pension scheme</b>	<b>(456)</b>	<b>(439)</b>

The actual return on assets during the year was £2,520,000.

<b>Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>
Actual return less expected return on pension fund assets	(2,044)	1,105
Experience gains	(6)	5,206
Change in financial and demographic assumptions underlying the fund liabilities	(5,494)	(3,739)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>(7,544)</b>	<b>2,572</b>

<b>Analysis of movement in the present value of the scheme liabilities</b>	<b>31 July 2012 £'000</b>	<b>31 July 2011 £'000</b>
<b>Opening present value of the defined benefit obligation</b>	<b>(47,529)</b>	<b>(44,463)</b>
<b>Movement in the period:</b>		
Current service cost	(2,045)	(2,420)
Interest cost	(2,542)	(2,386)
Contributions by members	(715)	(795)
Actuarial (losses) gains	(5,500)	1,849
Losses on curtailments	-	(158)
Estimated unfunded benefits paid	25	25
Estimated benefits paid	1,077	819
<b>Closing present value of the defined-benefit obligation</b>	<b>(57,229)</b>	<b>(47,529)</b>

## Notes to the Financial Statements Year to 31 July 2012

### 25 Pensions (continued)

<b>Analysis of the movement in the fair value of the scheme assets</b>	<b>31 July 2012 £'000</b>	31 July 2011 £'000
<b>Opening fair value of employer assets</b>	<b>33,207</b>	28,453
<b>Movement in the period:</b>		
Expected return on assets	2,086	1,947
Contributions by members	715	795
Contributions by the employer	1,707	2,133
Actuarial gain/(loss)	(2,044)	723
Estimated benefits paid	(1,102)	(844)
<b>Closing fair value of employer assets</b>	<b>34,569</b>	33,207

<b>Projected Pension Expense for the year to 31 July 2013</b>	31 July 2013 £'000
Service Cost	2,391
Interest Cost	2,271
Return on assets	(1,816)
<b>Total</b>	<b>2,846</b>

Employer Contributions	1,676
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Amounts for the current and previous four periods are as follows:

	<b>2012 £'000</b>	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation	(57,229)	(47,529)	(44,463)	(41,190)	(33,013)
Plan assets	34,569	33,207	28,453	24,557	24,057
Deficit	(22,660)	(14,322)	(16,010)	(16,633)	(8,956)
Experience adjustment on plan liabilities	(6)	5,588	137	—	1,834
Experience adjustment on plan assets	(2,044)	723	779	(3,415)	(4,124)

#### Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined-benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not linked to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 Retirement Benefits, accounts for the scheme as if it were a defined-contribution scheme. As a result, the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2011. The valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate

## Notes to the Financial Statements Year to 31 July 2012

of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An 'inflation risk premium' adjustment was also included by deducting 0.3% from the market-implied inflation.

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per, salary increases would be 4.4% per annum (plus an additional allowance for increases in salaries due to age and promotion reflecting historic Scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for the 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables were used as follows:

Male members' mortality	S1NA (Light) year of birth tables –No age rating
Female members' mortality	S1NA (Light) year of birth tables –rated down 1 year

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

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

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

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protected Fund regulations introduced by the Pensions Act 2004 the Scheme was 93% funded; and on a buy-out basis (ie assuming the Scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company.

Surpluses or deficits which arise at future valuation may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Assumption	Change in assumption	Impact on scheme liabilities
Rate of investment return	Increase/decrease by 0.25%	Decrease/increase by £1.6 billion
Rate of salary growth	Increase/decrease by 0.25%	Increase/decrease by £0.6 billion
Rate of mortality	Members live one year longer than assumed	Increase by £0.8 billion

## Notes to the Financial Statements Year to 31 July 2012

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 2014. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

### 26 Access to learner support funds

	2012 £'000	2011 £'000
<b>Balance at 1 August 2011</b>	<b>13</b>	18
Funding Council grants	<b>181</b>	187
Interest earned	—	1
	<b>194</b>	206
Disbursed to students	<b>(182)</b>	(192)
Audit fees	<b>(1)</b>	(1)
<b>Balance at 31 July 2012</b>	<b>11</b>	13

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.

### 27 Froebel Trust

	2012 £'000	Restated 2011 £'000
Total accommodation income collected	<b>684</b>	711
Total expenditure	<b>(741)</b>	(817)
Management fee to the University	-	(37)
<b>Balance at 31 July</b>	<b>(57)</b>	(143)

The University has agreed to act as the Froebel Trust's agent to provide management services for the trust in relation to the London and Quadrant accommodation buildings. The income and related expenditure are therefore excluded from the Income and Expenditure Account.

### 28 The Training Agency training salaries

	2012 £'000	2011 £'000
Total payment received from the Training Agency, excluding VAT	<b>624</b>	2,305
Disbursed to students	<b>(644)</b>	(2,396)
Administration fee	<b>(11)</b>	(55)
<b>Balance at 31 July</b>	<b>(31)</b>	(146)

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

## Notes to the Financial Statements Year to 31 July 2012

### 29 Related party disclosures

The relationship between the University, the Colleges and the Providing Bodies is a complex one involving cross membership and substantial financial transactions.

The following disclosure is required under FRS 8, Related Party Transactions.

Reverend Dr Richard Cheetham, Canon Peter Bruinvels and Brian Newey were also members of the University Council.

The University has Deeds of Adherence with Whitelands College that govern the relationship of mutuality between the separate parties.

During the financial year 2011-12 Alex Murray (until 2 July 2012) and Wade Tomlinson (from 2 July 2012) was a member of University Council and President of Roehampton Students' Union. In 2011-12 the University gave Roehampton Students' Union £358,000 as a block grant.

The University has taken advantage of the exemption available in FRS8, Related Party Transactions not to disclose transactions with its wholly owned subsidiaries.

### 30 Post balance sheet events

Effective from 1 August 2012, the University took over the operational management of the property, other assets and some of the liabilities of Whitelands College.