



# Financial Statement

## 31 July 2011

Company Registration Number  
5161359 (England and Wales)

**Roehampton  
University**

**Annual Report and Financial  
Statements**

31 July 2011

Company Registration Number  
5161359 (England and Wales)

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## Operating and Financial Review Year to 31 July 2011

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Nicholas Brookes – Vice-Chair  
Canon Peter Bruinvels  
Rt Rev Dr Richard Cheetham  
John Constantine (from 11 October 10)  
Roger Dawe  
Rev David Deeks (from 1 August 10)  
Clare Delmar  
Noel Flannery  
Kaye Forrest (until 31 July 11)  
Sister Mary Hinde (until 3 March 11)  
Terry Knight  
Max Landsberg  
Stephen Ludlow  
Professor Robin Middlehurst (until 31 July 11)  
Dr Annabelle Mooney (until 16 November 10)  
Alex Murray  
Mark Neale CB  
Brian Newey (from 11 October 10)  
David Parrott  
Professor Paul O'Prey  
Dr Julie Shaughnessy (from 14 March 2011)

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Robin Geller

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## Operating and Financial Review Year to 31 July 2011

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Canon Peter Bruinvels (from 14 March 2011)  
Chris Cobb (from 14 March 2011 to 31 July 2011)  
Terry Knight  
Andrew Masheter (from 1 November 2011)  
Professor Robin Middlehurst (until 31 July 2011)  
Alex Murray (*ex officio*, from 11 October 2010)  
Professor Paul O'Prey (*ex officio*)

## Operating and Financial Review Year to 31 July 2011

<b>Company Registration Number</b>	5161359
<b>Registered Office</b>	Grove House Roehampton Lane London SW15 5PJ
<b>Auditors</b>	BDO LLP Emerald House East Street Epsom Surrey KT17 1HS
<b>Bankers</b>	Barclays Bank PLC London SW18 2PR
<b>Solicitors</b>	Eversheds London EC4A 4JL

# Operating and Financial Review Year to 31 July 2011

## Introduction

This report reviews the University's activities in the year 2010-11 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 Training and Development Agency for Schools 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. In 2009-10, institutions generated some £27 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 2010-11 was £74 million, of which £33 million comprised of Funding Council grants.

## 1 Statement of Public Benefit

Roehampton University is an exempt charity under the terms of Charities Act 1993. 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 University 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*



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- *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, a ground-breaking research project by English National Ballet and the University revealed that dance benefits people with Parkinson's by relieving debilitating symptoms and significantly improving stability, as well as contributing to social inclusion and artistic expression. Dance for Parkinson's was a 12-week project and involved 24 active participants in English National Ballet's dance classes for people with Parkinson's. Funded by the City of Westminster, the study shows that dancing enabled participants to increase fluidity of movement and short-term gains in mobility were observed, particularly in the latter half of the project. Well-being, positive mental attitude and emotions were all consistently improved.

Dr Aisha Gill, Lecturer in Criminology and an expert on violence against women, and her colleagues, visited Iraq to launch their findings in response to the alarming levels of violence against women and girls in Kurdish communities. They called on the Kurdish Regional Government in Northern Iraq and the Coalition Government in the UK to urgently address violence against Kurdish women in the name of 'honour'.

Professor Raymond Lee and Alison Carlisle are working on a project to develop technology and a computer algorithm for fall detection in elderly people, using signals detected by mobile phone and miniature accelerometers. This study will compare the motion signals collected by the phone with other external measurements so as to determine the accuracy of the data.

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:

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- 95.1% of young full-time undergraduate entrants to the University in 2009-10 were from state schools or colleges compared to the UK average of 89.4%
- 35.1% of young full-time undergraduates entering the University in 2009-10 were from National Statistics Social Economic Classifications 4 to 7 (compared to the sector average of 30.7%)
- 36.2% of students were from Black and Minority Ethnic backgrounds in 2009-10 (compared to a sector average of 18.1%)

Roehampton offers a financial support package of up to £1,300 per year to students from groups that are under-represented in higher education. This includes both bursary and scholarship components.

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 recently 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.

### 1.3 Community Engagement

The University continues to be an active player in community engagement and the regional economic development agenda, with particularly good working 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 new pan-London Local Enterprise Partnerships (LEP), and 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 the strengthening of its employability and employer engagement activities through the development of its employer networks in the local and regional community and through

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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 to 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 Enterprising Roehampton Awards organised in collaboration with Wandsworth Borough Council and hosted by the University, which recognise local companies, individuals and organisations that provide excellent service to the community.

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. In addition to hosting and organising the annual 10K Roehampton Fun Run, the University has won a £230K Sport England grant to develop its "ROEActive" sports and fitness activities. A new project called "ROEactivate" will build on existing and recently established partnerships with community organisations, taking advantage of campus proximity to sports facilities and strong relationships with neighbouring universities. The project will also develop students as coaches and volunteers, dovetailing student sports clubs with local community activity, and grow partnerships with national governing bodies and community sports clubs to provide new opportunities for student engagement. These also will work to reduce perceived barriers to participation.

### **1.4 Public Education**

The University offers a range of short courses and continuing professional development programmes aimed at the wider community. These courses help individuals to maintain their professional accreditations and also to increase their skills and employability. In addition, the University, working with Haymarket, Job Centre Plus, London First and Wandsworth Borough Council, successfully completed its delivery of the Economic Challenge Investment Fund sponsored Creative Futures training programme, targeting hard-to-reach groups in the creative industries to counter the impact of the recession in the local region. More than 1300 local people, of which over 60% were women, were trained across 152 professional courses, with high rates of satisfaction and repeat business. The programme is being used to inform the University's future CPD activity and has also been nominated for a Times Higher Education Award for Outstanding Employer Engagement.

## **2 Strategy and Risk Analysis**

### **2.1 Strategic Plan**

The University's new Strategic Plan was approved by Council in October 2011 and sets out a strategy for managing the rapid transition to a new business model that will see direct government funding replaced by student fees, a process that starts with immediate effect in 2011 and will be completed by March 2014. The new Strategic Plan seeks to maintain the momentum created by the 2006-2011 Strategic Plan, which has provided the framework for an extremely exciting and significant programme of change and improvement in the University. The Strategic Plan is distinctive in having only one over-arching aim, which is to maintain the financial stability and sustainability of the University during a period of intense uncertainty and change.

To meet this challenge, the University will keep its Financial Strategy under constant review as well as focus on the following priorities:

- Positioning the University in the market
- Driving up non-regulated income and reducing the overall cost base

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- Delivering high-quality student learning and enhancing student employability
- Improving the student and staff experience

### 2.2 Key Performance Targets

Key performance targets have been set for each of the aims of the previous strategic plan and progress against achieving these was reported in detail to Council in June. A selection of the achievements from the last strategic plan are detailed below.

<p><b>50% increase in income from postgraduate, overseas and part-time students by December 2010</b></p> <p>111% increase achieved in 2010-11</p> <p>The total amount raised in fees from these sources in 2010-11 was £8,766k compared to the 2004-05 baseline figure of £4,161k</p>	<p><b>25% increase in external research income by December 2011</b></p> <p>78% increase achieved in 2010-11</p> <p>External research income of £1,490k was accounted for in 2010-11, against £835k in 2004-05</p>	<p><b>At least a 50% reduction in programme combinations by December 2006</b></p> <p>95% reduction achieved in 2010-11</p> <p>Programme combinations were reduced from around 1500 in 2005, to 71 combinations currently. Work is on-going to reduce this further</p>
<p><b>One private study station per 10 students by September 2009 in line with sector norms</b></p> <p>1.14 private study stations per 10 students</p> <p>There are 848 study stations available, exceeding the target of 743</p>	<p><b>280 average total tariff points on entry by October 2011</b></p> <p>276 average tariff points achieved 2010-11</p> <p>This figure has risen significantly since 2006-7, when it stood at 221 and the target will be achieved in 2011-12 where indications are that the average is currently 298</p>	<p><b>Maintain Investors in People status by December 2011</b></p> <p>Investors in People re-accreditation was achieved in June 2010</p>
<p><b>100% of student bedrooms networked by December 2011</b></p> <p>100% of all student bedrooms in halls of residence now have cabled or wireless internet access</p>	<p><b>Remote access to all electronic learning resources by September 2008</b></p> <p>Remote access to all electronic learning resources is now available</p>	<p><b>Growth in other income sources so that HEFCE and TDA teaching grants account for less than 50% of total income by December 2011</b></p> <p>HEFCE and TDA sources now represent 44% of total income. The proportion 2004-05 was 61%</p>
<p><b>£500k raised through philanthropic giving by December 2011</b></p> <p>£1,061k raised through philanthropic giving since August 2008</p>		

### 2.3 Looking Forward

The Strategic Plan's key aim is to maintain the financial stability and sustainability of the University through the close monitoring of the four distinct priorities indicated above.

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In meeting these priorities the University will remain committed to working towards its 2025 goals. The 2025 goals were proposed by the Vice-Chancellor as a longer-term vision for the University and were published in his paper Roehampton 2025 – Creating a Distinctive Identity and Long-Term Strategic Goals for the University.

The fundamental premise that underpins this long-term vision for the University is that our sustainability as an independent institution is dependent on two things: having a distinctive profile and ensuring that all our activities are of the highest quality.

The eight 2025 goals, which were agreed by Council in October 2011, 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

### 2.4 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 format of the risk register, and associated processes, have been reviewed by the Audit Committee following a review undertaken by the Pro Vice-Chancellor & Director of Finance and the Planning Office. The University now has two high-level risk register documents, a one-page overview to prioritise risks, and a more detailed version which details plans and tracks progress. This has been amended recently following the Risk Audit to align the scoring system with HEFCE best practice, and link the risks to the priorities of the Strategic Plan. The new structure of the risk register will provide clarity and consistency which will help in monitoring, addressing and the reporting of risk within the University.

A significant risk relates to changes in Government policy on future funding and places. This can cause sustainability issues for the University, which are being addressed by a range of strategies and actions designed to ensure financial stability and the sustainability of student numbers. Our forecasting and financial modelling in this area is now more sophisticated, addressing the potential reduction in demand as well as the impact of the introduction of the free market for AAB+ students and the Core and Margin Funding Model. It is also necessary to plan for any reduction in student applications and to streamline the portfolio. Following intensive work with a pricing consultancy, a new fee structure has been agreed and implemented. Alongside this work on fees and funding, there has also been on-going discussion regarding

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new income streams and making cost savings. This work will continue in the coming year, as well as developing and reviewing the financial and fees strategies in the light of the first year of the new arrangements.

A significant risk relates to student recruitment. This combines several previous high-level risks relating to student demand and increased competition from other institutions, as well as whether we are able to position the University successfully in today's climate. A demand-led environment for HE significantly increases the risk of under-recruitment, with the concomitant impact on the University's revenues. The University has taken a number of important actions to reduce significantly the risk of under-recruitment, including developing detailed recruitment targets at a regional level, a series of country strategies for overseas recruitment, a Study Abroad strategy, partnerships and networks in the USA and the Duchesne Alliance, building on historic links. Future activities to mitigate this risk will include a new marketing strategy planned for January 2012, 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; and expanding our Study Abroad operation.

The University has identified the rising cost of supporting pension schemes as another significant risk, due mainly to the lack of control that universities have over this. We have closely followed the changes to the USS pension scheme, and the Hutton Review has proposed changes to public sector pension schemes to make them more sustainable. We will pay close attention to proposals arising out of the Hutton Review and respond to any consultations as appropriate.

### 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 2010-11.

Degree Classifications 2010-11	%
First Class Honours	8.39%
Second Class Honours (Upper Division)	46.49%
Second Class Honours (Lower Division)	40.22%
Third Class Honours	4.90%

#### 3.2 Learning and Teaching

The University continues to have a diverse student community and in meeting their needs is committed to supporting staff development and improvements in pedagogic practice. The Learning and Teaching Enhancement Unit offers training programmes and works directly with academics to advance pedagogic practice and support them in supporting their students. All new academic staff entering the profession are expected to undertake professional training validated by the Higher Education Academy if they do not already have such validation. The University has gained recognition to offer courses for a range of staff through the SEDA (Staff and Educational Development Association) Professional Development Framework. The importance of teaching and learning, as well as of research and technology transfer activity, is embedded

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in the reward and promotions structures of the University which have been reviewed in the past year to ensure they promote the University's objectives.

In order to address the challenges raised by the new fees regime, a Portfolio Review was undertaken during the autumn of 2010. The Review was premised on the need to concentrate on activity that is both financially and academically sustainable. Whilst some marginal changes to the taught programme portfolio have been implemented, the main recommendation relates to the need to revise our approach to learning and teaching. This recommendation aims to ensure we are meeting student needs and in particular that we are embedding employability into all programmes of study. Whilst reflection of the content of the portfolio of activity and the quality of pedagogy is an enduring element of academic activity, an added impetus is being given by the recognition that increased fees will increase student expectations. Departmental learning, teaching and assessment strategies are therefore under review to ensure, for example, that students have appropriate access to their tutors and that useful and timely feedback can be provided.

The University is also involved in research in the area of pedagogy, seeking to demonstrate international leadership in this respect. We successfully bid for a Higher Education Academy funded project to investigate gender and pedagogic practice which has at its heart 15 expert student consultants who work with the research team. The University also successfully bid to join the National Summit Programme on Black and Minority Ethnic student attainment: this resulted in a year-long action research project during 2009-10 involving staff and students. The University now has an action plan to enhance the attainment prospects of Black and Minority Ethnic students.

### **3.3 Research**

In light of the launch of the new Strategic Plan, the University will be developing new strategies for Research and Academic Enterprise activities to address the changing Higher Education environment. Central to any strategy will be the retention of the University's research strengths (as evidenced in the last Research Assessment Exercise), which will remain a priority for the University in the run up to the Research Excellence Framework (REF) in 2013-14. The University's preparations for the REF remain on target, with the launch of the new Research Activity Database to collate the University's information base for submission. The University's strategy of engaging proactively 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.

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 are being identified and targeted.

### **3.4 Collaboration**

There will be a greater focus on collaborative partnerships and the University is in the process of reviewing all such arrangements. Collaborative activity with selected partners remains an important element of our academic activity, particularly in light of a move by the UK Research Councils to focus funding on larger-scale collaborative activities. In this regard the University is a member of the AHRC CreativeWorks London Knowledge Exchange Hub Bid, an interdisciplinary, cross-sectoral consortium which seeks to connect with leading businesses, SMEs, 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.

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:

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- 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 status in 2010 and has held the status continuously, throughout the organisation, since 2004. Informed by the staff decision-making process and a Staff Wellbeing Audit carried out by the Southern Universities Management Services (SUMS) the previous year, the University has developed a management tool called CUE for Roehampton Managers. CUE, which stands for Communicate, Understand and Ensure, is designed to support a positive work environment for staff at Roehampton.

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. 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% of the University's income, decreasing from 61% in 2009-10. Despite the reduction, staff costs are still above the sector average of 54.3% (2009-10) and the University is taking action both to increase income and reduce staff costs to reduce this figure further. In addition all amendments to posts and vacancies are being reviewed



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by a senior management committee and now require sign-off from the Deputy Vice-Chancellor before they can be filled. Further work is also being undertaken to reduce temporary staff costs.

### 4.2 Sustainability

The University is committed to improving its environmental performance and good progress has been made in the year, with the University being awarded the EcoCampus Bronze award for the first time. Roehampton is one of only 36 Universities in the UK to have achieved an EcoCampus award and it is actively pursuing the Silver award in 2011-12.

A major priority for the University has been carbon and utility management. In March, a Carbon Management Strategy and Implementation Plan was approved by Council which sets a carbon reduction target of 40% by 2020 based on the 2005-6 baseline. The plan proposes continuation of the work already undertaken by the University on the installation of PowerPerfactor for voltage optimisation. For 2011-12 the University has identified 10 near-term projects which will make significant progress towards meeting the 40% target. Additionally, the University has undertaken lighting and insulation improvements in the Library through Salix funding, and a project to replace external lighting at the University was completed using low-energy, low-maintenance LED units.

Through additional training, there are now 50 Environmental Champions influencing sustainability throughout the University, and 400 residential students signed up to the national Student Switch Off campaign which led to a 4% reduction in residential electrical bills, or 18 tonnes of CO<sub>2</sub>. Seven departmental teams participated in the NUS Green Impact Project with awards being presented by the Vice-Chancellor.

The University has also continued to maintain and develop the physical estate, with the completion of the Digby Stuart Square project, consolidating and refurbishing the Union Bar and work on the second-floor teaching rooms at Southlands College to create larger, more flexible spaces.

Working closely with the University's catering provider, the University achieved a Good Food on the Public Plate Award for the new in-house water-bottling system, for using free-range eggs and seasonal vegetables, and for supporting a local artisan baker for in-house sandwich-making. Furthermore, the University ensures that no fish that are on the Marine Conservation Society's 'fish to avoid' list are served, and promotes Fairtrade and ethical products. The University was also placed second in the UK Universities Part Time Carnivore League Table. This initiative encourages staff and students to cut down on meat and therefore reduce their carbon footprint.

The promotion of sustainable travel has also continued, with the launch of the University Travel Plan and 100 new sheltered bicycle spaces being installed across all Colleges. The University Shuttle Bus service was reviewed and the scheduled service replaced by an on-call service. For the second year running, the Bicycle User Group participated in the annual London Cycle Challenge, achieving a top five finish in the category. The University also participated in Walking Works and the Global Corporate Challenge.

The University has also established an apiary, with two bee-hives being installed in the grounds of Froebel College.

### 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.

## Operating and Financial Review Year to 31 July 2011

Similarly, all staff receive Diversity and Equal Opportunity (D&EO) training as part of their induction and have access to an on-line self-assessment tool for refreshing awareness. This is supplemented by a highly innovative approach to diversity awareness facilitated by actors using dramatic performance to challenge misperceptions and beliefs.

D&EO issues are overseen by a committee chaired by the University Secretary and Registrar which meets termly to develop policies and strategies and monitor compliance. The committee's work is currently devoted to raising awareness of the provisions of the new Equality Act and ensuring that all University policies and procedures reflect the expanded protections set out in the Act.

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, the team supports projects such as the Armagh Venture which, since 1972, has brought together Protestant and Catholic secondary-school pupils for an annual one-week residential retreat at the University.

Disabled students and staff receive support from a team of expert dedicated staff located in Central Student Services. In addition, disabled students and the staff who teach them are supported by Departmental Disability Co-ordinators located within each Department. Staff are also supported by the HR Department and Health & Safety Office for workplace assessments and needs.

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

Staff numbers by FTE	2011	%	2010	%
Male	321	37%	396	40%
Female	558	63%	557	60%
	<u>879</u>		<u>926</u>	
Full-time	704	80%	696	75%
Part-time	166	19%	188	20%
Part-time hourly	9	1%	42	5%
	<u>879</u>		<u>926</u>	
Disabled	38	4%	62	7%
Ethnic minority	144	16%	153	17%

All figures expressed in full-time equivalency. Figures from the 2011 and 2010 HESA Staff Returns.

## 5 Financial

### 5.1 A Financial Strategy for Sustainability

In 2009 the 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 in October 2011 the Financial Strategy will also be revised. 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:

## Operating and Financial Review Year to 31 July 2011

### Targets

- 50% increase in revenue from non-EU course fees from £3.3m (2009-10). In 2010-11 £4.1m was raised, an increase of 27%.
- 15% increase in revenue from other income generated activities from £10.1m (2009-10). In 2010-11 £11.5m was raised, a £13% increase.
- 1.75 ratio of total income as a proportion to staff costs. In 2009-10 the ratio was 1.67, in 2010-11 a ratio of 1.71 was achieved.
- The liquidity target is 90 days. In 2009-10 this stood at 58.66 days, in 2010-11 71.73 days was achieved.
- Surplus target of 6.0% of turnover. The surplus was 3.7% of turnover in 2010-11.
- Net cash flow from operating activities to be 6.5% of total income. In 2010-11 £6.52% was achieved.
- Discretionary reserves target of £25m. In 2010-11 £22m was achieved.

### 5.2 Financial Review of the Year 2010-11

The University's surplus retained within general reserves for the year to 31 July 2011 was £2,751K. This compares to a surplus of £1,094K 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.

Financial Year to 31 July	2007	2008	2009	2010	2011
<b>Surplus/(deficit) as % of income</b>	1.9%	0.5%	0.0%	1.6%	3.7%
<b>Higher Education sector average</b>	0.9%	2.0%	1.9%	3.2%	2.6%*

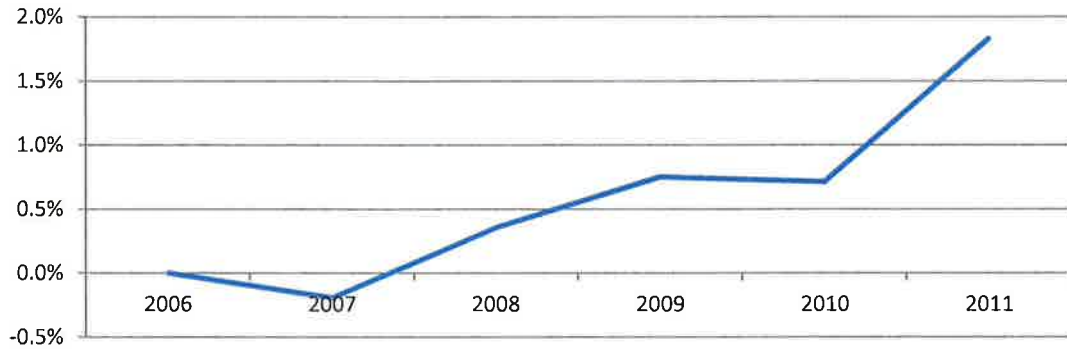
\* The HE sector average for 2011 is taken from the latest available forecast.

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.

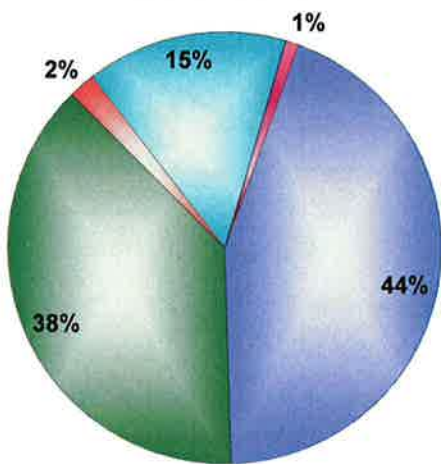
	2007	2008	2009	2010	2011
<b>Aggregate Surplus/(Deficit) for the past 3 years as % of income</b>	-0.2%	0.4%	0.8%	0.7%	1.8%

# Operating and Financial Review Year to 31 July 2011

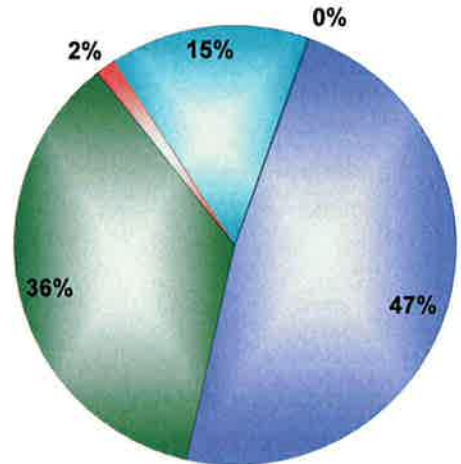
Aggregate Surplus/(Deficit) for past 3 years as % of Income



Income 2010-11

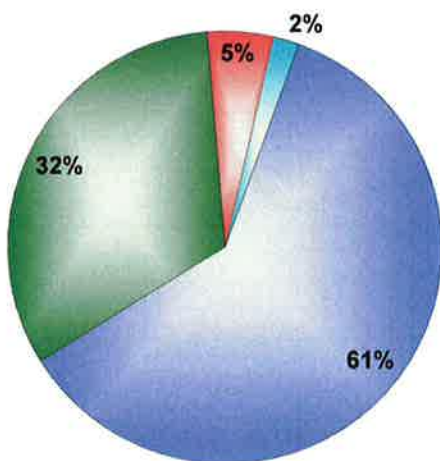


Income 2009-10

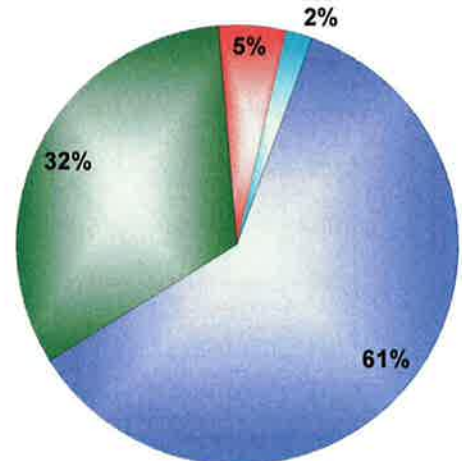


- Funding Council Grants
- Academic Fees and Support Grants
- Research Grants and Research Contracts
- Other Operating Income
- Interest Receivable

Expenditure 2010-11



Expenditure 2009-10

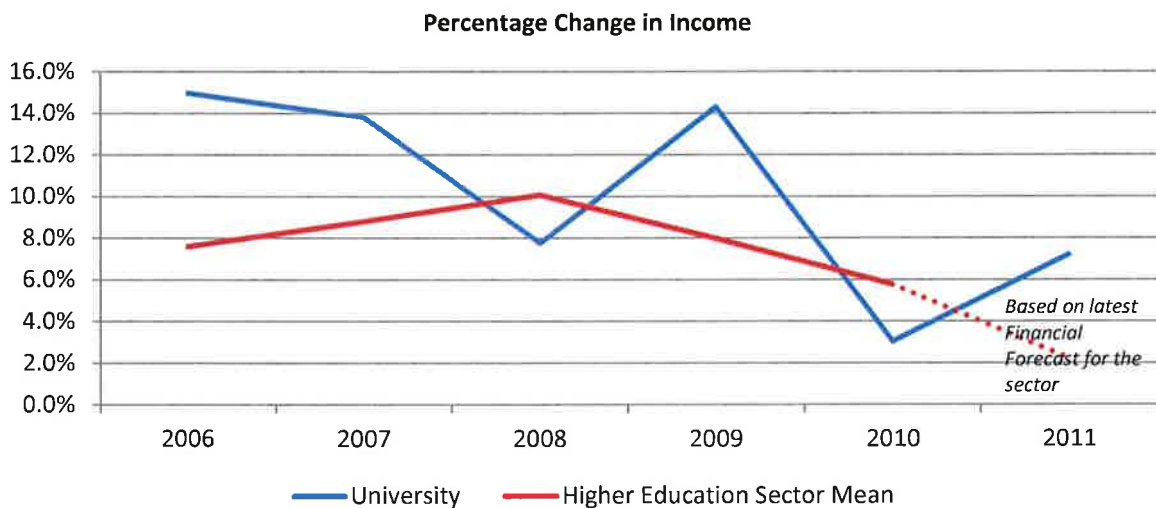


- Staff Costs
- Other Operating Expenses
- Depreciation
- Interest Payable

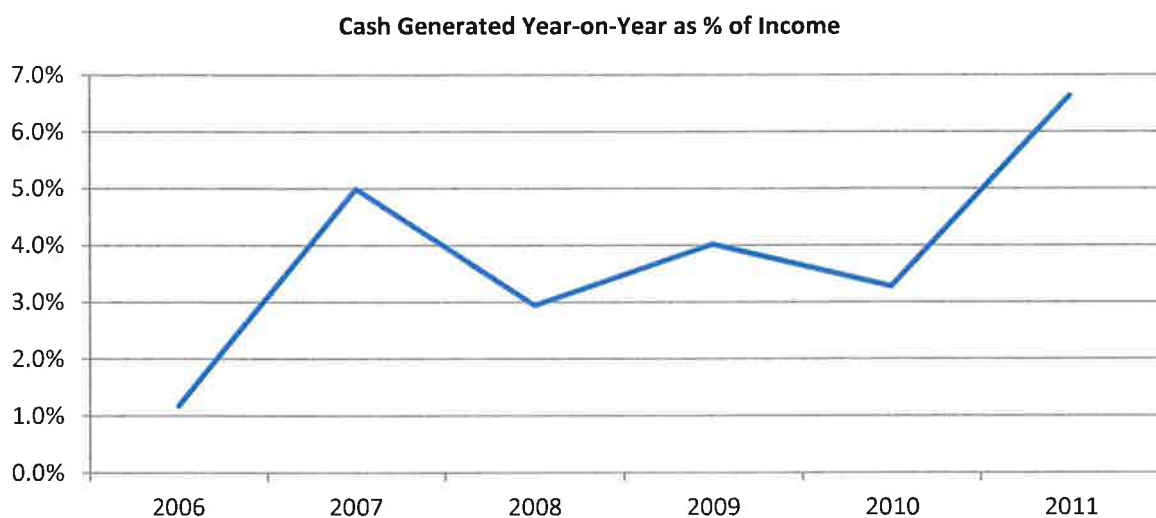
## Operating and Financial Review Year to 31 July 2011

The University's income for 2010-11 increased by £5.0m (7%). Tuition fee income increased by £3.5m (14%). Income from Funding Council grants decreased by £0.3m (-1%), due to in year funding reductions. Income from research grants and contracts was £0.5m (48%) higher than the previous year. Other Operating Income rose by £1.3m (13%).

In a funding climate where cost inflation has been and may continue to be higher than increases in Government funding, the University needs to grow income in order to be sustainable. Income growth and diversity are key elements of the Financial Strategy. The chart below illustrates growth in income for the past six years compared with the sector average:

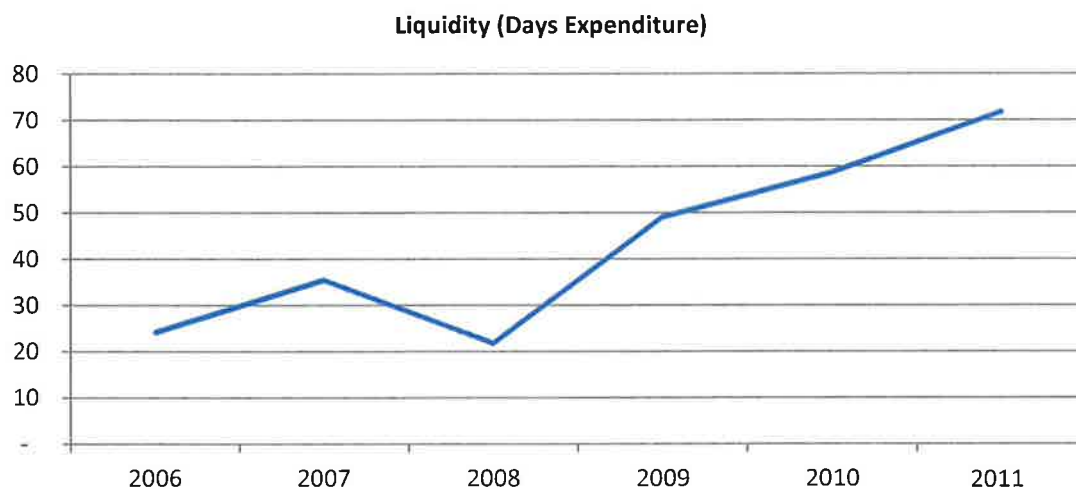


Cash generated is a useful measure of the financial headroom the institution is creating from its operations. It is calculated as historic surplus + pension financing costs + depreciation – capital grants released. Cash generated over the past six years is illustrated in the chart below:



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 2011 the ratio was 71.3 days, as illustrated below,

## Operating and Financial Review Year to 31 July 2011



Staff costs of £43.4m, which represent the most significant item of expenditure at 60.6% compared with 61% for the previous financial year, increased by £1.8m (4.3%). The increase is primarily as a result of restructuring costs. In 2011 Other Operating Expenses rose by £1.7m (8.0%) mainly as a result of taking on additional accommodation, catering and conferencing activities after the lease agreement with Southlands College, detailed below. Interest Payable reduced by £0.3m, primarily as a result of the FRS17 financing charge.

### 5.3 Southlands College

On 1 August 2010 The Methodist Church signed a 125-year lease to the University to transfer over the total assets, liabilities, activities and undertakings of Southlands College. The lease was granted at a peppercorn rent and for no consideration. The result of this transfer is that the University has an additional negative goodwill of £37m and additional assets of £36.9m.

### 5.4 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. The University has in October 2011 agreed an investment policy to ensure that funds are invested to maximise return, minimise risk and ethically. The policy sets a maximum that can be invested in any one financial institution and also ensures that the University does not invest in financial institutions that are not A rated. Direct investment is also used for two of the University's endowment funds. These funds are invested with investment management companies.

### 5.5 Payment of Creditors

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

## **Operating and Financial Review Year to 31 July 2011**

### **5.6 Accounting Systems**

The University's finance system, Agresso, will be upgraded in January 2011 to version 5.6, the latest available. This will allow for additional functionality and reporting. There are also plans to introduce a planner module to the Agresso system; the module will assist in improving the budgeting process.

### **5.7 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. The University has no post balance sheet events to report.

## **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 1993. 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's relationship with Whitelands is governed by a Deed of Adherence which is currently under review.

### **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. The Review identified many areas of good practice while also making a number of recommendations that have been considered by Council.

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 2011.

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. 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.

## Operating and Financial Review Year to 31 July 2011

### 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.

### 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; and
- 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.



## Operating and Financial Review Year to 31 July 2011

### 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 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.

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.

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

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

The University's 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 also ensures that the University is compliant with Health & Safety, environmental and other relevant legislation. It has recently agreed changes to its terms of reference that will see responsibility for Health & Safety transferred to a new University Health and Safety Committee.

## Operating and Financial Review Year to 31 July 2011

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.

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.

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

## Operating and Financial Review Year to 31 July 2011

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 2011 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 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-

## Operating and Financial Review Year to 31 July 2011

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 2011 meeting, the Council carried out the annual assessment of risk for the year ended 31 July 2011 by considering reports from the Senior Management team, internal audit and Audit Committee and taking account of events since 31 July 2011.

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. It identified some areas for improvement in the detailed operation of the University's framework for risk management. 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



Robin Geller

Company Secretary and Clerk to the Council

## **Independent Auditors' Report Year to 31 July 2011**

### **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 2011 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 2011 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 2011

- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received
- 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; or
- the parent University financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of members of Council's remuneration specified by law are not made; or
- 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  
Epsom  
United Kingdom

Date: 22 November 2011

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 2011

	Notes	2011 £'000	2010 £'000
<b>Income</b>			
Funding Council grants	1	32,918	33,250
Academic fees and support grants	2	28,272	24,799
Research grants and contracts	3	1,490	1,005
Other operating income	4	11,454	10,102
Interest receivable and endowment income	5	104	94
<b>Total income</b>		<b>74,238</b>	<b>69,250</b>
<b>Expenditure</b>			
Staff costs	6	43,385	41,572
Depreciation/amortisation	9,10	3,517	3,314
Other operating expenses	7	23,302	21,564
Interest payable	8	1,388	1,706
<b>Total expenditure</b>		<b>71,592</b>	<b>68,156</b>
<b>Surplus on continuing operations after depreciation of assets, disposal of assets and tax</b>		<b>2,646</b>	<b>1,094</b>
<b>Transfer from accumulated income within expendable endowments</b>		<b>105</b>	<b>—</b>
<b>Surplus for the year retained within general reserves</b>	19	<b>2,751</b>	<b>1,094</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 2011

	2011 £'000	2010 £'000
Surplus on continuing operations after depreciation of assets/ disposal of assets and tax	2,646	1,094
Appreciation of endowment asset investments	25	24
Actuarial gain in respect of pension scheme	2,445	1,420
Total recognised gain relating to the year	5,116	2,538
<b>Total recognised gains/(losses) since last Annual Report</b>	<b>5,116</b>	<b>2,538</b>
<b>Reconciliation</b>		
Opening reserves and endowments	2,623	85
Total recognised gains for the year	5,116	2,538
<b>Closing reserves and endowments</b>	<b>7,739</b>	<b>2,623</b>

**Balance Sheets** as at 31 July 2011  
Company Registration Number 5161359 (England and Wales)

	Notes	Group 2011 £'000	Group 2010 £'000	University 2011 £'000	University 2010 £'000
<b>Fixed assets</b>					
Tangible assets	9	105,433	71,302	105,433	71,302
Intangible assets					
Goodwill	10	129	137	129	137
Negative goodwill	10	(64,211)	(28,685)	(64,211)	(28,685)
Investments	11	—	—	29	29
		<b>41,351</b>	42,754	<b>41,380</b>	42,783
<b>Endowment assets</b>	12	<b>848</b>	928	<b>848</b>	928
<b>Current assets</b>					
Stocks and stores in hand		74	57	74	57
Debtors due within one year	13	3,121	2,890	3,471	3,045
Cash at bank and in hand		13,378	10,421	12,878	10,168
		<b>16,573</b>	13,368	<b>16,423</b>	13,270
<b>Creditors: Amounts falling due within one year</b>	14	<b>(8,106)</b>	(8,426)	<b>(7,998)</b>	(8,370)
<b>Net current assets</b>		<b>8,467</b>	4,942	<b>8,425</b>	4,900
<b>Total assets less current liabilities</b>		<b>50,666</b>	48,624	<b>50,653</b>	48,611
<b>Creditors: Amounts falling due after one year</b>	15	<b>(14,144)</b>	(14,523)	<b>(14,144)</b>	(14,523)
<b>Provisions for liabilities and charges</b>	16	<b>(1,977)</b>	(1,790)	<b>(1,977)</b>	(1,790)
<b>Net assets excluding pension liability</b>		<b>34,545</b>	32,311	<b>34,532</b>	32,298
Net pension liability	25	(14,322)	(16,010)	(14,322)	(16,010)
<b>Net assets including pension liability</b>		<b>20,223</b>	16,301	<b>20,210</b>	16,288
<b>Represented by:</b>					
<b>Deferred capital grants</b>	17	<b>12,484</b>	13,678	<b>12,484</b>	13,678
<b>Endowments</b>					
Restricted expendable endowments	18	<b>848</b>	928	<b>848</b>	928
<b>Reserves</b>					
Income and Expenditure Account excluding pension reserve		22,165	18,530	22,152	18,517
Pension reserve		(15,274)	(16,835)	(15,274)	(16,835)
Income and Expenditure Account including pension reserve	19	6,891	1,695	6,878	1,682
		<b>20,223</b>	16,301	<b>20,210</b>	16,288

The financial statements on pages 30 to 58 were approved and authorised for issue by Roehampton University Council on 21 November 2011 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



## Consolidated Cash Flow Statement Year to 31 July 2011

	Notes	2011 £'000	2010 £'000
Net cash inflow from operating activities	20	4,840	4,490
Returns on investments and servicing of finance	21	(678)	(727)
Capital expenditure and financing investments	22	(1,085)	(2,390)
Cash inflow/(outflow) before financing		3,077	1,373
Financing	23	(288)	471
<b>Increase/(decrease) in cash</b>	24	<b>2,789</b>	<b>1,844</b>

## Reconciliation of Net Cash Flow to Movement in Net Debt Year to 31 July 2011

	Notes	2011 £'000	2010 £'000
increase/(decrease) in cash in the year	24	2789	1,844
Change in net debt resulting from cash flows	24	288	(471)
Movement in net debt		3,077	(1,373)
Net debt at 1 August		(3,880)	(5,253)
<b>Net debt at 31 July</b>		<b>(803)</b>	<b>(3,880)</b>

## Principal Accounting Policies Year to 31 July 2011

### 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 TDA.

### Basis of Consolidation

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

The University Council does not consider it appropriate to consolidate Roehampton 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 shown separately in note 7 Other operating 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 2011

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

As stated in note 25, the TPS is 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 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 2011

### 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 after 1 August 2001	3 years
New partitioning/alterations and improvements to existing buildings	5 years

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

### 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 2011**

### **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 1993 and as such is a charity within the meaning of Section 506 (1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 where such income or gains are applied exclusively for charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

### **Provisions**

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

### **Agency Arrangements**

The University acts as an agent in the collection and payment of learner support funds. Related payments received from HEFCE and subsequent disbursements to students are excluded from the Income and Expenditure Account and are shown separately in note 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 2011

### 1 Funding Council grants

	HEFCE £'000	TDA £'000	2011 Total funds £'000	2010 Total funds £'000
<b>Recurrent grants</b>	22,083	6,292	<b>28,375</b>	28,927
<b>Non-recurrent grants</b>				
National Teaching Fellowship Scheme	—	—	—	5
Centres of Excellence in Teaching & Learning	—	—	—	477
Higher Education Innovation Fund	1,067	—	<b>1,067</b>	487
Research Capital Investment Fund	225	—	<b>225</b>	249
Capital teaching and research grants	867	—	<b>867</b>	2,343
Matched Funding for Voluntary Giving	327	—	<b>327</b>	155
JISC – Enterprise Architecture	201	—	<b>201</b>	215
JISC – Project RODA	21	—	<b>21</b>	8
JISC – Employer Engagement Project	40	—	<b>40</b>	51
Economic Challenge Investment Fund	61	—	<b>61</b>	171
Capital teaching and research grants to deferred capital grants (note 17)	(1,092)	—	<b>(1,092)</b>	(2,592)
Other TDA grants	—	580	<b>580</b>	911
Release of deferred capital grants (note 17)	2,246	—	<b>2,246</b>	1,843
	<b>26,046</b>	<b>6,872</b>	<b>32,918</b>	<b>33,250</b>

### 2 Academic fees

	2011 £'000	Restated 2010 £'000
Full-time students	<b>20,364</b>	18,286
Full-time students from European Union excluding UK	<b>1,285</b>	1,113
Full-time students charged overseas fees	<b>4,042</b>	3,142
Part-time fees	<b>1,647</b>	1,770
Short course fees	<b>934</b>	488
	<b>28,272</b>	<b>24,799</b>

### 3 Research grants and contracts

	2011 £'000	2010 £'000
Research Councils	<b>688</b>	284
UK based charities	<b>335</b>	238
European Commission	<b>224</b>	77
Other grants and contracts	<b>243</b>	406
	<b>1,490</b>	<b>1,005</b>

## Notes to the Financial Statements Year to 31 July 2011

### 4 Other operating income

	2011 £'000	2010 £'000
Residencies, conferencing and catering	7,033	5,055
Other income-generating activities	3,099	3,346
Other grant income	1,006	1,546
Other income	276	115
Release of deferred capital grants (note 17)	40	40
	<b>11,454</b>	<b>10,102</b>

### 5 Interest receivable

	2011 £'000	2010 £'000
Income from short-term investments	85	94
Endowment Income	19	—
	<b>104</b>	<b>94</b>

### 6 Staff

<b>Staff costs</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Wages and salaries	34,674	34,288
Social security costs	3,012	2,894
Other pensions costs, including FRS 17 adjustments (note 25)	4,846	4,248
Restructuring costs	853	142
	<b>43,385</b>	<b>41,572</b>

<b>Analysis of staff costs by activity</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Academic departments	22,806	23,202
Academic services	4,174	3,617
Research grants and contracts	557	300
Residences, catering and conferences	609	578
Premises	3,123	3,223
Administration	12,116	10,652
<b>Total per Income and Expenditure Account</b>	<b>43,385</b>	<b>41,572</b>

The administration activity costs includes £853k of restructuring costs and £445k of pension costs relating to FRS17 (note 25).

<b>Analysis of staff costs by type of contract</b>	<b>2011 £'000</b>	<b>2010 £'000</b>
Employment costs for staff on permanent contracts	42,258	41,200
Employment costs for staff on temporary contracts	274	230
Staff restructuring costs	853	142
	<b>43,385</b>	<b>41,572</b>

## Notes to the Financial Statements Year to 31 July 2011

### 6 Staff (continued)

#### Total Emoluments of Staff Members of Council

The total emoluments of all staff members of Council in the year amounted to £311,393. Employer pension contributions in respect of the staff members of Council totalled £38,349 and were paid on behalf of three staff members of Council.

The Vice-Chancellor's emolument shown below includes remuneration, employer's contributions for pension and benefit covering medical insurance. For senior staff gross salary, pension costs and any benefits are included.

Vice-Chancellor	2011 £'000	2010 £'000
Salary costs	193	192
Pension	31	30
Taxable benefits	1	1
	<b>225</b>	<b>223</b>

The University also provides the Vice-Chancellor with accommodation that HMRC has confirmed does not constitute a taxable benefit in kind. 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 2011 they amounted to £30,760 (2010: £30,119).

Remuneration of Other Senior Staff	2011 No	2010 No
£110,001 - £120,000	2	2
£120,001 - £130,000	3	3
£130,001 - £140,000	1	1
	<b>6</b>	<b>6</b>

Staff Numbers by Major Category (Full-Time Equivalent)	2011 No	2010 No
Academic	408	416
Administrative and clerical	321	351
Other, including technical and manual	150	159
	<b>879</b>	<b>926</b>



## Notes to the Financial Statements Year to 31 July 2011

### 7 Other operating expenses

	2011 £'000	2010 £'000
Residences, conferencing and catering	1,096	918
Consumables and laboratory expenditure	2,347	2,410
Books and periodicals	1,063	979
Heat, light, water and power	1,246	1,124
Repairs and general maintenance	1,139	639
Grants to Students' Union	365	347
Property lease rentals	906	826
Auditors' remuneration (internal)	47	50
Auditors' remuneration (external)	46	44
Auditors' remuneration in respect of non-audit services (taxation)	—	14
Operating leases	109	177
Provision for doubtful debts	310	512
Travel, subsistence, catering and entertaining	849	741
Infrastructure	2,503	2,524
Printing, stationery and postage	530	777
Temporary staff	2,342	2,447
Consultancies	329	73
Professional fees	317	336
Management fees	173	153
Scholarships and bursaries	3,796	3,630
Staff training	518	596
Advertising	252	334
Other student-related expenditure	2,307	1,685
Other expenses	712	228
	<b>23,302</b>	<b>21,564</b>

Included within external auditors' remuneration is an amount of £45,617 (2010: £40,378) 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 (2010: £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 £1,262 (2010: £654). 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 2011

### 7 Other operating expenses (continued)

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

	Other operating expenses £'000	Depreciation /Amortisation £'000	Interest payable £'000	2011 Total funds £'000	2010 Total funds £'000
Academic departments	2,661	45		2,706	3,151
Academic services	3,045	1,400		4,445	4,418
Research grants and contracts	770			770	579
Residence, catering and conferences	3,882	30	378	4,290	3,800
Premises	2,707	1,742	397	4,846	4,951
Administration	10,237	300	613	11,150	9,685
	23,302	3,517	1,388	28,207	26,584

#### Funding of depreciation charge

	£'000
Deferred capital grants released (note 17)	2,286
General income	1,231
	3,517

### 8 Interest payable

	2011 £'000	2010 £'000
Loans not wholly repayable within five years	782	821
LPFA pension finance costs (note 25) and enhanced pension finance cost	606	885
	1,388	1,706

## Notes to the Financial Statements Year to 31 July 2011

### 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 2010	1,963	15,400	59,263	3,279	16,016	95,921
Additions	92	—	1,564	—	617	2,273
Acquisitions (Note 10)	—	7,500	29,234	—	195	36,929
Transfer	(1,963)	—	480	—	1,483	—
Disposals	—	—	—	—	(1,490)	(1,490)
At 31 July 2011	92	22,900	90,541	3,279	16,821	133,633
<b>Depreciation</b>						
At 1 August 2010	—	128	10,768	265	13,458	24,619
Charge for year	—	124	2,690	210	2,019	5,043
Disposals	—	—	—	—	(1,462)	(1,462)
At 31 July 2011	—	252	13,458	475	14,015	28,200
<b>Net book values</b>						
At 31 July 2011	92	22,648	77,083	2,804	2,806	105,433
At 1 August 2010	1,963	15,272	48,495	3,014	2,558	71,302
<b>Financed by:</b>						
Capital grant	—	—	8,810	—	1,704	10,514
Other	92	22,648	68,273	2,804	1,102	94,919
	92	22,648	77,083	2,804	2,806	105,433

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 2011

### 10 Goodwill Group and University

On 1 August 2010 The Methodist Church granted a 125-year lease over the total assets, liabilities, activities and undertakings of Southlands College (the College). The lease was granted at a peppercorn rent and for no consideration.

The lease of the College has been accounted for as an acquisition under the terms of FRS 6. Under the terms of the HE SORP the Southlands estate was valued at £36.9 million, a significant surplus over book value. The valuation was carried out by DTZ Debenham Tie Leung and the valuation basis was the depreciated replacement cost.

Prior to acquisition the most recently published trading results show a deficit for the year ended 31 July 2008 of £775,914.

The difference between the fair value of the net assets acquired and the £nil consideration paid on the granting of the lease has been accounted for as negative goodwill. Set out below is a comparison of the book cost, as reflected in the College's accounts immediately before the granting of the lease, and their fair value.

	Book Value £'000	Fair Value £'000
<b>Assets</b>		
Tangible fixed assets	12,855	36,929
Other assets	302	302
<b>Liabilities</b>		
Creditors	(171)	(171)
<b>Net assets acquired and negative goodwill arising</b>	<b>12,986</b>	<b>37,060</b>

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 2010	173	(30,167)
Additions	—	(37,060)
At 31 July 2011	<b>173</b>	<b>(67,227)</b>
<b>Amortisation</b>		
At 1 August 2010	(36)	1,482
Charge for year	(8)	1,534
At 31 July 2011	<b>(44)</b>	<b>3,016</b>
<b>Net book values</b>		
At 31 July 2011	<b>129</b>	<b>(64,211)</b>

## Notes to the Financial Statements Year to 31 July 2011

### 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 2011. The company provides media and consultancy services to external clients. The investment in RCIL is £29,000. The University owns 100% of the ordinary shares of RCIL. In 2010-11 RCIL made a profit of £2,756, all of which is gift aided to the University.

### 12 Endowment assets

Group and University	2011 £'000	2010 £'000
Transferred on 1 August	928	904
Net (disposals)/additions	(105)	38
Appreciation/(reduction) on revaluation	25	(14)
Balance at 31 July	848	928
<b>Represented by:</b>		
<b>Market value</b>		
Fixed interest stocks	134	59
Equities	134	121
	268	180
Cash	580	748
<b>Total</b>	<b>848</b>	<b>928</b>
Fixed interest and equities at cost	241	155

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

	Group 2011 £'000	Group 2010 £'000	University 2011 £'000	University 2010 £'000
Debtors	1,444	1,501	1,330	1,400
Amount owed by Group undertakings:				
Subsidiary undertakings	—	—	465	256
Prepayments and accrued income	878	556	896	556
College debtors	578	756	559	756
Roehampton Students' Union loan	221	77	221	77
	<b>3,121</b>	<b>2,890</b>	<b>3,471</b>	<b>3,045</b>

The bad debt provision has been calculated based on a sector-wide bench-marking exercise. The debtors figure includes a bad debt provision of £512k for student related debt.

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

	Group 2011 £'000	Group 2010 £'000	University 2011 £'000	University 2010 £'000
Secured loans	617	526	617	526
University creditors	1,663	2,453	1,650	2,445
Taxation and social security	1,520	1,531	1,520	1,531
Accruals and deferred income	4,306	3,916	4,211	3,868
	<b>8,106</b>	<b>8,426</b>	<b>7,998</b>	<b>8,370</b>

## Notes to the Financial Statements Year to 31 July 2011

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

Secured Loans	Group 2011 £'000	Group 2010 £'000	University 2011 £'000	University 2010 £'000
Between one and two years	901	799	901	799
Between two and five years	2,049	1,848	2,049	1,848
In five years or more	11,194	11,876	11,194	11,876
	<b>14,144</b>	<b>14,523</b>	<b>14,144</b>	<b>14,523</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

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 £1.441 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 £272,000 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 2011

### 16 Provisions for liabilities and charges Group and University

	Enhanced Pension £'000
<b>At 1 August 2010</b>	<b>1,790</b>
Utilised in year	(146)
Transfer from Income and Expenditure Account	206
Loss in respect of pension scheme recognised in the STRGL	127
<b>At 31 July 2011</b>	<b>1,977</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 2010-11, actual payments of £146,000 (2009-10: £144,213) 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 2011 (2010: £1.2 million).

## Notes to the Financial Statements Year to 31 July 2011

### 17 Deferred capital grants

	Funding Council £'000	Other grants £'000	Total £'000
<b>At 1 August 2010</b>			
Buildings	9,323	484	9,807
Equipment	3,871	—	3,871
	13,194	484	13,678
<b>Cash received</b>			
Buildings			
Equipment	1,092	—	1,092
	1,092	—	1,092
<b>Release to Income and Expenditure</b>			
Buildings	(956)	(40)	(996)
Equipment	(1,290)	—	(1,290)
	(2,246)	(40)	(2,286)
<b>At 31 July 2011</b>			
Buildings	8,367	444	8,811
Equipment	3,673	—	3,673
	12,040	444	12,484

### 18 Restricted expendable endowments

	Gerhard Weiler £'000	Honora Naughton £'000	Dove Bowerman £'000	The Ebb and Flow Fund £'000
<b>At August 2010</b>	42	5	209	27
Appreciation in endowment asset for year	6	—	13	—
Income for year	—	—	—	—
Expenditure for year	—	—	—	(1)
<b>At 31 July 2011</b>	<b>48</b>	<b>5</b>	<b>222</b>	<b>26</b>

	Society of the Sacred Heart Fund £'000	Jewish Resource Centre £'000	Society of the Sacred Heart Fund £'000	Total £'000
<b>At August 2010</b>	618	2	25	928
Appreciation in endowment asset for year	6	—	—	25
Income for year	—	19	—	19
Expenditure for year	(89)	(9)	(25)	(124)
<b>At 31 July 2011</b>	<b>535</b>	<b>12</b>	<b>—</b>	<b>848</b>



## Notes to the Financial Statements Year to 31 July 2011

### 19 Reserves

#### a) Income and Expenditure Account

	Group 2011 £'000	Group 2010 £'000	University 2011 £'000	University 2010 £'000
<b>At 1 August 2010</b>	<b>1,695</b>	(819)	<b>1,682</b>	(832)
Net (deficit)/ surplus after depreciation of assets, disposal of assets and tax	2,751	1,094	2,751	1,094
Actuarial gain/(loss) in respect of pension scheme	2,445	1,420	2,445	1,420
<b>At 31 July 2011</b>	<b>6,891</b>	1,695	<b>6,878</b>	1,682
<b>Balance represented by</b>				
Pension reserve	(15,274)	(16,835)	(15,274)	(16,835)
Income and Expenditure Account excluding pension reserve	22,165	18,530	22,152	18,517
	<b>6,891</b>	1,695	<b>6,878</b>	1,682

#### b) Total Reserves

Group	Income and Expenditure Account £'000	Pension reserve £'000	Total £'000
<b>At 1 August 2010</b>	18,530	(16,835)	<b>1,695</b>
Net surplus after depreciation of assets, disposal of assets and tax	3,635	(884)	2,751
Actuarial loss in respect of pension scheme	—	2,445	2,445
<b>At 31 July 2011</b>	<b>22,165</b>	(15,274)	<b>6,891</b>

University	Income and Expenditure Account £'000	Pension reserve £'000	Total £'000
<b>At 1 August 2010</b>	18,517	(16,835)	<b>1,682</b>
Net surplus after depreciation of assets, disposal of assets and tax	3,635	(884)	2,751
Actuarial loss in respect of pension scheme	—	2,445	2,445
<b>At 31 July 2011</b>	<b>22,152</b>	(15,274)	<b>6,878</b>

## Notes to the Financial Statements Year to 31 July 2011

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

	2011 £'000	2010 £'000
<b>Net surplus/(deficit) on continuing operations</b>	<b>2,646</b>	1,094
Depreciation/amortisation (notes 9, 10)	3,517	3,314
Deferred capital grants released to income (note 17)	(2,286)	(1,882)
Interest receivable (note 5)	(104)	(94)
Interest payable (note 8)	782	821
Pension cost less contributions payable	884	797
Decrease/(increase) in stocks	(17)	(47)
Decrease/(increase) in debtors	(231)	149
(Decrease)/increase in creditors	(411)	1,391
(Decrease)/increase in provisions	60	(1,053)
<b>Net cash inflow from operating activities</b>	<b>4,840</b>	4,490

### 21 Return on investments and servicing of finance

	2011 £'000	2010 £'000
Interest received from short-term investments	104	94
Interest paid	(782)	(821)
	<b>(678)</b>	<b>(727)</b>

### 22 Capital expenditure and financial investment

	2011 £'000	2010 £'000
Tangible assets acquired (note 9)	(2,273)	(5,026)
Net loss on sale of asset	28	
Net cash acquired with Southlands College	131	
Net movement on endowments	(63)	44
Deferred capital grants received (note 17)	1,092	2,592
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(1,085)</b>	<b>(2,390)</b>

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

	Mortgages and loans £'000	Total £'000
<b>At 1 August 2010</b>	15,049	<b>15,049</b>
New loans	202	202
Capital repayment	(490)	(490)
Net amount received/(repaid) in year	(288)	(288)
<b>At 31 July 2011</b>	<b>14,761</b>	<b>14,761</b>

## Notes to the Financial Statements Year to 31 July 2011

### 24 Analysis of changes in net debt

	At 1 August 2010	Cash flows £'000	Non-cash changes £'000	At 31 July 2011 £'000
Cash at bank and in hand	10,421	2,957	—	13,378
Cash held within endowments	748	(168)	—	580
Debt due within one year	(526)	526	(617)	(617)
Debt due after one year	(14,523)	(238)	617	(14,144)
	(3,880)	3,077	—	(803)

### 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 2011 was £4.4 million (2010: £4.4 million); this includes an amount of £146,000 (2009: £144,213) 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 2010 to 31 July 2011.

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 2011

### 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 2011 was £2.9 million (2010: £2.5 million) of which employer's contributions totalled £2.1 million (2010: £1.8 million) and employees' contributions totalled £795,000 (2010: £712,000).

The employer's contribution rate for administrative and manual staff for the period 1 August 2010 to 31 March 2011 was 17% and 16% thereafter. 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 2011 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2011 %	2010 %
Retail price index increases	3.5	3.2
<b>Consumer price index increases</b>	<b>2.7</b>	<b>2.7</b>
Salary increases	4.5	4.7
Pension increases	2.7	2.7
Discount rate	5.3	5.4
<b>Expected return on assets</b>		
Equities	6.8	7.3
Target Return Portfolio	4.5	4.5
Alternative Assets	5.8	6.3
Cash	3.0	3.0
Other Bonds	5.3	5.4

## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

With regard to mortality assumptions life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non-pensioners and 2017 for pensioners. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	2010 and 2011	
	Males	Females
Current pensioners	19.6 years	22.5 years
Future pensioners	20.7 years	23.6 years

The University's share of assets in the fund and the expected rates of return were:

	Value at 31 July 2011 £'000	Proportion %	Value at 31 July 2010 £'000	Proportion %
Equities	22,913	69%	19,633	69%
Target Return Portfolio	3,653	11%	3,414	12%
Alternative Assets	4,649	14%	4,268	15%
Cash	1,328	4%	569	2%
Bonds	664	2%	569	2%
<b>Total market value of assets</b>	<b>33,207</b>	<b>100%</b>	<b>28,453</b>	<b>100%</b>

The following amounts, at 31 July 2011, were measured in accordance with the requirements of FRS 17:

	31 July 2011 £'000	31 July 2010 £'000
<b>Analysis of the amount shown in Roehampton University's Balance Sheet</b>		
Estimated asset share	33,207	28,453
Present value of funded liabilities	(47,224)	(44,236)
Present value of unfunded liabilities	(305)	(227)
<b>Net pension deficit</b>	<b>(14,322)</b>	<b>(16,010)</b>

## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

Analysis of amounts charged to staff costs in the Income and Expenditure Account	31 July 2011 £'000	31 July 2010 £'000
Employer service cost (net of employee contributions)	2,420	1,809
Losses on curtailments	158	23
<b>Total operating charge</b>	<b>2,578</b>	<b>1,832</b>

Analysis of the amount that is credited to interest payable in the Income and Expenditure Account	31 July 2011 £'000	31 July 2010 £'000
Expected return on pension scheme assets	1,947	1,741
Interest on pension liabilities	(2,386)	(2,512)
<b>Net return on pension scheme</b>	<b>(439)</b>	<b>(771)</b>

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

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)	31 July 2011 £'000	31 July 2010 £'000
Actual return less expected return on pension fund assets	1,105	779
Experience gains	5,206	137
Change in index used for future pension increases from RPI to CPI	-	2,375
Change in financial and demographic assumptions underlying the fund liabilities	(3,739)	(1,871)
<b>Actuarial gain/(loss) recognised in the STRGL</b>	<b>2,572</b>	<b>1,420</b>

Analysis of movement in the present value of the scheme liabilities	31 July 2011 £'000	31 July 2010 £'000
<b>Opening present value of the defined benefit obligation</b>	<b>(44,463)</b>	<b>(41,190)</b>
<b>Movement in the period:</b>		
Current service cost	(2,420)	(1,809)
Interest cost	(2,386)	(2,512)
Contributions by members	(795)	(712)
Actuarial loss	1,849	(1,734)
Change in index used for future pension increases from RPI to CPI	-	2,375
Losses on curtailments	(158)	(23)
Estimated unfunded benefits paid	25	22
Estimated benefits paid	819	1,120
<b>Closing present value of the defined-benefit obligation</b>	<b>(47,529)</b>	<b>(44,463)</b>

## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

Analysis of the movement in the fair value of the scheme assets	31 July 2011 £'000	31 July 2010 £'000
<b>Opening fair value of employer assets</b>	<b>28,453</b>	24,557
<b>Movement in the period:</b>		
Expected return on assets	1,947	1,741
Contributions by members	795	712
Contributions by the employer	2,133	1,806
Actuarial gain/(loss)	723	779
Estimated benefits paid	(844)	(1,142)
<b>Closing fair value of employer assets</b>	<b>33,207</b>	28,453

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

	2011 £'000	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Defined benefit obligation	(47,529)	(44,463)	(41,190)	(33,013)	(31,138)
Plan assets	33,207	28,453	24,557	24,057	24,691
Deficit	(14,322)	(16,010)	(16,633)	(8,956)	(6,447)
Experience adjustment on plan liabilities	5,588	137	—	1,834	107
Experience adjustment on plan assets	723	779	(3,415)	(4,124)	1,069

#### 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 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

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 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 on account of the historically high level of inflation implied by Government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% 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 3.3% per annum.

Standard mortality tables were used as follows:

Male members' mortality	PA92 MC YoB tables – rated down 1 year
Female members' mortality	PA92 MC YoB tables – no age rating

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	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

At the valuation date, the value of the assets of the scheme was £38,842.6 million and the value of the schemes' technical provisions was £28,135.3 million, indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% 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 71%. Under the Pension Protected Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single-employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.



## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

The technical provisions relate essentially to past service liabilities and funding levels, but it is also necessary to assess the on-going cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. There is currently uncertainty in the sector regarding pay growth. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The institution contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the institution contribution rate to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme-specific funding regime had fallen from 103% to 74%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS 17 basis, using a AA bond discount rate of 7.1% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2009 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 46%.

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
Valuation rate of interest	Increase/decrease by 0.5%	Decrease/increase by £2.2 billion
Rate of pension increases	Increase/decrease by 0.5%	Increase/decrease by £1.5 billion
Rate of salary growth	Increase/decrease by 0.5%	Increase/decrease by £0.7 billion
Rate of mortality	More prudent assumption (move to long cohort future improvements from the medium cohort adopted at the valuation)	Increase by £1.6 billion

## Notes to the Financial Statements Year to 31 July 2011

### 25 Pensions (continued)

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 trustee believes that over the long term, equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a bias towards equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee has agreed to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities. Before deciding to take investment risk relative to the liabilities, the trustee receives advice from its investment consultant and the scheme actuary, and considers the views of the employers. The strong positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers, enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

### 26 Access to learner support funds

	2011 £'000	2010 £'000
<b>Balance at 1 August 2010</b>	<b>18</b>	10
Funding Council grants	187	212
Interest earned	1	1
	<b>206</b>	223
Disbursed to students	(192)	(203)
Audit fees	(1)	(2)
<b>Balance at 31 July 2011</b>	<b>13</b>	18

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.

## Notes to the Financial Statements Year to 31 July 2011

### 27 Incorporated Froebel Education Institute (IFEI)

	2011 £'000	2010 £'000
Total accommodation income collected	711	700
Total expenditure	(752)	(658)
Management fee to the University	(37)	(37)
<b>Balance at 31 July</b>	<b>(78)</b>	<b>5</b>

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

### 28 TDA training salaries

	2011 £'000	2010 £'000
Total payment received from TDA, excluding VAT	2,305	2,683
Disbursed to students	(2,396)	(2,592)
Administration fee	(55)	(55)
<b>Balance at 31 July</b>	<b>(146)</b>	<b>36</b>

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.

### 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.

During the financial year 2010-11 three members of the Whitelands College Governing body, Right Reverend Dr Richard Cheetham, Canon Peter Bruinvelds 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 2010-11 Alex Murray was a member of University Council and President of Roehampton Students' Union. In 2010-11 the University gave Roehampton Students' Union £365,000 as a block grant.



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