



Financial Statement
31 July 2009

Company Registration Number
5161359 (England and Wales)

**Roehampton
University**

**Annual Report and Financial
Statements**

31 July 2009

Company Registration Number
5161359 (England and Wales)

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Rev Professor June Boyce-Tillman
Nicholas Brookes
Canon Peter Bruinvels (from 12 October 09)
Rt Rev Dr Richard Cheetham
Gary Coates
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Company Registration Number

5161359

Registered Office

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Introduction

This report reviews the University's activities in the year 2008-09 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 Learning and Skills Councils 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 2007-08, institutions generated some £23 billion in income of which £8.5 billion comprise Funding Council grants. The size of institutions varies widely, with income generated ranging from £1 billion for the largest institution to £4 million for the smallest. Roehampton University's turnover for 2008-09 was £67 million.

1 Strategy and Risk Analysis

1.1 Strategic Plan

The University's Strategic Plan was approved by Council in March 2006 and runs until December 2011. The Strategic Plan has three overarching aims and associated objectives which in order of priority are:

Priority One To consolidate a sustainable reputation for excellent teaching, research and knowledge transfer, focused in specific and distinctive areas of core strength, by ensuring

- Academic excellence in teaching, research and knowledge transfer
- An internationally competitive and academically coherent portfolio of programmes that meet the needs and demands of future students
- A vibrant and sustainable research culture
- An enterprise culture embedded across the University
- A sustainable model for teaching
- High levels of student satisfaction and success
- High levels of staff satisfaction and success

Priority Two To provide a first-rate experience of university for both students and staff, by ensuring

- High-quality space and facilities
- A co-ordinated approach to the creative development and use of the campus
- A stimulating, supportive, friendly environment for staff and students
- The University is a cultural and intellectual hub for the community

Priority Three To establish a robust organisational infrastructure, by ensuring

- Good governance
- Robust arrangements for business continuity
- A safe and sustainable environment
- Efficient, cost-effective delivery of all our activities
- The development of high-quality reputation and profile
- Sound business planning

Operating and Financial Review Year to 31 July 2009

1.1.1 Key Performance Targets

Key performance targets have been set for each of the aims above and progress against achieving these is reported in detail to Council in June each year. A selection of these is included below.

Priority One

50% increase in income from postgraduate, overseas and part-time students by December 2010

The total amount raised in fees from these sources was £7,224k in 2008-09, an increase of 74% on the 2004-05 baseline figure of £4,161k.

25% increase in external research income by December 2011

External research income of £1,529k was accounted for in 2008-09, against £835k in 2004-05, a rise of 83%.

At least a 50% reduction in programme combinations by December 2006

Programme combinations have been reduced from 1,500 in 2005 to 421 in 2007, a reduction of 72%.

One private study station per 10 students by September 2009 in line with sector norms

There is currently one study station per 11 students (678 study stations against a target of 755).

280 average total tariff points on entry by October 2011

An average tariff score of 249 was achieved in 2008-09.

Maintain Investors in People status by December 2011

Investors in People re-accreditation was achieved in June 2007 and an annual rolling review has been implemented.

Priority Two

100% of student bedrooms networked by December 2011

All student bedrooms in halls of residence now have cabled or wireless internet access.

1:10 ratio of students to open-access computers by December 2011

The ratio is currently 1:11.

Remote access to all electronic learning resources by September 2008

Off-site access to all e-learning resources is now available.

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Priority Three

Reduce CO₂ emissions from University buildings by a minimum of 15% (against 2006-07 base) by December 2011

Energy use was estimated at 20,764,000 kWh/year in 2006-07. The University has successfully applied to be part of the Higher Education Carbon Management Programme and has agreed a carbon management implementation plan.

Growth in other income sources so that HEFCE and TDA teaching grants account for less than 50% of total income by December 2011

The proportion of total income from HEFCE and TDA sources represented 53% of total income in 2007-08, compared to 61% in 2004-05. In 2008-09 the proportion was 47%.

£500k raised through philanthropic giving by December 2011

A Development and Alumni Office has been established. In 2008-09 the University received £650k from the Society of the Sacred Heart and £170k from the Dove Bowerman Trust to provide scholarships to students.

1.1.2 Looking Forward

During 2008-09 the Vice-Chancellor proposed a longer-term vision for the University with the publication of his paper *Roehampton 2025 – Creating a Distinctive Identity and Long-Term Strategic Goals for Roehampton 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 making sure that all our activities are of the highest quality.”

This paper identifies eight goals which will be developed into the University’s new Strategic Plan 2011-16 which is scheduled to be approved by Council in November 2010. The eight goals are:

1. To establish an international reputation in learning and teaching in subject areas which combine excellence and critical mass
2. To be ranked in the top third of UK universities for the quality of research
3. To be recognised as one of the top ten universities in the UK for student satisfaction
4. To be regarded as one of the best universities to work for in the UK
5. 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
6. To be the top ‘new university’ in London for graduate employability
7. To create a campus environment that is a stimulating and inspiring place in which to study, work and live, and which is environmentally efficient
8. To establish significant and innovative partnerships with institutions and organisations in the UK and abroad which have world-class reputations

1.2 Risk Analysis

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

The University considers the failure both to recruit and to retain students as two of its highest risks. During 2009 a new post of Director of Recruitment and International Development was created and appointed to. Additional funds are to be devoted to marketing activities, particularly targeted at overseas markets. Non-completion rates are high and an action plan has been put in place in order to improve retention. Retention is monitored on a programme by programme basis and additional School-based support services have been established. The University is also working to improve the quality of management information used to project enrolment levels.

Changes in Government policy are also identified as a key risk for the University. Increased competition from within the sector but also from private providers is inevitable. The uncertain economic climate means that Government is looking for ways to make savings. Currently proposals to reduce teaching funding, and to change targeted allocations will have an impact on the University. There is also continued uncertainty surrounding tuition fees and whether or not the cap will be lifted.

The University has also identified the rising cost of supporting pension schemes as a major risk. With a number of schemes currently reviewing their own sustainability there is a real concern that employers' contribution rates could rise to unaffordable levels.

The University recognises that its current structure and relationship with the Colleges adds increased risk. Having signed a long-term lease with the Society of the Sacred Heart for Digby Stuart College at the start of the financial year, two of the University's four Colleges remain financially and legally independent. The University expects to enter into a lease arrangement with the Trustees for Methodist Church Purposes for Southlands College that will take effect on 1 August 2010. The University's discussions with the Whitelands College Foundation regarding a long-term lease continue. In the meantime the University has been working closely with the Colleges on shared service provision for catering, residential accommodation and conferencing.

2 Academic Review

2.1 Academic Excellence

The student body at Roehampton University comprises 6,377 (74.2%) undergraduate and 2,217 (25.8%) postgraduate students. 4,273 (49.7%) are mature students. 6,483 (75.4%) are women and 2,111 (24.6%) men, and Black and Minority Ethnic (BME) students comprise 33.6% of the population. We are therefore a diverse community as befits our vision, which sees our role as: "Challenging, inspiring and supporting students to grow as individuals and to be responsible citizens and leaders in a complex world".

We aim to be among the best at whatever we do and see excellence in learning and teaching as a core responsibility for all academic staff. Our research profile is significant and over 50% of academic staff were returned in the last Research Assessment Exercise (RAE). The University is keen to

Operating and Financial Review Year to 31 July 2009

develop opportunities for enterprise activity through the delivery of learning and teaching and research to different audiences and in different modes.

In order to build academic excellence we are undertaking an academic restructuring programme to build greater academic leadership and provide students and colleagues with a greater sense of belonging to their academic discipline. Academic leadership will be focused on building a specific subject area while at the same time enhancing interdisciplinarity. Greater central support will be available for developing such projects.

2.2 Student Experience

We place great emphasis on the quality of the student's experience both inside and outside the classroom and see this as core to all we do: hence much quality enhancement activity is focused on this aspect. We have placed a strong emphasis on staff development and an approach that embeds enhancement and development work into actual activities. Thus, the members of the Learning and Teaching Enhancement Unit (LTEU) work alongside academics when undertaking programme development and validation to ensure enhancement is embedded in new programmes. Where quality assurance and monitoring raises particular issues of concern, then members of LTEU will work alongside the programme teams to address them. All new entrants to the profession are expected to undertake professional training validated by the Higher Education Academy (HEA).

We have paid particular attention to assessment and feedback and to academic support more generally and have developed a new Learning Teaching and Assessment Strategy to enhance these aspects of our delivery. During the current academic year we will be developing action plans at the Academic Departmental level to embed the strategy in the context of the demands of different fields of study whilst retaining consistency of approach.

2.3 Academic Portfolio

Work continues on the simplification of the academic portfolio to ensure that we are offering programmes where we have a good critical mass of expertise and that are sustainable. We continue to expand our postgraduate student numbers building on provision in areas that enhance employability as well as recognising our research strengths.

2.4 Research

We work to maintain our research activity which gave very good results in the RAE. We are already addressing the probable demands of the new Research Excellence Framework (REF) as research at Roehampton is already geared to achieving impact. In maintaining our successful record and building upon it a key guiding principle is the importance of building critical mass in order to ensure sustainability. We see it as important to focus and invest in key areas where we can demonstrate excellence and our academic restructuring is addressing this matter. We retain and build links between both research and teaching and research and knowledge transfer.

2.5 Collaboration

We have a small number of collaborative partnerships that aim to achieve internationalisation, enhancing the student experience, enriching our research environment, and supporting knowledge exchange and community initiatives. It follows that we have collaborative links with other educational institutions nationally and internationally as well as with commercial partners and community players.

3 Corporate Responsibility

3.1 Staff

The University continues to place considerable value 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, termly staff forums, 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 processes. The University attained Investors in People status in 2004 and was re-validated in 2007. Since then, the University is now one of a small number of organisations authorised to undertake a rolling annual programme of internal re-assessment. A further four departments were assessed during 2008-09 and all met the defined standard. Furthermore, the internal assessment team were commended by the external assessor on the quality of their review.

Staff wellbeing 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. An annual staff well-being day promotes many of the activities and facilities available for staff, e.g. gym, sports clubs, physiotherapy, cycling to work, volunteering and environmental champions who promote campus biodiversity and carbon reduction. The University also works with the Financial Services Authority to provide financial planning advice to both students and staff. The University created and piloted the Money Doctors Programme now used in over 60 universities and which is supported by the FSA. Money Doctors is an educative programme that uses different tools including a board game and podcasts to help students manage their finances more effectively.

The Southern Universities Management Services (SUMS) are currently assisting the University in undertaking a staff well-being audit. The review is following the Health & Safety Executive guidelines and will inform plans and strategies in the coming years.

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 (UCEA).

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Salary costs currently equate to 63% of the University's income. In part, this high cost is due to the three-year national pay settlement which linked the final instalment, in October 2008, to the level of the Retail Price Index in September 2008. This pay settlement was agreed in 2006 during a period of prolonged low inflation and it was not anticipated that RPI would rise to its 5% peak at the same time as the pay instalment was due. The impact has been further exacerbated by additional pension costs. The University recognises that salary costs at this level are unsustainable and has taken measures to reduce these more in line with the sector average (57%). One example is the introduction of the flexible futures programme in June 2009. Under this programme 69 staff took advantage of either voluntary severance or early retirement which will reduce pay costs by £1.6 million in 2009-10. In addition, the University is in the process of restructuring its administrative and academic support to a model which is more centralised. As well as improving controls over recruitment and temporary staff costs this restructuring will realise a further £500k pay cost savings from 2010-11 onwards.

3.2 Sustainability

The University is dedicated to reducing its carbon emissions and minimising its impact on the environment. In 2008, in conjunction with the Carbon Trust, the University developed a carbon reduction strategy and implementation plan which aims to make 2,350 tonnes of CO₂ savings within five years. In addition, in 2008 the University's Senate approved an Environmental Policy and an Energy Policy which set out plans to increase recycling; to reduce water usage, energy consumption and waste, improve campus bio-diversity and to support the environment through procurement, transport and capital projects. To support the implementation of these plans, two new appointments were made in the accounting period: the first is an Environmental Manager whose role is to lead and advise on all environmental issues; the second is an Energy Manager whose role is to reduce the University's consumption of electricity and gas. These new roles are additionally supported by a network of volunteer staff, known as Environmental Champions, who promote good environmental practice in the workplace.

In 2009 the University was successful in obtaining funds from the Revolving Green Fund, which is jointly financed by Salix Finance Ltd and HEFCE. This will fund a number of new projects aimed at reducing energy consumption. Examples of projects now being undertaken from this and University investment are: local metering of buildings to change behaviour and identify and target future investments; installation of Power Perfector devices to moderate voltage levels; development and promotion of travel plans; promotion of cycle use through the cycle to work scheme and investment in cycle racks; a boiler replacement programme; improved space efficiency from centralised timetabling; and sensitive ground and foliage clearance of a Grade II listed garden.

There is widespread support for these interventions from all parts of the University and, in particular, from the University's Environmental Forum which is a self-administering group of students and staff who are pro-active in promoting green and ethical issues across the campus. Through this forum the University attained fair trade status in the accounting period and also rose five places in the People and Planet University Green League table. Furthermore, the University was short-listed for a Green Gown award by the Environmental Association of Universities and Colleges (EAUC) for the wide range of greening initiatives undertaken by the student body, including go green week, equipment recycling in halls of residence and a waste reduction and recycling competition sponsored by the

University. The competition was highly successful with an improvement in waste recycling in halls of residence by 56 tonnes, which equates to 254 tonnes of CO₂ and 13% of the University's total waste. The additional financial saving is estimated at £7k per annum.

3.3 Equality and Diversity

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

Similarly, all staff receive Diversity 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 managed by a dedicated committee which is chaired by the Deputy Vice-Chancellor. The D&EO committee meets termly to develop policies and strategies and monitor compliance. For example, this committee developed the University's Single Equality Scheme (SES) in 2006 and is now monitoring implementation of the accompanying action plan. Similarly, the committee developed the skills and understanding in undertaking impact assessments and is now responsible for impact assessing all policies, strategies and significant planned changes in the University.

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 over debating common issues such as the environment. In addition, the team support 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 that teach them are supported by co-ordinators located within subject areas. Staff are also supported by the HR Department and Health & Safety Office for workplace assessments and needs. In 2008-09 £99k was invested in enhancing accessibility across the campus.

Operating and Financial Review Year to 31 July 2009

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

Staff numbers by FTE	2008	%	2009	%
Male	400	40%	1,676	40%
Female	594	60%	68	60%
	994		988	
Full-time	707	71%	724	73%
Part-time	218	22%	202	20%
Part-time hourly	69	7%	62	6%
	994		988	
Disabled	66	7%	61	6%
Ethnic Minority	201	20%	195	20%

All figures expressed in full-time equivalency
 Figures from the 2008 and 2009 HESA Staff Return

3.4 Community

The University works closely with the local community on a range of initiatives. Through the Student Services Directorate and the Student Union, the University has a substantial programme of volunteering, much of it benefiting the immediate community while local charities, together with the main regeneration project, have historically been the main beneficiaries of the Student Union RAG Week. The University is represented both on the Roehampton Partnership and the Roehampton Forum and also helps organise the annual Enterprising Roehampton Awards together with Wandsworth Borough Council. Through the Centre of Excellence in Teaching and Learning on Social Justice and Human Rights (CRUCIBLE) the University has several community initiatives including support for refugee academics, helped by the Council for Assisting Refugee Academics (CARA), and a project on Knowing Roehampton which will encourage the creation of both historical and present-day records of living in Roehampton using photographs, songs and music, and story-telling.

The University has also been working closely with its local borough councils of Richmond, Wandsworth and Hammersmith & Fulham on projects with local schools including providing leadership and governance in the creation of a new Federation in Fulham and Trust Schools in Wandsworth and Richmond. A Strategic Statement has been prepared with Wandsworth Borough Council which describes the developing relationship between the University and the council across a range of issues including School Governance, Sport and Culture and which is planned as a model for similar work with the other councils.

Through the central Widening Participation Team, many initiatives are undertaken with local schools and colleges in Wandsworth, Richmond, Kingston, Hammersmith & Fulham and Hounslow, as well as further afield within the Home Counties. Examples of projects include working with a group of young people in Local Authority care (Hammersmith & Fulham), delivering a targeted set of learning activities on campus across six weeks, involving academic staff, support staff and student ambassadors; FE to HE transition projects (year-long) with young BTEC learners from colleges in south London to assist their progression to HE; and sponsorship and support of South Thames College's annual 'Young Learner of the Year Award' to encourage aspiration and progression to HE. A great variety of outreach projects with local schools and colleges in south London include academic

Operating and Financial Review Year to 31 July 2009

taster sessions delivered by academic staff in subjects ranging in diversity from computing to psychology, creative writing to sport science, and modern languages to performance studies. For 2009-10 a new initiative will see us working with primary schools in the Roehampton ward designed to introduce Year 6 students to university generally.

The academic Schools at Roehampton also undertake outreach with local schools and colleges, including offering all-day taster sessions in subjects such as creative writing, psychology and English literature. Academic staff and postgraduate neurobiology students from the School of Human and Life Sciences have also worked with a local Tamil community group to encourage and support school-age children to study science. School of Education staff and their students have worked with local Roehampton primary schools and Wandsworth Council as part of the national 'Big Draw' initiative to engage local children in arts projects.

To encourage more strategic engagement with local London schools, the University has established a Secondary Schools Partnership Group consisting of ten schools who will work closely with Roehampton to identify and pursue collaborative projects in an efficient and effective process.

The University further engages with the community through external partners by involvement with Aimhigher and Lifelong Learning Networks. It is represented on the Area Partnership Committee of London South Aimhigher and has links with Surrey Aimhigher, London West Aimhigher, South London Lifelong Learning Network, West London Lifelong Learning Network and Aspire, being an affiliate member of the last of these.

Finally the University has a strong engagement with community sport through its leadership of one of the London Pro-Active organisations, the capital's equivalent of County Sports Partnerships. It also has a highly innovative programme called Move, funded by the Football Foundation, which seeks to raise ambition using sport and dance as a catalyst for skills development with children on the local council estate.

4 Financial

4.1 A Financial Strategy for Sustainability

In 2009 the Council approved a new Financial Strategy for the University, the primary purpose being to ensure that Roehampton University remains financially viable and that long-term success and sustainability are achieved in line with the 2025 goals. The new Financial Strategy was developed in the context of an economic crisis unprecedented in its severity and scope, and in response to current predictions of a significant reduction in future Government spending. The University must therefore take immediate action to prepare for an imminent and serious financial threat by building its reserves to levels that provide a more reasonable degree of protection. At the same time, the University must maintain its current momentum in building a reputation for both academic excellence and high levels of student satisfaction, which are both critical to the long-term success and sustainability of the University. The Financial Strategy contains a number of action points to be achieved within the life of the strategy. Council will receive regular progress reports on the status of these action points, some of which are highlighted below:

Operating and Financial Review Year to 31 July 2009

- Set the surplus target at a minimum 2% of turnover and achieve this by July 2010 to build reserves and cash balances,
- Develop processes and structures to identify and respond to new income-generating opportunities by April 2010,
- Improve efficiency and reduce cost by streamlining administrative processes by August 2010,
- Review the HR and Staffing Strategy to ensure it is aligned to the 2025 goals and the Financial Strategy by June 2010,
- As the University implements a new academic structure, confirm how the University staff budget will be controlled by August 2009,
- Review and revise the Value for Money Strategy by December 2009,
- Develop benchmarking analysis on borrowing in the higher education sector and sensitivity analysis to allow the Council to set an agreed ceiling for the University by January 2010,
- Develop a formal asset replacement programme by August 2010,
- Develop a set of Financial Performance Indicators to report measurable progress against the Financial Strategy by November 2009,

4.2 2008-09 Financial Review of the Year

The University's surplus after tax for the year to 31 July 2009 was £6k. This compares to a surplus of £295k in the previous financial year. The University has made a provision of £1m for the costs of its 'Flexible Futures' voluntary severance scheme in the 2008-09 financial statements. Prior to this provision the surplus for 2008-09 is £1,006k, 1.5% of income.

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:

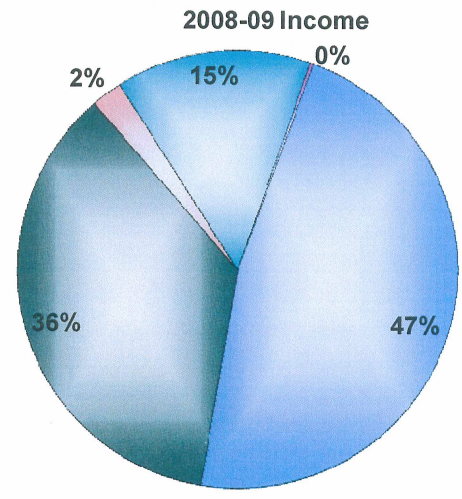
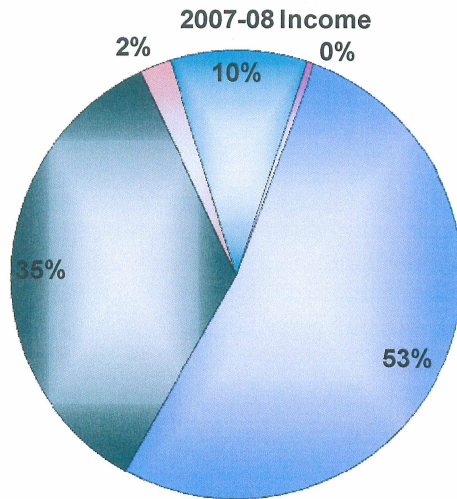
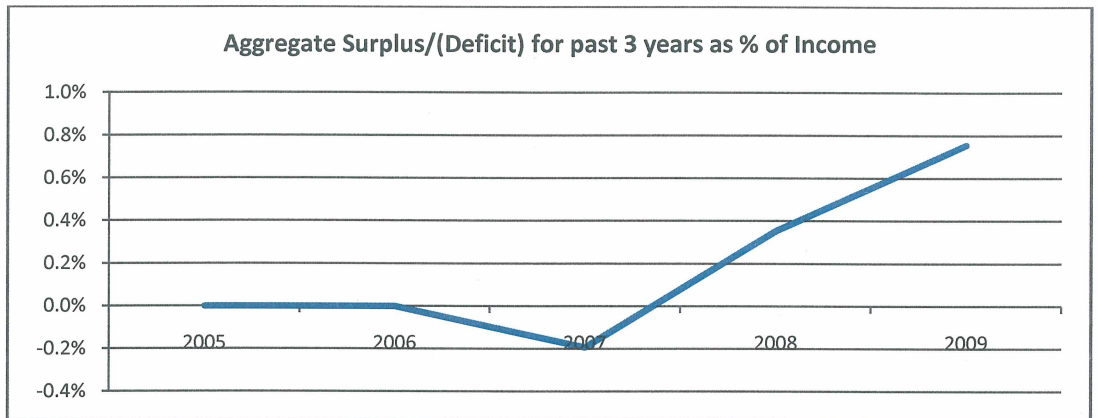
Financial Year to 31 July	2005	2006	2007	2008	2009
Surplus/(Deficit) as % of Income	-1.3%	-1.6%	1.9%	0.5%	0.0%
Higher Education Sector Average	1.0%	1.2%	0.9%	2.0%	0.6%*

* The HE sector average for 2009 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 three years and dividing this by the sum of total income for the same period, and is illustrated in the chart below:

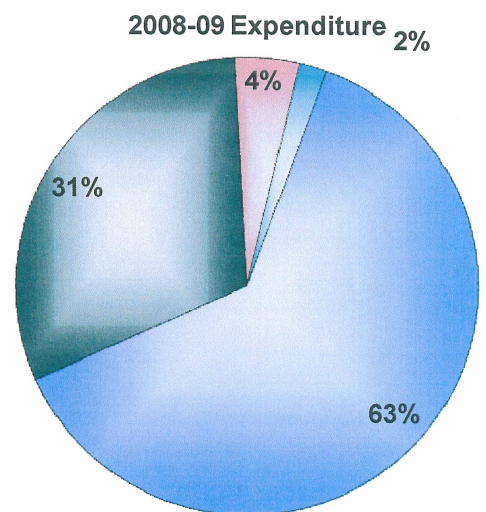
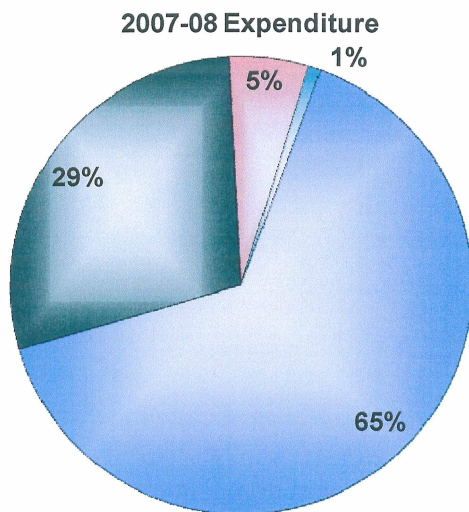
	2005	2006	2007	2008	2009
Aggregate Surplus/ (Deficit) for the past 3 years as a % of income	0.0%	0.0%	-0.2%	0.4%	0.8%

Operating and Financial Review Year to 31 July 2009



- Funding Council Grants
- Research Grants and Research Contracts
- Interest Receivable

- Academic Fees and Support Grants
- Other Operating Income

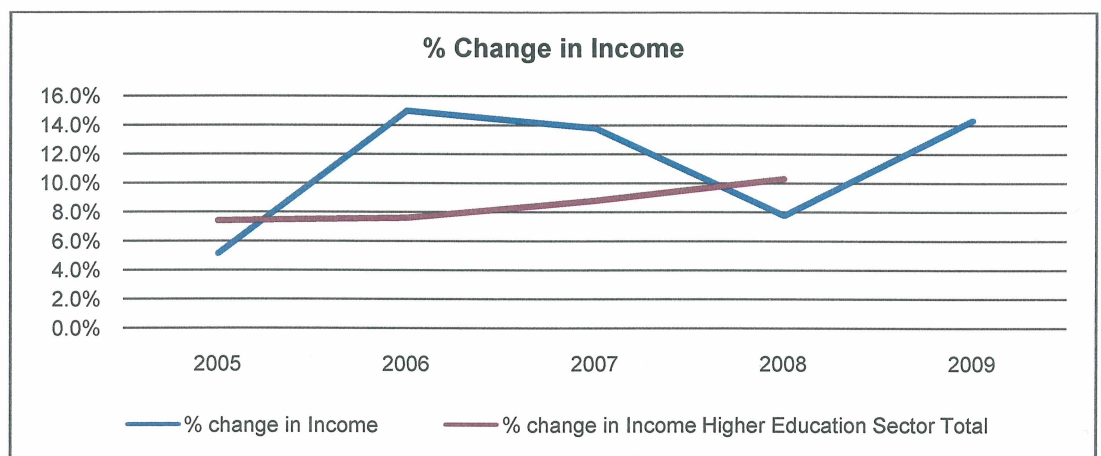


- Staff Costs
- Other Operating Expenses
- Depreciation
- Interest Payable

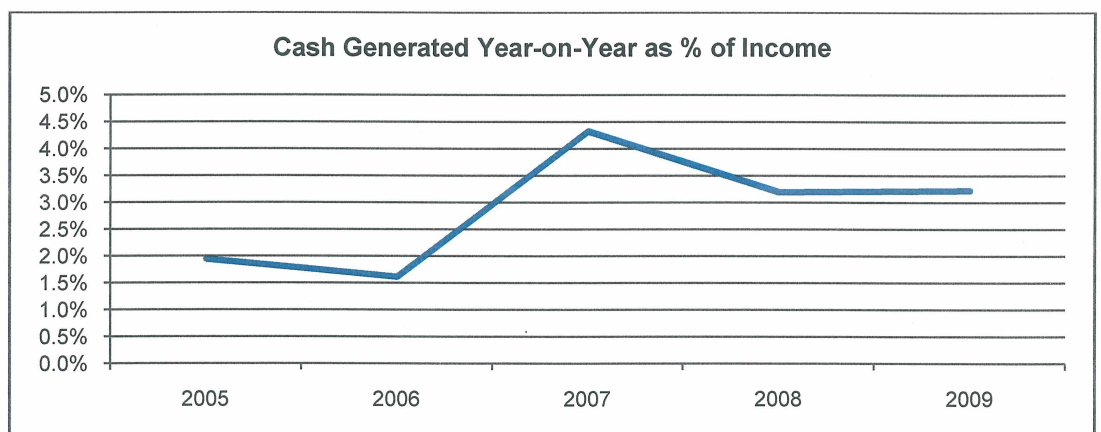
Operating and Financial Review Year to 31 July 2009

The University's income for 2008-09 increased by £8.4m (14.3%). The third year of variable tuition fees contributed to an increase in tuition fee income of £3.7m (18.2%). Income from Funding Council grants increased by £0.7m (2.3%). Income from research grants and contracts was £0.2m (15.1%) greater than the previous year. Other Operating Income rose by £3.9m (68.5%) primarily as a result of the inclusion of the activities of Digby Stuart College.

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 is a key element of the Financial Strategy. The chart below illustrates growth in income for the past five years compared with the sector average:

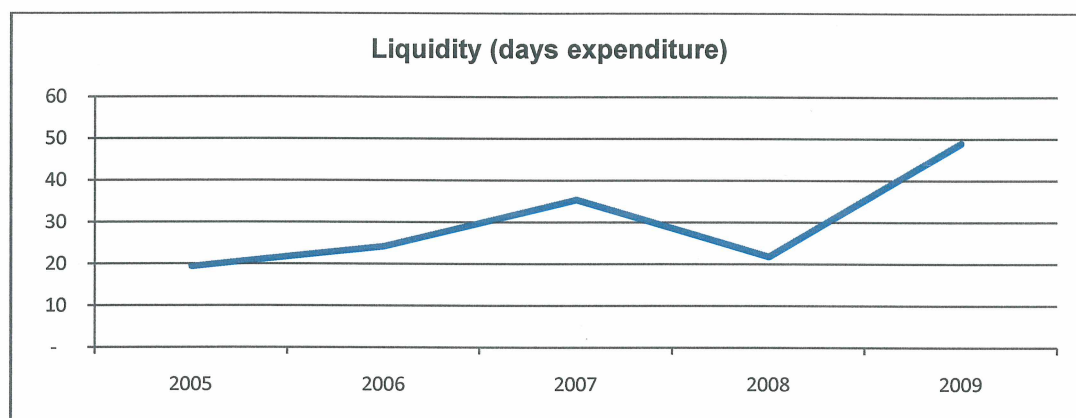


Cash generated is a useful measure of the financial headroom the institution is creating from its operations. It is calculated as historic surplus + pension financing costs + depreciation – capital grants released. Cash generated over the past five years is illustrated in the chart below:



Operating and Financial Review Year to 31 July 2009

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 2009 the ratio was 49 days: as illustrated below:



Staff costs of £42.1m, which represent the most significant item of expenditure at 63% compared with 65% for the previous financial year, rose by £4.2m (11.0%). The significant increase is primarily as a result of the October 2008 pay award which was calculated on the September 2008 Retail Price Index of 5%. In addition the implementation of a new pay scale has resulted in increased cost as more employees are entitled to automatic annual increments. It is estimated that the cost of this has increased from 1% of total salary costs to 2%. This annual percentage increase will reduce over time as employees reach the top of their pay grade.

Other Operating Expenses rose by £3.9m (23.6%) primarily as a result of the inclusion of the activities of Digby Stuart College.

Interest Payable rose by £0.8m (159%) primarily as a result of the inclusion of the activities of Digby Stuart College.

4.3 Changes in Reporting

The FRS 8 amendments have resulted in additional disclosure in the accounts with regards to staff Council members' remuneration. In line with the amendments the University's senior management team have also been required to disclose any transactions between them and connected persons.

4.4 Investments

The University predominantly uses a cash management service to manage its treasury activity. All surplus funds are invested for a maximum period of time to improve the return on surplus funds. A direct investment is also used for two of the University's endowment funds. These funds are invested with investment management companies. The University is currently in the process of revising its investment and treasury management policy.

Operating and Financial Review Year to 31 July 2009

4.5 Payment of Creditors

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

4.6 Accounting Systems

In August 2008 the University went live with the re-implemented *Agresso Business World Financials* application. The re-implementation project commenced in 2007 and had the following key objectives:

- to deliver information to managers' desktops in a format that they can understand at a time when they need it
- to be the single source of financial information
- to provide managers with on-line viewing and authorisation of purchase invoices
- to extend the use of workflow authorisation to reduce the amount of paperwork;
- to provide period-end information within 5 working days of the end of the period as a matter of routine
- to facilitate more effective financial processes both within the finance department and across the University

Work continues on financial systems development with the implementation of web requisitioning and the expansion of on-line payment facilities in 2009-10.

4.7 Post Balance Sheet Events

Post Balance Sheet events 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. No such events have taken place that would affect these accounts.

5 Corporate Governance

5.1 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.

The University is composed of four constituent Colleges, Froebel, Digby Stuart, Southlands and Whitelands, all of which have their own Providing Bodies. The University has long-term leases and associated management agreements with Froebel and Digby Stuart Colleges. The University's relationships with Southlands and Whitelands are governed by Deeds of Adherence.

5.2 Statement of Corporate Governance and Internal Control

The University is committed to exhibiting best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in 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.

Operating and Financial Review Year to 31 July 2009

In the opinion of the Council, the University complies with the provisions of the Combined Code in so far as they apply to the higher education sector, and it has complied throughout the year ended 31 July 2009.

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 Council is in the process of developing a Statement of Primary Responsibilities which will be adopted by Council in the current academic year. In the opinion of the Council and the University Secretary, aside from the work in progress with respect to the Statement of Primary Responsibilities, the University complies with the principles set out in the Guide.

5.3 Statement of Responsibilities of the Members of Council

The members of the Council, who are also the directors of Roehampton University for the purposes of company law, present audited financial statements for each financial year 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 and Roehampton University, the Council prepares financial statements for each financial year in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. The financial statements give a true and fair view of the state of affairs of the University and the results for that year. In preparing the financial statements, the Council:

- Selects suitable accounting policies and applies them consistently,
- makes judgements and estimates that are reasonable and prudent,
- states whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepares 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 Statement which includes the legal and administrative status of the University. The Council is responsible for the keeping of proper accounting records which disclose with reasonable accuracy, at any time, the financial position of the University, and which enable it to ensure that the financial statements are prepared in accordance with its Memorandum and Articles of Association, the Accounts Direction issued by the Higher Education Funding Council for England (HEFCE), the Statement of Recommended Practice: Accounting for Further and Higher Education and applicable UK law and financial reporting standards, as well as reflecting best practice in public sector corporate governance. 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 the Higher Education Funding Council for England are used only in accordance with the Financial Memorandum with the Funding Council and any other conditions that the Funding Council may prescribe from time to time. Members of Council 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

Operating and Financial Review Year to 31 July 2009

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.

5.4 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.

5.5 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 and 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 Student's 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 several committees, including the Audit Committee, Employment Committee, Estates Committee, Finance and General Purposes Committee, Nominations and Governance Committee and Remuneration Committee. Council committees are formally constituted with fixed terms of reference and composition. 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.

Operating and Financial Review Year to 31 July 2009

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 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, approves and monitors the implementation of the Human Resources Strategy and associated employment policies and oversees the implementation of Health and Safety legislation in relation to employment matters.

The Estates Committee oversees the management and development of the 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 and Safety, environmental and other relevant legislation.

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 from the Higher Education Funding Council for England as they affect the University's business and monitors adherence with 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.

5.6 Internal Control

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

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

Operating and Financial Review Year to 31 July 2009

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

The University has a Risk Management Policy which was revised in October 2008. The Council's role as defined under this policy is to:

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

The Council has reviewed the key risks to which the University is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The Council is of the view that there is a formal ongoing process for identifying, evaluating and managing the University's high-level risks that has been in place for the period ended 31 July 2009 and up to the date of approval of the Annual Report and accounts. This process is regularly reviewed by the Council.

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

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

Roehampton University has appointed an internal audit service which operates in accordance with the requirements of the Accountability and Audit: HEFCE Code of Practice. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The analysis of risks 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.

Operating and Financial Review Year to 31 July 2009

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

- the work of the internal auditors,
- the work of the executive officers within the University who have responsibility for the development and maintenance of the internal control framework,
- 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 Academic Schools and support departments. The senior management team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area consists of a high-level review of the arrangements for internal control. The Council regularly considers risk and control and receives reports thereon from the senior management team and the Audit Committee.

The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception. At its November 2008 meeting, the Council carried out the annual assessment of risk for the year ended 31 July 2009 by considering reports from the senior management team, internal audit and Audit Committee and taking account of events since 31 July 2009. 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 necessary disclosures 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 has 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 to the adequacy of the control environment and that substantial assurance can be given to the effectiveness of the University's overall assurance and risk management arrangements.

Signed on behalf of the Council



Robin Geller

Company Secretary

23 November 2009

Independent Auditors' Report Year to 31 July 2009

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 2009 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. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of the University's Council and Auditors

The Council members' (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Annual Report and Financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Responsibilities of Members of Council.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

We report to you our opinion as to whether the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions, have been prepared in accordance with the Companies Act 2006, and give a true and fair view. We also report to you whether, in our opinion, the information given in the Report of Council is consistent with those financial statements.

In addition, we report to you if, in our opinion, the University has not kept adequate accounting records, if we have not received all the information and explanations we require for our audit, or if certain disclosures of Council members' remuneration specified by law are not made.

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

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

Our report has been prepared pursuant to the requirements of the Companies Act 2006 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to

Independent Auditors' Report Year to 31 July 2009

rely upon this report by virtue of and for the purpose of the Companies Act 2006 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of Audit Opinion

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

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

Opinion

In our opinion:

- the financial statements 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 properly prepared in accordance with the Companies Act 2006;
- the financial statements give a true and fair view of the state of affairs of the Group as at 31 July 2009 and of its surplus of income over expenditure for the year then ended;
- the financial statements give a true and fair view of the state of affairs of the University as at 31 July 2009;
- the information given in the Report of the Members of Council is consistent with the financial statements;
- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and

Independent Auditors' Report Year to 31 July 2009

- 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.

BDO LLP

James Aston (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

Epsom

Date 25 November 2009

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 2009

	Notes	2009 £'000	2008 £'000
Income			
Funding Council grants	1	31,642	30,921
Academic fees and support grants	2	24,217	20,487
Research grants and contracts	3	1,528	1,328
Other operating income	4	9,651	5,725
Interest receivable	5	166	333
Total income		67,204	58,794
Expenditure			
Staff costs	6	42,145	37,977
Depreciation/amortisation	9,10	3,039	3,260
Other operating expenses	7	20,709	16,758
Interest payable	8	1,305	504
Total expenditure		67,198	58,499
Surplus on continuing operations after depreciation of assets, disposal of assets and tax	19	6	295

The following information does not form part of the statutory Income and Expenditure Account:

Surplus on continuing operations prior to exceptional items	1,006	295
Exceptional voluntary severance cost	(1,000)	-
Surplus on continuing operations after exceptional items	6	295

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.

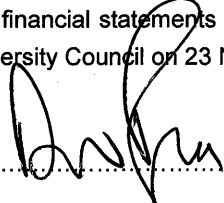
Consolidated statement of total recognised gains and losses Year to 31 July 2009

	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of assets and disposal of assets	6	295
Appreciation/(depreciation) of endowment asset investments	859	(5)
Actuarial loss in respect of pension scheme	(8,316)	(2,327)
Total recognised loss relating to the year	(7,451)	(2,037)
Total recognised losses since last Annual Report	(7,451)	(2,037)
Reconciliation		
Opening reserves and endowments	7,536	9,573
Total recognised losses for the year	(7,451)	(2,037)
Closing reserves and endowments	85	7,536

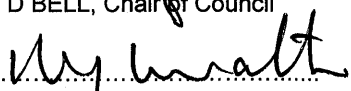
Balance Sheets as at 31 July 2009
Company Registration Number 5161359 (England and Wales)

	Notes	Group 2009 £'000	Group 2008 £'000	University 2009 £'000	University 2008 £'000
Fixed assets					
Tangible assets	9	70,322	35,013	70,322	35,013
Intangible assets					
Goodwill	10	146	155	146	155
Negative goodwill	10	(29,426)		(29,426)	
Investments	11			29	29
		41,042	35,168	41,071	35,197
Endowment assets					
	12	904	45	904	45
Current assets					
Stocks and stores in hand		10	24	10	24
Debtors due within one year	13	3,040	3,134	3,204	3,137
Debtors due after one year	13	720	764	720	764
Cash at bank and in hand		8,621	4,100	8,374	4,048
		12,391	8,022	12,308	7,973
Creditors: amounts falling due within one year	14	(7,009)	(5,539)	(6,968)	(5,533)
Net current assets		5,382	2,483	5,340	2,440
Total assets less current Liabilities					
		47,328	37,696	47,315	37,682
Creditors: amounts falling due after one year					
	15	(14,799)	(8,287)	(14,799)	(8,287)
Provisions for liabilities and charges	16	(2,843)	(1,179)	(2,843)	(1,179)
Net assets excluding pension liability		29,686	28,230	29,673	28,216
Net pension liability	26	(16,633)	(8,956)	(16,633)	(8,956)
Net assets including pension liability		13,053	19,274	13,040	19,260
Represented by:					
Deferred capital grants	17	12,968	11,738	12,968	11,738
Endowments					
Specific endowments	18	904	45	904	45
Reserves					
Income and Expenditure Account excluding pension reserve	19	16,639	16,447	16,626	16,433
Pension reserve		(17,458)	(8,956)	(17,458)	(8,956)
Income and Expenditure Account including pension reserve		(819)	7,491	(832)	7,477
		13,053	19,274	13,040	19,260

The financial statements on pages 28 to 30 were approved and authorised for issue by Roehampton University Council on 23 November 2009 and signed on its behalf by:


.....
SIR D BELL, Chair of Council


.....
PROF P O'PREY, Vice-Chancellor


.....
MR M WATTS, Chair of Finance & General Purposes Committee

Consolidated Cash Flow Statement Year to 31 July 2009

	Notes	2009 £'000	2008 £'000
Net cash inflow from operating activities	21	5,172	312
Returns on investments and servicing of finance	22	(612)	(171)
Capital expenditure and financing investments	23	1,897	(1,498)
Cash (outflow)/inflow before financing		6,457	(1,357)
Financing	24	(430)	484
Increase/(decrease) in cash	25	6,027	(873)

Reconciliation of net cash flow to movement in net debt

	Notes	2009 £'000	2008 £'000
increase/(decrease) in cash in the year	25	6,027	(873)
Change in net debt resulting from cash flows	24	430	(484)
Debt acquired on acquisition	10	(7,220)	—
Movement in net debt		(763)	(1,357)
Net debt at 1 August		(4,490)	(3,133)
Net debt at 31 July		(5,253)	(4,490)

Principal Accounting Policies Year to 31 July 2009

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) issued in 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 University Student Union's (RSU's) financial statements into those of the University, as the University does not exercise dominant influence over RSU's affairs. The RSU's financial statements are therefore audited and published separately.

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.

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.

Pension Schemes (continued)

As stated in note 26, 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 2009

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
General equipment purchased before 1 August 2001	5 years

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

Stocks

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

Principal Accounting Policies Year to 31 July 2009

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 27, 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 2009

1 Funding Council grants

	HEFCE £'000	TDA £'000	2009 Total funds £'000	2008 Total funds £'000
Recurrent grants	21,818	6,329	28,147	27,761
HR strategy grants	—	—	—	274
National Teaching Fellowship Scheme	—	—	—	10
Centres of Excellence in Teaching & Learning	486	—	486	426
Higher Education Innovation Fund	342	—	342	319
Research Capital	—	—	—	28
Science Research Investment Funding (SRIF)	272	—	272	190
Teaching Quality Enhancement Fund	292	—	292	292
Capital teaching and research grants	2,325	—	2,325	1,742
Matched Funding for Voluntary Giving	49	—	49	—
JISC – Enterprise Architecture	101	—	101	—
JISC- Employer Engagement Project	50	—	50	—
Economic Challenge Investment Fund	18	—	18	—
Capital teaching and research grants to deferred capital grants (note 17)	(2,597)	—	(2,597)	(1,932)
Other TDA grants	—	829	829	109
Release of deferred capital grants (note 17)	1,328	—	1,328	1,702
	24,484	7,158	31,642	30,921

2 Academic fees

	2009 £'000	2008 £'000
Full-time students	18,622	14,785
Full-time students from European Union (EU) excluding UK	683	499
Full-time students charged overseas fees	2,998	2,793
Part-time fees	1,518	1,556
Short course fees	396	854
	24,217	20,487

3 Research grants and contracts

	2009 £'000	2008 £'000
Research Councils	660	523
UK based charities	136	192
European Commission	14	60
Other grants and contracts	718	553
	1,528	1,328

4 Other operating income

	2009 £'000	2008 £'000
Residencies, conferencing and catering	4,616	1,826
Other income-generating activities	3,181	2,516
Other grant income	1,542	1,071
Other income	272	272
Release of deferred capital grants (note 17)	40	40
	9,651	5,725

5 Interest receivable

	2009 £'000	2008 £'000
Income from short-term investments	166	333
	166	333

6 Staff

Staff costs	2009 £'000	2008 £'000
Wages and salaries	34,151	31,187
Social security costs	2,849	2,742
Other pensions costs, including FRS 17 adjustments (note 26)	3,828	3,936
Voluntary severance provision	1,000	—
Restructuring costs	317	112
	42,145	37,977

Analysis of staff costs by activity	2009 £'000	2008 £'000
Academic departments	25,140	23,279
Academic services	4,415	3,807
Research grants and contracts	557	781
Residences, catering and conferences	1,021	649
Premises	2,771	925
Administration	8,241	8,536
Total per Income and Expenditure Account	42,145	37,977

Analysis of staff costs by type of contract	2009 £'000	2008 £'000
Employment costs for staff on permanent contracts	40,000	36,316
Employment costs for staff on temporary contracts	1,828	1,549
Staff restructuring costs	317	112
	42,145	37,977

6 Staff (continued)

Total Emoluments of Staff Members of Council

The total emoluments of all staff members of Council in the year amounted to £274,697. Employer pension contributions in respect of the staff members of Council totalled £36,991 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	2009 £'000	2008 £'000
Salary costs	191	156
Pension	26	23
Taxable benefits	1	1
	218	180
Salary award back-dated to August 2006	—	44
	218	224

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 2009 they amounted to £ 25,520 (2008: £27,264). The Vice-Chancellor accrued pension as at 31 July 2009 is £30,404.44 gross per annum and the accrued tax-free lump sum total is £91,213.32.

Remuneration of Other Senior Staff	2009 No	2008 No
£110,001 - £120,000	2	2
£120,001 - £130,000	3	2
£130,001 - £140,000	1	1

Staff Numbers by Major Category (Full-Time Equivalent)	2009 No	2008 No
Academic	433	424
Administrative and clerical	415	432
Other, including technical and manual	138	139
	986	995

Notes to the Financial Statements Year to 31 July 2009

7 Other operating expenses

	2009 £'000	2008 (restated) £'000
Residences, conferencing and catering	955	380
Consumables and laboratory expenditure	2,185	3,020
Books and periodicals	1,038	732
Heat, light, water and power	1,374	665
Repairs and general maintenance	668	1,136
Grants to Students' Union	373	342
Property lease rentals	602	582
Auditors' remuneration (internal)	38	46
Auditors' remuneration (external)	58	43
Auditors' remuneration in respect of non-audit service (taxation)	13	17
Operating leases	64	399
Provision for doubtful debts	84	299
Travel, subsistence, catering and entertaining	740	978
Infrastructure	1,926	1,542
Printing, stationery and postage	781	980
Consultancies/temporary staff	3,206	2,265
Scholarships and bursaries	3,486	1,577
Staff training	470	552
Advertising	392	207
Other student-related expenditure	1,435	566
Other expenses	821	430
	20,709	16,758

Included within external auditors' remuneration is an amount of £54,476 (2008: £37,289) in respect of the audit of the parent 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 (2008: £400,000).

Analysis of expenditure (less staff costs) by activity

	Other operating expenses £'000	Depreciation £'000	Interest payable £'000	2009 Total funds £'000	2008 Total funds £'000
Academic departments	3,003	20		3,023	3,165
Academic services	3,322	592		3,914	5,025
Research grants and contracts	825			825	529
Residence, catering and conferences	2,840		361	3,201	1,637
Premises	2,544	2,195	417	5,156	3,287
Administration	8,175	232	527	8,934	6,879
	20,709	3,039	1,305	25,053	20,522

Notes to the Financial Statements Year to 31 July 2009

7 Other Operating Expenses (continued)

Funding of depreciation charge	£'000
Deferred capital grants released (note 17)	1,367
General income	1,672
	3,039

8 Interest payable

	2009 £'000	2008 £'000
Loans not wholly repayable within five years	778	443
Pension finance costs (note 26)	527	61
	1,305	504

9 Tangible fixed assets

	Work in progress £'000	Leasehold land £'000	Leasehold buildings £'000	Freehold buildings £'000	Equipment £'000	Total £'000
Cost or valuation						
At 1 August 2008		7,400	28,826	2,034	14,808	53,068
Additions	173		241		1,274	1,688
Acquisition (note 10)		8,000	29,375		17	37,392
At 31 July 2009	173	15,400	58,442	2,034	16,099	92,148
Depreciation						
At 1 August 2008			7,150	152	10,753	18,055
Charge for year		64	1,800	51	1,856	3,771
At 31 July 2009	—	64	8,950	203	12,609	21,826
Net book values						
At 31 July 2009	173	15,336	49,492	1,831	3,490	70,322
At 1 August 2008	—	7,400	21,676	1,882	4,055	35,013
Financed by:						
Capital grant	173	—	8,836	—	1,472	10,481
Other		15,336	40,656	1,831	2,018	59,841
	173	15,336	49,492	1,831	3,490	70,322

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 2009

10 Goodwill

On 1 August 2008 The Society of the Sacred Heart granted a 125 year lease over the total assets, liabilities, activities and undertakings of Digby Stuart 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 Digby Stuart estate was revalued at £33 million, a significant surplus over book value. The difference between the valuation and the book value of the estate, after adjusting for the other assets and liabilities of the College, has been accounted for as negative goodwill as set out below.

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

	Book Value £'000	Fair Value £'000
Assets		
Tangible fixed assets	10,755	37,392
Other assets	547	549
Liabilities		
Creditors	553	554
Bank loan	7,220	7,220
Net assets acquired and negative goodwill arising		30,167
	Positive Goodwill Total £'000	Negative Goodwill Total £'000
Total Goodwill		
Cost		
At 1 August 2008	173	—
Additions	—	(30,167)
At 31 July 2009	173	(30,167)
Amortisation		
At 1 August 2008	(18)	—
Charge for year	(9)	741
At 31 July 2009	(27)	741
Net book values		
At 31 July 2009	146	(29,426)

Positive goodwill has been amortised from 1 August 2006 in accordance with the accounting policy.

Notes to the Financial Statements Year to 31 July 2009

11 Subsidiary undertakings

Roehampton Corporate Initiatives Limited (RCIL) is a wholly owned subsidiary of the University. The results of RCIL have been consolidated into the financial statements of Roehampton University. Separate audited financial statements have been prepared for the company to 31 July 2009. The company provides media and consultancy services to external clients. The investment in RCIL is £29,000. In August 2009 Digby Stuart Enterprises merged with RCIL.

12 Endowment assets

Group and University	2009 £'000	2008 £'000
Transferred on 1 August	45	50
Additions	858	—
Disposals	—	—
(Reduction)/appreciation on revaluation	1	(5)
Increase/(decrease) in cash balances held at fund managers	—	—
Balance at 31 July	904	45
Represented by:		
Market value		
Fixed interest stocks	97	26
Equities	103	10
	200	36
Cash	704	9
Total	904	45
Fixed interest and equities at cost	193	37

13 Debtors

	Group 2009 £'000	Group 2008 £'000	University 2009 £'000	University 2008 £'000
Amounts falling due within one year				
Debtors	1,852	1,580	1,676	1,583
Amount owed by Group undertakings:				
Subsidiary undertakings	—	—	290	—
Prepayments and accrued income	690	846	740	846
College debtors	430	662	430	662
Roehampton Students' Union loan	68	46	68	46
	3,040	3,134	3,204	3,137
Amounts falling due after one year				
Southlands College loan	720	764	720	764
Roehampton Students' Union loan	78	78	78	78
Provision for Roehampton Students' Union loan	(78)	(78)	(78)	(78)
	720	764	720	764
	3,760	3,898	3,924	3,901

14 Creditors: amounts falling due within one year

	Group 2009 £'000	Group 2008 £'000	University 2009 £'000	University 2008 £'000
Secured loans	499	265	499	265
Overdraft	—	802	—	802
University creditors	1,573	101	1,554	101
Taxation and social security	1,488	1,411	1,487	1,411
Accruals and deferred income	3,449	2,960	3,428	2,954
	7,009	5,539	6,968	5,533

15 Creditors: amounts falling due after one year

	Group 2009 £'000	Group 2008 £'000	University 2009 £'000	University 2008 £'000
Secured Loans				
Between one and two years	526	278	526	278
Between two and five years	1,748	1,231	1,748	1,231
In five years or more	12,525	6,778	12,525	6,778
	14,799	8,287	14,799	8,287

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	Aug 2008	1,441	20 years	Fixed
Lloyds TSB	Term loan	Aug 2008	6,500	20 years	Fixed

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.

16 Provisions for liabilities and charges

	2009 £'000				2008 £'000		
	Enhanced Pension	PAYE/NI	Voluntary Severance	Total	Enhanced Pension	PAYE/NI	Total
At 1 August	1,119	60	—	1,179	1,195	250	1,445
Utilised in year	(141)	(60)	—	(201)	(137)		(137)
Transfer from Income and Expenditure Account	40		1,000	1,040	61	(190)	(129)
Gain/loss in respect of pension scheme	825	—	—	825	—	—	—
At 31 July	1,843	—	1,000	2,843	1,119	60	1,179

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 2008-09, actual payments of £140,961 (2007-08: £136,683) 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 £1.5 million as at 31 July 2009.

The voluntary severance provision of £1 million has been made with regards to the 'Flexible Futures' programme. The provision is based on the total expected cost of voluntary severance pay and statutory redundancy pay for 63 members of staff. The provision relates only to staff that were notified prior to 31 July 2009.

Notes to the Financial Statements Year to 31 July 2009

17 Deferred capital grants

	Funding Council £'000	Other grants £'000	Total £'000
At 1 August 2008			
Buildings	8,601	564	9,165
Equipment	2,573	—	2,573
	11,174	564	11,738
Cash received			
Buildings	1,857		1,857
Equipment	740		740
	2,597		2,597
Release to Income and Expenditure			
Buildings	(439)	(40)	(479)
Equipment	(889)		(889)
	(1,328)	(40)	(1,368)
At 31 July 2009			
Buildings	10,020	524	10,544
Equipment	2,424	—	2,424
	12,444	524	12,968

18 Specific endowments

	Gerhard Weiler £'000	Honora Naughton £'000	Dove Bowerman £'000	The Ebb and Flow Fund £'000	Society of the Sacred Heart Fund £'000	Total £'000
31 July 2008	40	5				45
Appreciation in endowment income for year	1		179	29	652	861
Expenditure for year	(1)			(1)		(2)
31 July 2009	40	5	179	28	652	904

Notes to the Financial Statements Year to 31 July 2009

19 Reserves

a) Income and Expenditure Account

	Group 2009 £'000	Group 2008 £'000	University 2009 £'000	University 2008 £'000
At 1 August	7,491	9,523	7,477	9,505
Net (deficit)/ surplus after depreciation of assets and disposal of assets	6	295	7	299
Actuarial gain/(loss) in respect of pension scheme	(8,316)	(2,327)	(8,316)	(2,327)
At 31 July	(819)	7,491	(832)	7,477
Balance represented by				
Pension reserve	(17,458)	(8,956)	(17,458)	(8,956)
Income and Expenditure Account excluding pension reserve	16,639	16,447	16,626	16,433
	(819)	7,491	(832)	7,477

b) Total Reserves

Group	Income and Expenditure Account £'000	Pension reserve £'000	Total £'000
At 1 August 2008	16,447	(8,956)	7,491
Net surplus after depreciation of assets and disposal of assets	192	(186)	6
Actuarial loss in respect of pension scheme		(8,316)	(8,316)
At 31 July 2009	16,639	(17,458)	(819)

University	Income and Expenditure Account £'000	Pension reserve £'000	Total £'000
At 1 August 2008	16,433	(8,956)	7,477
Net surplus after depreciation of assets and disposal of assets	193	(186)	7
Actuarial loss in respect of pension scheme		(8,316)	(8,316)
At 31 July 2009	16,626	(17,458)	(832)

20 Operating leases

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

	2009 £'000	2008 £'000
Within one year	47	115
Between two and five years	9	75
Over five years	—	—
	56	190

Notes to the Financial Statements Year to 31 July 2009

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

	2009 £'000	2008 £'000
Net surplus/(deficit) on continuing operations	6	295
Depreciation/amortisation (note 9, 10)	3,039	3,260
Deferred capital grants released to income (note 17)	(1,368)	(1,741)
Interest receivable (note 5)	(166)	(333)
Interest payable (note 8)	778	504
Pension cost less contributions payable	186	181
Decrease/(increase) in stocks	14	(3)
Decrease/(increase) in debtors	360	1,637
(Decrease)/increase in creditors	1,484	(3,222)
(Decrease)/increase in provisions	839	(266)
Net cash inflow from operating activities	5,172	312

22 Return on investments and servicing of finance

	2009 £'000	2008 £'000
Interest received from short-term investments	166	333
Interest paid	(778)	(504)
	(612)	(171)

23 Capital expenditure and financial investment

	2009 £'000	2008 £'000
Tangible assets acquired (note 9)	(1,688)	(3,430)
Net cash acquired with Digby Stuart College	283	—
Net movement on endowments	704	—
Deferred capital grants received (note 17)	2,598	1,932
Net cash outflow from capital expenditure and financial investment	1,897	(1,498)

24 Analysis of changes in finance during the year

	Mortgages and loans £'000	Total £'000
At 1 August 2008	7,788	7,788
Capital repayment	(474)	(474)
Loan debtor	44	44
Net amount repaid in year	(430)	(430)
Loan acquired with Digby Stuart (note 10)	7,220	7,220
At 31 July 2009	14,578	14,578

Notes to the Financial Statements Year to 31 July 2009

25 Analysis of changes in net debt

	At 1 August 2008	Cash flows £'000	Non-cash changes £'000	At 31 July 2009 £'000
Cash at bank and in hand	4,100	4,521	—	8,621
Cash held within endowments	—	704	—	704
Loan debtor	764	(44)	—	720
Overdraft	(802)	802	—	—
Debt due within one year	(265)	474	(708)	(499)
Debt due after one year	(8,287)	—	(6,512)	(14,799)
	(4,490)	6,457	(7,220)	(5,253)

The non-cash changes relate to loans acquired with Digby Stuart - see note 10 for further details.

26 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 2009 was £4.3 million (2008: £3.9 million), this included an amount of £140,961 (2008: £136,683) 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 rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2008 to 31 July 2009.

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.

26 Pensions (continued)

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. 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.

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 2009 was £2.6 million (2008: £2.2 million) of which employer's contributions totalled £1.9 million (2008: £1.6 million) and employees' contributions totalled £714,000 (2008: £606,000).

The employer's contribution rate for administrative and manual staff for the period 1 August 2008 to 31 March 2009 was 15.2 %; the rate increased to 17% with effect from 1 April 2009. The employer contributions expected to be paid into the scheme during the year ended 31 July 2010 amount to £1.9 million.

Notes to the Financial Statements Year to 31 July 2009

26 Pensions (continued)

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 2009 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2009 %	2008 %
Price increases	3.6	3.8
Salary increases	5.1	5.3
Pension increases	3.6	3.8
Discount rate	6.0	6.7
Expected return on assets		
Equities	7.5	7.6
Target Return Portfolio	6.2	6.3
Alternative asset	6.7	6.8
Cash	3.0	4.8

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:

	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 2009 £'000	Proportion %	Value at 31 July 2008 £'000	Proportion %
Equities	16,748	68.2%	14,075	58.5%
Target Return Portfolio	2,529	10.3%	4,719	19.6%
Alternative Asset	3,610	14.7%	5,356	22.3%
Cash	1,670	6.8%	(93)	-0.4%
Total market value of assets	24,557		24,057	

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

	31 July 2009 £'000	31 July 2008 £'000
Analysis of the amount shown in Roehampton University's Balance Sheet		
Estimated asset share	24,557	24,057
Present value of Funded liabilities	(40,816)	(32,653)
Present value of unfunded liabilities	(374)	(360)
Net pension deficit	(16,663)	(8,956)

Notes to the Financial Statements Year to 31 July 2009

26 Pensions (continued)

Analysis of amounts charged to staff costs in the Income and Expenditure Account	31 July 2009 £'000	31 July 2008 £'000
Employer service cost (net of employee contributions)	1,522	1,484
Past service cost		331
Total operating charge	1,522	1,815

Analysis of the amount that is credited to other finance income in the Income and Expenditure Account	31 July 2009 £'000	31 July 2008 £'000
Expected return on pension scheme assets	1,801	1,892
Interest on pension liabilities	(2,270)	(1,858)
Net return on pension scheme	(469)	34

The actual return on assets during the year was £1,614,000.

Analysis of the amount recognised in the Statement of Total Recognised Gains and Losses (STRGL)	31 July 2009 £'000	31 July 2008 £'000
Actual return less expected return on pension fund assets	(3,415)	(3,503)
Experience (losses) arising on the fund liabilities		1,213
Change in financial and demographic assumptions underlying the fund liabilities	(4,076)	(37)
Actuarial (loss)/gain recognised in the STRGL	(7,491)	(2,327)

Analysis of movement in the present value of the scheme liabilities	31 July 2009 £'000	31 July 2008 £'000
Opening present value of the defined benefit obligation	(33,013)	(31,138)
Movement in the period:		
Current service cost	(1,522)	(1,484)
Interest cost	(2,270)	(1,858)
Contributions by members	(714)	606
Actuarial gain	(4,076)	1,797
Past service cost		(331)
Losses on curtailments	(58)	(27)
Estimated unfunded benefits paid	24	24
Estimated benefits paid	439	610
Closing present value of the defined benefit obligation	(41,190)	(33,013)

26 Pensions (continued)

Analysis of the movement in the fair value of the scheme assets	31 July 2009 £'000	31 July 2008 £'000
Opening fair value of employer assets	24,057	24,691
Movement in the period:		
Expected return on assets	1,801	1,892
Contributions by members	714	606
Contributions by the employer	1,863	1,602
Contributions in respect of unfunded benefits actuarial (loss)/gain	(3,415)	(4,124)
Estimated benefits paid	(463)	(610)
Closing fair value of employer assets	24,557	24,057

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

	2009 £'000	2008 £'000	2007 £'000	2006 £'000	2005 £'000
Defined benefit obligation	(41,190)	(33,013)	(31,138)	(30,514)	(26,335)
Plan assets	24,557	24,057	24,691	20,656	17,170
Deficit	(16,633)	(8,956)	(6,447)	(9,858)	(9,165)
Experience adjustment on plan liabilities		1,834	107	(3)	152
Experience adjustment on plan assets	(3,415)	(4,124)	1,069	813	1,723

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.

26 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%.

26 Pensions (continued)

The technical provisions relate essentially to past service liabilities and funding levels, but it is also necessary to assess the ongoing 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

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.

26 Pensions (continued)

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.

27 Access to learner support funds

	2009 £'000	2008 £'000
Balance at 1 August	27	35
Funding Council grants	236	328
Interest earned	5	6
	268	369
Disbursed to students	(256)	(340)
Audit fees	(2)	(2)
Balance at 31 July	10	27

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 2009

28 Incorporated Froebel Education Institute (IFEI)

	2009 £'000	2008 £'000
Total accommodation income collected	742	688
Total expenditure	(714)	(637)
Management fee to Roehampton University	(26)	(30)
Balance at 31 July	2	21

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

29 Black and Minority Ethnic Recruitment and Retention (BMERR)

	2009 £'000	2008 £'000
Balance at 1 August	—	—
Total payment received from TDA	10	13
	10	13
Disbursed to students	(10)	(13)
Balance at 31 July	—	—

30 TDA training salaries

	2009 £'000	2008 £'000
Total payment received from TDA, excluding VAT	2,475	3,323
Disbursed to students	(2,325)	(3,108)
Administration fee	(49)	(59)
Balance at 31 July	101	156

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.

31 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 2008-09 two members of the Southlands College governing body, Reverend John Pritchard and Ms Juliet Colman and two members of the Whitelands College Governing body, Reverend Professor June Boyce Tilman and Mr Simon Partons were also members of the University Council.

The University has deeds of adherence with both Colleges that govern the relationship of mutuality between the separate parties.



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