

Financial Statements and Governors' Report

2008/09

GOVERNORS, EXECUTIVES AND ADVISERS**Board of Governors**

Graham Stow, CBE (Chair to 31.07.09)
David Dry (Deputy Chair)
Stephen Burgin (Chair from 01.08.09)
Ken Crossland
The Very Reverend Adrian Dorber
Lady Ann Fender DL
Alan Fernyhough
Martin Fiddler
David Gage (from 04.03.09)
Sharon Gwinneth
Chris Harman (from 04.03.09)
Ron Hilton
Professor Christine King
Keith Norris (until 31.7.09)
Helen Pegg (from 10.08.09)
Fred Pritchard (from 01.07.08)
Laura Rowley (from 29.09.08)
Ann Spears
Fiona Wood for academic year 2008/09
Assed Baig for academic year 2009/10

Executive Team

Professor Christine King	Vice-Chancellor
Paul Richards	Deputy Vice-Chancellor
Neil Scott	Finance Director
Ken Sproston	University Secretary
Gill Howland	Executive Pro Vice-Chancellor
Ian Blachford	Director of Human Resources

Auditors

KPMG LLP
2 Cornwall Street
Birmingham
B3 2DL

Bankers

Lloyds TSB Plc
5 Market Square
Stafford
ST16 2JL

Solicitors

Martineau
No 1 Colmore Square
Birmingham
B4 6AA

REPORT OF THE GOVERNORS

The Governors submit their annual report and audited accounts for the year ended 31 July 2009.

OPERATING AND FINANCIAL REVIEW

Constitution and Activities

The University is a Higher Education Corporation as defined under the Education Reform Act 1988.

The powers of Higher Education Corporations are defined in Section 124 of the Act and include the power to provide higher and further education and to carry out research and publish the result of research as the University thinks fit.

The University was incorporated in November 1988 and on 1 April 1989 all properties, rights and liabilities which had been used and/or held by Staffordshire County Council for the purposes of the University were transferred to the Higher Education Corporation.

The University also enjoys exempt charitable status under the Act.

On 16 June 1992, the Privy Council confirmed its formal approval of a change of name from Staffordshire Polytechnic to Staffordshire University under the terms of the Further and Higher Education Act 1992.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertakings, Staffordshire University Enterprises Limited, Octagon Computer Centre and the Friends of Staffordshire University Charitable Trust.

The subsidiaries undertake a range of activities including consultancy work, the operation of recreational activities and property management for a variety of commercial and other organisations. The taxable profits of the subsidiary undertakings are transferred back to the University under a covenant arrangement.

The University's Strategy and Vision

The University's latest strategic plan, 2007-2012, is a dynamic response to the increasingly competitive environment of higher education. Our students and other customers have rising expectations of quality of service and value for money. This presents the University with real challenges and great opportunities. Our strategic plan will enable the University to meet and exceed these demands.

We are an organisation that specialises in learning and knowledge and it is in this area, our core activity, that we intend to make the major impact. We will not only continue to work for the highest quality standards but will be seeking to diversify our student base and to deliver in ways that are flexible and even more customer focused. The learning community will reflect an even wider range of ages and backgrounds. Students will be able to learn in a variety of modes and within a flexible calendar and timetable. We will be creating a new and accessible model of learning and research that will differentiate us and identify us as leaders in our field.

Our strategic plan seeks to invest in our people, facilities and products. We will refresh or rebuild our campuses; our programmes will be market facing and the first choice for an ever growing percentage of our students. We will grow student numbers and income, moving from a balanced budget to a financial surplus. This will allow the University to fund ongoing investment, within a sustainable financial model and ensure the University continues to flourish in a climate of constant change.

Results for the Year

The University's consolidated income, expenditure and results for the year to 31st July 2009 are summarised as follows:

	2008/9	2007/8	2006/7
	£'000	£'000	£'000
Income	111,765	105,667	95,332
Expenditure	110,940	105,927	96,306
Surplus/(deficit) on continuing operations after depreciation at valuation	825	(260)	(974)
Historical Cost Surplus	1,900	816	101

In 2008/9 the University and its subsidiaries made a historical cost surplus of £1.9 million, compared with a surplus of £0.8 in 2007/8 and a surplus of £0.1 million in 2006/7. Income grew by 6% to £111.8 million, whilst year-on-year operating costs increased by 5% to £110.9 million. These results include the impact of FRS17 – Accounting for Retirement Benefits. The impact of this accounting standard was to reduce the current year surplus by £(0.5) million (2007/8 by £(0.8) million). The achievement of a surplus reflects the University's strategy to move from a balanced budget to an annual surplus of around 5% of income.

Cashflow and Capital Investments

The table below summarises the major cash movements during the year ended 31st July 2009; this includes capital investments:

Cashflow	2008/9	2007/8	2006/7
	£'000	£'000	£'000
Net inflow from operating activities	11,834	4,072	1,703
Net outflow from servicing of finance	(343)	(101)	(619)
Capital Expenditure	(4,774)	(7,060)	(3,690)
Adjusted Net inflow before financing	10,821	1,760	249
Increase/(decrease) in cash for year	10,785	2,930	(1,409)

The consolidated Cash Flow Statement shows cash inflows from operating activities of £11.8 million (2007/8 £4.1 million). Overall there was a cash inflow for the year ended 31st July 2009 of £10.8 million (2007/8 inflow £2.9 million). Payments to acquire and improve fixed assets totalled £4.8 million (2007/8 £7.1 million).

Pension Liability

Retirement benefits for employees of the University are provided by defined benefit schemes. The financial results include the impact of Financial Reporting Standard 17 – Accounting for Retirement Benefits (FRS17) for the benefits covered by the Local Government Pension Scheme (LGPS). This accounting standard requires the inclusion, within the accounts, for the University's share of any net deficit in the scheme. Full disclosures can be found in note 31- Pension Costs. As at 31 July 2009 the Group's estimated share of the LGPS net deficit was £54.9 million (2007/8 £30.1 million).

The Teachers' Pension Scheme (TPS) is deemed a multi-employer scheme, and the University's share of its assets and liabilities cannot be separately identified. As such the University has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme.

Liquidity and Long-term Financing

The University had net funds, as at 31 July 2009, of £9.7 million, (2007/8 net debt of £1.1 million). Cash at bank and in hand was £25.6 million (2007/8 £14.8 million).

On 17th September 2007 the University refinanced its existing loans, of £14.8 million, with a new term loan of £16 million, repayable over 27 years. The interest payable on this loan was fixed at 5.2%; for its duration. This represented a considerable reduction in the average interest-rate payable. The loan is part of a larger Convertible Revolving Credit Facility (CRCF) of £50 million. This facility was provided by Lloyds TSB, its purpose to provide funding for the University's extensive capital programme over the next five years.

Treasury and Financing

Cash deposits are invested in accordance with the University's Treasury Management Policy. The prime requirement of the policy is to ensure that the capital sum is not at risk, whilst achieving a rate of return commensurate with deposit rates achievable on the London Money Market. Interest receivable decreased to £572,000 in 2008/9 (£874,000 in 2007/8) as a result of the fall in interest rates. Interest payable at £2,437,000 includes an FRS17 adjustment of £1,576,000 and loan interest payments of £861,000 (2007/8 FRS17 adjustment £22,000, loan interest payments £945,000).

Payment of Creditors

It is the University's policy to obtain the best terms for all business and therefore terms are negotiated individually with suppliers. The University's policy is to abide by the specific terms made in those agreements.

Employment of Disabled Persons

Applications by disabled persons for employment and admission to courses of study or research are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of existing staff and students becoming disabled every effort is made to ensure that their employment or study with the University continues and that appropriate training and support is arranged. It is the policy of the University that the training, career development and promotion and opportunities to undertake study and research should, as far as possible, be identical for all staff and students.

Governors' Remuneration

Governors receive no remuneration from the University in respect of activities undertaken while acting as Governors, other than in some circumstances travelling expenses.

Governor's Insurance

The University maintains insurance for Governors in respect of their duties as Governors of the institution.

Current and Future Developments

The University operates from many locations; the most significant of which are in Stoke and Stafford. The Stoke campus houses almost two-thirds of the University's activity and its long-term viability will underpin the University's future.

For several years the University has been pursuing an ambitious and innovative project to create a University Quarter (UQ), in the centre of Stoke. This £200 million project has involved close collaboration with Stoke FE College, Stoke Sixth-form College, Stoke-on-Trent City Council and other local and regional bodies.

The last 12 months has seen the UQ evolve from a broad concept to the start of design and construction of specific projects. Funding has been secured from HEFCE, through its Strategic Development Fund, to support a new science and technology centre. Funding from Advantage West Midlands (AWM) has been agreed to support the overall UQ project and the delivery of economic outputs for Stoke. Key site acquisitions have been completed, supported by funding from AWM. Stoke Sixth Form College has commenced construction of its new building, adjacent to the University campus on Leek Road, and will share facilities in the new science and technology centre.

The refurbishment of our Stafford Campus continues with ongoing investments to upgrade facilities. Further plans are underway to enhance the configuration and vibrancy of this campus, including plans for new on-campus accommodation.

The University continues to invest in its staff, with many initiatives underway. These are now focusing on enhancing leadership and management, Celebrating Staff Success, new flexible working arrangements and a improved performance management processes.

The University has been successful in developing its relationship with employers, providing training on-site for large and medium-sized companies. Staffordshire continues to build its capability and capacity to work with employers, utilising funding by HEFCE to develop its Employer-Engagement activities. This has enabled to University to build a dedicated team, which will drive forward our relationship with employers and enhance our offer to potential customers.

Our core business, providing excellent teaching for our students, has continued to grow. There were marked increases in student numbers at our partner colleges within the Staffordshire University Regional Federation (SURF). In addition our collaboration with the National Design Academy (NDA) continues to increase our part-time undergraduate numbers. Staffordshire is committed to building successful partnerships, with both publicly and privately funded organisations. We are particularly proud of the success of SURF in providing a gateway to higher education for thousands of students.

These successes reflect the University's strategy of flexibility and customer focus, offering courses close to students.

We continue to build on the success of our 'fast-track' two year degrees, and supporting the development of Foundation Degrees; Staffordshire University 'hosts' the national body Foundation Degree Forward (FDF). The successful development of Foundation Degrees with our SURF partners demonstrates the flexibility of HE and FE institutions in adapting to the needs of students and employers.

The University has made progress in the areas of Environment and Sustainability. Building upon the appointment of its first Environmental Officer, the launch of its Environmental Policy and participation in the Staffordshire Local Area Agreement programme on Climate Change, the University has now launched its first Environmental Strategy, including a Green Travel Plan. Approved by the University's executive board this year, this will provide the platform for our future environmental developments.

The Future - Risks and Uncertainties

Overview

The past year has seen dramatic changes in the economic position of the UK and its public finances. This will have deep and long-term implications for publicly funded bodies, including Higher Education Institutions (HEIs). Because of the impending General Election, and the likely severity of changes to public spending, there is much speculation and very little certainty about future government spending. The new economic reality, however, will almost certainly include the following major challenges for publically funded bodies:

1. Lower real-term government funding
2. A greater focus on value for money
3. To generate benefits for the wider economy

For the HE sector there will be specific challenges, many of which have been identified in recent announcements by Lord Mandelson. The Government review into Higher Education will seek the following from the HE sector:

1. to give students more consumer-style information about universities.
2. to improve social mobility
3. To aid the recovery of the economy.

The Recession and Public Finances

The IMF predicts the UK budget deficit in 2010 to be 11% of GDP; the highest of any major economy. Deloitte has forecast UK borrowing could hit 16% of GDP in 2011/12; twice the amount of the 'peaks hit in the mid 1970's and early 1990's. The UK's Gross National Debt (the cumulative debt) stood at around 50% of GDP in 2008. Economic commentators forecast that government deficits will remain large for some years. They argue, strongly, that these must be brought under control quickly, not through increased taxation, but from reduced public spending.

There are signs that the recession is easing, but the data are mixed. Whilst stock markets and bond markets are recovering Sterling is weakening and UK unemployment continues to grow. Some fear a 'double-dip' recession.

Impact of the Recession on HE Funding

HEFCE has already been assigned, by government, budget reductions of £200 million, for the 2009/10 and 2010/11 financial years. This has reduced Staffordshire University's HEFCE grant by £700,000 in 2009/10, and this reduction will roll forward into 2010/11. HEFCE is currently reviewing its plans to achieve additional savings in 2010/11. Beyond 2010/11 there is great uncertainty about the level and sources of funding for the HE sector. Speculation has driven some to model grant cuts of 10% to 20%. There is almost no clear information about the future of government funding, making financial modelling and strategic planning difficult.

The University's Response

The market in which The University operates will become increasingly competitive and demanding. Likely reductions in public funding, and the need to increase revenue from other sources (including tuition fees) only heighten the importance of our long-term strategy. At the heart of this will be the ability to attract and retain students and other customers. The widely reported demographic decline in the number of 18-21 year-olds will make the traditional full-time undergraduate market fiercely competitive. The University continues to recognise this challenge and is working to widen its customer-base and appeal beyond traditional full-time undergraduates.

The introduction of increased tuition fees, for UK and EU undergraduates, has provided the sector with a strong source of revenue growth. The academic year 2008/9 was the last year to benefit from this increase. Uncertainty again surrounds whether long-term government policy will raise the cap on domestic tuition fees. Staffordshire University will prepare pricing plans to ensure it is ready for any change in policy, which would introduce market pricing to the HE sector.

Likely changes to government funding will clearly represent an immediate challenge. The University will continue to diversify its income and strengthen its financial resources, to ensure it is able to meet any future shifts in public funding. This will mean an ongoing review of our activities, to ensure they are affordable and effective.

The University offers generous retirement benefits to its employees. These pension schemes are becoming increasingly expensive, and the liabilities are growing at an increasing rate. The University recognises its share of the net liability of the Local Government Pension Scheme; currently £54.9 million. The uncertainty around future pension funding and liabilities is a significant risk to the University; the current model is increasingly unaffordable.

The University Quarter represents an ambitious plan to reinvigorate our Stoke campus and its immediate environment. The University will invest considerable amounts in this collaborative project, largely funded through borrowing. The scale of this project, and the consequential debt, is significant. Whilst vital to the future success of the University, this project will require the delivery of improved operating and financial performance.

The University is confident that its strategic plan, financial resources and strong foundations will ensure a vibrant and exciting future for the Institution, its staff, partners, students and other customers.

Stephen Burgin
Chair of the Board of Governors

CORPORATE GOVERNANCE

The University is committed to 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 revised Combined Code on Corporate Governance issued by the London Stock Exchange in July 2006. Its purpose is to assist readers of the Financial Statements to understand how the principles have been applied.

Throughout the year ended 31 July 2009, the University has been in compliance with all the Code provisions set out in Section 1 of the Combined Code of Corporate Governance insofar as they relate to Universities. The University also supports, and is guided by, the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales and Northern Ireland that was reissued by the Committee of University Chairmen (CUC) in March 2009.

In addition the Governing Body has also formally accepted the CUC's Governance Code of Practice and General Principles issued in March 2009. In this connection the Governing body has also agreed the following:

Statement of Primary Responsibilities of the Board of Governors

Section 3(i) of the University's Instrument of Government states that the Board of Governors shall be responsible for:

- (a) the determination of the educational character and mission of the University and for oversight of its activities;
- (b) the effective and efficient use of resources, the solvency of the institution and the Corporation and for safeguarding their assets;
- (c) approving annual estimates of income and expenditure;
- (d) the appointment, grading, assignment, appraisal, suspension, dismissal and determination of the pay and conditions of service of holders of senior posts; and
- (e) setting a framework for the pay and conditions of service of all other staff.

In particular the Board will:

- (a) approve the mission and strategic vision of the institution, long term business plans, key performance indicators (KPI's) and annual budgets, and ensure that these meet the interests of stakeholders.

- (b) appoint the head of the institution as chief executive of the institution and put in place suitable arrangements for monitoring his/her performance;
- (c) ensure the establishment and monitoring systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest;
- (d) monitor institutional performance against plans and approved KPI's, which, where possible and appropriate, be benchmarked against other institutions.

This statement is also available on the University's website.

Summary of the University's Structure of Corporate Governance

The University's Governing Body comprises independent, co-opted, staff and student members appointed under the University's Instrument of Government. The roles of the Chair and the Deputy Chair of the Governing Body are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved for decision by the Governing Body are set out in the Articles of Government. Under the Financial Memorandum with the Higher Education Funding Council for England, the Governing Body is responsible for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business and its subsidiary companies. The Governing Body meets four times a year and has five Committees; an Employment and Finance committee, a Nominations and Governance committee, an Audit committee, a Remuneration committee and an Estates committee. All of these committees are formally constituted with terms of reference and comprise mainly independent members of the Governing Body. In addition the Governing Body undertakes a regular review of its own effectiveness.

The Employment and Finance committee recommends to the Governing Body the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also reviews the University's annual financial statements together with the accounting policies.

The Nominations and Governance committee considers nominations for vacancies in the Governing Body membership and the reappointment of members under the Instrument of Government. It also advises the Governing Body on general governance matters.

The Audit committee is responsible for meeting, at least four times a year, with the External Auditors and Internal Auditors of the University and reviewing their work. The committee approves the Audit Plan and considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitor adherence with the regulatory requirements. Whilst senior executives attend meetings of the Audit committee as necessary, they are not members of the committee, and the committee may meet with the External and Internal Auditors on their own for independent discussions.

The Remuneration committee is responsible for determining the employment, contractual and remuneration arrangements for designated holders of senior posts. It normally reviews the salary levels of senior post holders on an annual basis and met twice during the financial year ended 31 July 2009.

The Estates committee has responsibility for advising the Governing Body on its Estates Strategy and the monitoring of Estates related projects.

The University maintains a Register of Interests of members of the Board of Governors and of senior managers of the University. This may be consulted by arrangement with the University Secretary.

In accordance with the Articles of Government of the University, the University Secretary has been designated Secretary to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Statement of Internal Control

As the Governing Body of Staffordshire University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the Governing Body in the University's Instrument and Articles of Government and the Financial Memorandum with the HEFCE.

The system of internal control is designed to manage, rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only

provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principle risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31st July 2009 and up to the date of approval of the Financial Statements.

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established.

- We meet four times a year to consider the plans and strategic direction of the University.
- We receive periodic reports from the Chair of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas on responsibility, including progress reports on key projects. Risk management is a regular item on the agendas of both the full Board and its Committees.
- We have requested the Audit Committee to provide oversight of the risk management process.
- The Audit Committee receives regular reports from the firm of accountants contracted to provide an internal audit service which includes their independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- A programme of facilitated workshops is held to identify and keep up to date the record of risks facing the organisation.
- A programme of risk awareness training is underway in order to increase awareness at all levels within the organisation.
- A system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking has been established.
- An organisation-wide risk register is maintained and annually updated.
- Reports are received from budget holders and project managers on internal control activities.

- Other sub-committees of the Board, notably the Employment and Finance Committee and Estates Committee, consider financial, employment and estates issues, and review the effectiveness of management in monitoring and controlling the consequences of these issues.

The University has an internal audit service which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in September 2004. The internal auditors submit regular reports which include an independent assessment on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The Governing Body's review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the Executive managers within the University who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their Management Letter and other reports.

Stephen Burgin
Chair of the Board of Governors

RESPONSIBILITIES OF THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

In accordance with the Education Reform Act 1988, the Governing Body of Staffordshire University is responsible, inter alia, for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Governing Body is responsible, for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice (SORP), Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Governing Body of the University, the Governing Body through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Governing Body has to ensure that:

- suitable accounting policies are selected and applied consistently.
- judgements and estimates are made that are reasonable and prudent.
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. Based on normal business planning and control procedures, the Governing Body has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the University's financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions

which the Funding Council may from time to time prescribe.

- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.
- safeguard the assets of the University and to prevent and detect fraud.
- secure the economical, efficient and effective management of the University's resources and expenditure.

The key elements of the University's system of internal financial control, which is designed to discharge the responsibilities set out above, include the following:-

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns.
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital and revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Employment and Finance committee and the Board of Governors.
- clear definitions of the responsibilities of, and the authority delegated to, Faculty Pro Vice-Chancellors/Deans and Directors of Services.
- a professional internal audit team whose annual programme is approved by the Audit Committee.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss and during the year the Audit committee has reviewed the effectiveness of the University's system of internal financial control.

Stephen Burgin
Chair of the Board of Governors

INDEPENDENT AUDITOR'S REPORT TO THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

We have audited the Group University financial statements (the "financial statements") of Staffordshire University for the year ended 31 July 2009 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group statement of total recognised gains and losses and the related notes. These financial statements have been prepared under historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors, in accordance with paragraph 13(2) of the University's Articles of Government and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of the University's Board of Governors and Auditors

The University's Board of Governors responsibilities for preparing the Financial Statements and Governors' Report in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 7.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. 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, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and with the Training and Development Agency. We also report to you whether in our opinion the Governors' Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Governors' Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

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

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

Opinion

In our opinion:

- § the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended;
- § the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- § in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- § in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency.

S R Clark

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
2 Cornwall Street
Birmingham B3 2DL

25 November 2009

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT*For the Year Ended 31 July 2009*

	Note	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
INCOME			
Funding Council Grants	1	59,030	57,562
Academic Fees and Education Contracts	2	37,348	32,581
Research Grants and Contracts	3	788	502
Other Operating Income	4	14,027	14,148
Endowment Income and Interest Receivable	5	572	874
TOTAL INCOME		111,765	105,667
EXPENDITURE			
Staff Costs	6	63,009	61,098
Depreciation	9,10	4,956	4,246
Other Operating Expenses	7	40,538	39,616
Interest Payable and other finance costs	8	2,437	967
TOTAL EXPENDITURE	9	110,940	105,927
SURPLUS/(DEFICIT) FOR THE YEAR BEFORE TAXATION		825	(260)
TAXATION		-	-
SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAXATION	22	825	(260)

NOTE OF HISTORICAL COST DEFICITS AND SURPLUSES

	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Surplus/(Deficit) for the year after taxation	825	(260)
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	1,075	1,076
HISTORICAL COST SURPLUS FOR THE YEAR	1,900	816

The income and expenditure account is in respect of continuing operations.

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

		Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Surplus/(Deficit) for the year after taxation		825	(260)
Actuarial loss in respect of pension scheme	22	(24,314)	(8,965)
Total recognised losses for the year		(23,489)	(9,225)
Reconciliation			
Opening Reserves and endowments		36,015	45,239
Transfer from Endowment Reserve		-	1
Total recognised losses for the year		(23,489)	(9,225)
Closing Reserves		12,526	36,015

BALANCE SHEET AS AT 31 JULY 2009

		GROUP		CORPORATION	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
FIXED ASSETS					
Tangible Assets	10	96,603	96,920	89,193	89,280
Investments	11	33	33	33	33
		<u>96,636</u>	<u>96,953</u>	<u>89,226</u>	<u>89,313</u>
ENDOWMENT ASSETS	12	30	29	30	29
CURRENT ASSETS					
Stocks	13	-	167	-	167
Debtors: Amounts falling due after more than one year	14	449	490	2,600	2,831
Debtors: Amounts falling due within one year	15	9,080	8,351	12,665	11,406
Cash at bank and in hand		25,646	14,861	25,573	14,775
		<u>35,175</u>	<u>23,869</u>	<u>40,838</u>	<u>29,179</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	16	(27,317)	(16,504)	(28,677)	(17,337)
NET CURRENT ASSETS		<u>7,858</u>	<u>7,365</u>	<u>12,161</u>	<u>11,842</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>104,524</u>	<u>104,347</u>	<u>101,417</u>	<u>101,184</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	17	(16,102)	(16,492)	(18,253)	(18,833)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(3,447)	(3,004)	(3,447)	(3,004)
NET ASSETS EXCLUDING PENSION LIABILITY		<u>84,975</u>	<u>84,851</u>	<u>79,717</u>	<u>79,347</u>
Net pension liability	31	(54,927)	(30,119)	(54,927)	(30,119)
NET ASSETS INCLUDING PENSION LIABILITY		<u>30,048</u>	<u>54,732</u>	<u>24,790</u>	<u>49,228</u>

BALANCE SHEET - continued

		GROUP		CORPORATION	
	Note	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Represented by:					
DEFERRED CAPITAL GRANTS	19	17,492	18,688	17,492	18,688
ENDOWMENTS					
Permanent	20	30	29	30	29
RESERVES					
Revaluation Reserve	21	41,987	43,062	41,987	43,062
Income and Expenditure Account excluding pension reserve	22	25,466	23,072	20,208	17,568
Pension Reserve	22	(54,927)	(30,119)	(54,927)	(30,119)
Income & Expenditure Account including pension reserve		(29,461)	(7,047)	(34,719)	(12,551)
Total Reserves		12,526	36,015	7,268	30,511
TOTAL FUNDS		30,048	54,732	24,790	49,228

The financial statements on pages 12 to 42 were approved by the Board of Governors on 25th November 2009 and signed by:

Stephen Burgin
Chair of the Board of Governors

Professor Christine King
Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	11,834	4,072
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from short term investments		523	851
Interest Paid		(866)	(952)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(343)	(101)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(4,774)	(7,060)
Payments to acquire fixed asset investments		-	-
Receipts from sales of fixed asset investments		9	82
Deferred capital grants received		4,095	4,767
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(670)	(2,211)
TAXATION		-	-
NET CASH INFLOW AFTER TAXATION, BUT BEFORE FINANCING		10,821	1,760
FINANCING			
New loans acquired	25	-	16,000
Repayment of loans	25	(36)	(14,830)
Capital element of finance lease repayments	25	-	-
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(36)	1,170
INCREASE IN CASH FOR THE YEAR	26,27	10,785	2,930

CONSOLIDATED CASH FLOW STATEMENT - continued**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 28)**

	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Increase in cash in year	10,785	2,930
Repayment / (Increase) of debt	36	(1,170)
Movement arising from cash flows	10,821	1,760
CHANGE IN NET DEBT		
NET DEBT AT 1 AUGUST 2008	(1,139)	(2,899)
NET FUNDS/(DEBT) AT 31 JULY 2009	9,682	(1,139)

STATEMENT OF ACCOUNTING POLICIES AND SIGNIFICANT ESTIMATION TECHNIQUES

The following accounting policies have been applied consistently in detailing with items which are considered material in relation to the financial statements.

BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education and in accordance with applicable Accounting Standards.

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis, as modified by the revaluation of some assets.

BASIS OF CONSOLIDATION

The financial statements of the University include its wholly owned subsidiaries, Staffordshire University Enterprises Limited and Octagon Computer Centre Limited. They also include the Friends of Staffordshire University Charitable Trust.

The consolidated financial statements do not include those of Staffordshire University Union of Students as it is a separately managed organisation. The audited financial statements of the Union of Students are shown in summary form in note 32 of the accounts.

RECOGNITION OF INCOME

Recurrent grants from the Higher Education Funding Council for England, the Learning and Skills Council and the Training and Development Agency for Schools represent the funding allocation which is attributable to the current accounting period and are credited direct to the income and expenditure account.

Income from academic fees is recognised in the period for which it is receivable and includes all fees payable by students or their sponsors.

Income from specific donations, research grants, contracts and other services rendered is included to the extent of the 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.

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.

Where the University receives and disburses funds in which it has no direct beneficial interest, such funds are excluded from the income and expenditure

account on the grounds that the University does not have direct control over the future economic benefits derived from these funds. The University has applied this policy to certain funds received during the year from the Higher Education Funding Council for England and the Training and Development Agency for Schools (see notes 33 and 34).

FOUNDATION DEGREE FORWARD

Foundation Degree Forward (FDF) is a national body hosted by Staffordshire University that supports the development and validation of high quality Foundation degrees. It is funded by the Higher Education Funding Council for England to support employer engagement across higher education programmes generally and in relation to Foundation degrees specifically. All income and expenditure associated with FDF is included within these accounts.

ENDOWMENT FUNDS

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- a) Restricted permanent endowments – the capital fund is maintained (and is therefore restricted) but the income thereon can be applied to the general purposes of the institution and is therefore unrestricted.
- b) Unrestricted permanent endowments – these are expendable at the discretion of the trustees with no requirement that capital be maintained.
- c) Expendable endowments – where trustees have the power of discretion to convert endowed capital into income.

ACADEMIC FEES

Academic fees represent student fees received and receivable attributable to the current accounting period.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation less accumulated depreciation as shown in note 10 to the financial statements.

Buildings under construction are accounted for at cost. They are not depreciated until they are brought into use.

A review of impairment of fixed assets is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Land and buildings inherited from Staffordshire County Council are stated in the balance sheet at valuation on the basis of depreciated replacement cost as the open market value for existing use is not readily obtainable. The associated credit is included in the revaluation reserve. The difference between depreciation charged on the historic cost of assets and the actual charge for the year calculated on the revalued amount is released to the income and expenditure account reserve on an annual basis.

DEPRECIATION

Depreciation is not provided on freehold land. Freehold buildings have been depreciated over the estimated remaining useful life of each building with a base date of 1 April 1989. Depreciation on newly acquired buildings is provided for at the rate of 2% per annum on a straight line basis.

On all other tangible fixed assets depreciation is provided to write off the cost or valuation over their useful lives on a straight line basis at the following annual rates :-

Building Refurbishments	10% per annum
Plant and Machinery	20% per annum
Fixtures and Fittings	20% per annum
Computer Equipment (general)	33.3% per annum
Computer Equipment (servers)	20% per annum
Office Furniture and Equipment	20% per annum
Vehicles	33.3% per annum

Expenditure which extends the useful life of an asset has been depreciated over the assessed extended life of the asset.

Assets held under finance leases are depreciated over the life of the lease if this is a shorter period. Equipment costing less than £1,000 is written off in the year of acquisition.

LEASED ASSETS

Payments made in respect of assets held under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account.

CAPITAL GRANTS

Grants applied to acquire tangible fixed assets are credited to deferred grants and released to the

income and expenditure account over the estimated useful lives of the related assets.

STOCK

Stock is valued at the lower of cost and net realisable value.

TAXATION

The Corporation is an exempt charity and is exempt from Income Tax and Corporation Tax. Irrecoverable Value Added Tax is included in the financial statements with the expenditure to which it relates, with any partial recovery netted off against these figures.

FRS 19 DEFERRED TAXATION

FRS 19 requires full provision to be made for deferred tax assets or liabilities arising from timing differences between recognition in the financial statements and in the tax computation.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

INVESTMENTS

Fixed asset investments are stated at market value. Endowment asset investments include fixed interest stocks which are stated at historical cost.

POST RETIREMENT BENEFITS

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme (SERPS). Contributions to the TPS are charged as incurred.

Contributions to the TPS scheme 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.

The assets of the LGPS are measured using closing market values. LGPS 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 are expected to arise from employee service in the period is charged to the operating surplus. The expected return of 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.

Further details of the pension schemes are given in note 31.

REPAIRS AND MAINTENANCE

The University has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of maintenance is charged to the income and expenditure account as incurred.

NOTES TO THE FINANCIAL STATEMENTS

	Year to 31 July 2009 £'000	Year to 31 July 2008 Reanalysed £'000
1. FUNDING COUNCIL GRANTS		
Recurrent Grant		
Higher Education Funding Council	42,706	41,720
Learning and Skills Council	32	82
Training and Development Agency	484	305
Foundation Degree Forward	4,722	6,690
Research and Selective Initiatives	9,902	7,410
Release of Capital Grants		
Buildings	767	589
Equipment	417	766
	59,030	57,562
2. ACADEMIC FEES AND EDUCATION CONTRACTS		
Full-Time Students -UK/EU	22,009	17,783
Full-Time Students - Overseas	5,629	4,784
Part-Time Fees	2,291	2,335
Education Contracts	6,233	6,733
Short Course Fees	1,186	946
	37,348	32,581
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	187	96
UK Based Charities	26	18
UK Industry and Commerce	64	2
UK Central Government/Health Authorities	499	369
European Community Programmes	12	17
Other Research Grants and Contracts	-	-
	788	502
4. OTHER OPERATING INCOME		
Residences, Catering and Conferences	6,144	6,037
Consultancy/Self Financing Fees	5,753	5,441
Other Rents/Lettings	972	1,295
Release from deferred capital grants (non-funding council)	100	132
Other Income	981	1,077
Foundation Degree Forward	77	166
	14,027	14,148

NOTES TO THE FINANCIAL STATEMENTS - continued

	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
5. ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Investment Income	571	872
Endowment Income (Note 12)	1	2
	572	874
6. STAFF		
	31 July 2009 Total £'000	31 July 2008 Total (Reanalysed) £'000
Staff Costs		
Wages	51,231	48,924
Social Security Costs	3,976	3,731
Other Pension Costs (including FRS 17 adjustments)	6,562	8,059
Redundancy/Managed Severance Scheme	1,240	384
	63,009	61,098
	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Emoluments of the Vice-Chancellor		
Salary costs	215	187
Benefits in kind	3	3
Sub-Total	218	190
Employers Pension Contributions	28	25
	246	215

The salary and benefits of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Teachers' Superannuation Scheme are paid at the same rate as for other academic staff and amounted to £28,500 (2008: £24,675)

	2009 Number	2008 Number
Average (fte) Staff Numbers by Major Category		
Management	92	90
Academic	570	566
Administrative, Professional, Technical and Clerical Staff	783	786
Manual Staff	119	122
	1,564	1,564
Remuneration of other higher paid staff, including employer's pension contributions		
£110,000 - £119,999	2	1
£120,000 - £129,999	1	2
£130,000 - £139,999	1	-
£140,000 - £149,999	1	-
	5	3

A general pay award of 5% was made with effect from 1st August 2008.

NOTES TO THE FINANCIAL STATEMENTS – continued

	Year to 31 July 2009 £'000	Year to 31 July 2008 (Reanalysed) £'000
7. OTHER OPERATING EXPENSES		
Consumables	2,098	1,889
Equipment and Tools	1,909	2,055
Operating Leases	1,154	2,359
Books and Periodicals	1,187	1,200
Printing - External and Internal	581	621
Protective Clothing/Laundry/Uniforms	60	13
Repairs and General Maintenance	2,937	2,691
Heat, Light, Water and Power	2,644	2,340
Rent and Rates	536	806
Staff and Student Development	2,144	1,994
Travel and Subsistence	1,575	1,664
Student Union Contributions	697	683
Auditors' Remuneration (Corporation)	37	47
Auditors' Remuneration (Subsidiaries)	7	8
Internal Audit Costs	133	91
Payments to Franchise Colleges	8,215	7,016
Telephones and Postages	766	813
Insurance	262	254
Publicity and Prospectus	1,601	1,691
Examinations/Awards Day	396	390
Subscriptions	536	450
Vehicle Hire/Lease	122	135
Other Expenses	204	106
Professional Charges	406	371
Consultancy	2,625	3,304
Legal Charges	183	265
Agency Servicing	748	337
Loan breakage costs	0	14
Security	472	440
Movement in Provision for Bad/Doubtful Debts	1,087	369
Placement Fees	431	206
Registration Fees	210	254
Grant Payments (External Activity)	516	2,093
Bursary Payments	3,639	2,492
Hospitality	80	91
Student Awards/Expenses	83	85
Bank Charges	131	61
Loss/(Profit) on disposal of Assets	126	(82)
	40,538	39,616
8. INTEREST PAYABLE		
Loan not wholly repayable within five years	861	945
Pension finance costs (FRS17)	1,576	22
	2,437	967

NOTES TO THE FINANCIAL STATEMENTS - continued

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs £'000	Dep'n £'000	Other Operating Expenses £'000	Interest Payable £'000	2009 Total £'000	2008 Total £'000
Academic Departments	34,986	2,455	12,175	-	49,616	46,123
Academic Services	5,656	885	2,340	-	8,881	10,154
Research Grants & Contracts	288	-	481	-	769	675
Residences, Catering & Conferences	1,955	627	2,104	499	5,185	4,988
Premises	2,205	541	4,745	-	7,491	8,334
Administration	10,582	448	5,672	-	16,702	14,648
Other Expenses	5,398	-	10,161	1,938	17,497	14,109
Foundation Degree Forward	1,939	-	2,860	-	4,799	6,896
Total Income and Expenditure Account	63,009	4,956	40,538	2,437	110,940	105,927

	£'000
The depreciation has been funded by:	
Deferred Capital Grants Released (note 19)	1,218
Transfer from Revaluation Reserve (note 21)	1,075
General Income	2,663
	<u>4,956</u>

10. TANGIBLE FIXED ASSETS - Group

	Freehold Land and Buildings £'000	Assets in Course of Construction £'000	Computer Equipment £'000	Other Equipment And Fittings £'000	Motor Vehicles £'000	TOTAL £'000
COST OR VALUATION						
At 1 August 2008	126,588	3,837	10,422	7,586	26	148,459
Additions	558	552	1,549	2,079	36	4,774
Reclassifications	3,633	(3,634)	-	1	-	-
Disposals	-	-	(3,040)	(995)	-	(4,035)
At 31 July 2009	<u>130,779</u>	<u>755</u>	<u>8,931</u>	<u>8,671</u>	<u>62</u>	<u>149,198</u>
DEPRECIATION						
At 1 August 2008	37,255	-	8,357	5,925	2	51,539
Depreciation for year	3,242	-	1,093	606	15	4,956
Elimination on disposals	-	-	(3,040)	(860)	-	(3,900)
At 31 July 2009	<u>40,497</u>	<u>-</u>	<u>6,410</u>	<u>5,671</u>	<u>17</u>	<u>52,595</u>
Net Book Value at 31 July 2009	<u>90,282</u>	<u>755</u>	<u>2,521</u>	<u>3,000</u>	<u>45</u>	<u>96,603</u>
Net Book Value at 31 July 2008	<u>89,333</u>	<u>3,837</u>	<u>2,065</u>	<u>1,661</u>	<u>24</u>	<u>96,920</u>

NOTES TO THE FINANCIAL STATEMENTS - continued

10. TANGIBLE FIXED ASSETS - Corporation

	Freehold Land and Buildings £'000	Assets in Course of Construction £'000	Computer Equipment £'000	Other Equipment And Fittings £'000	Motor Vehicles £'000	TOTAL £'000
COST OR VALUATION						
At 1 August 2008	115,851	3,837	10,422	7,408	26	137,544
Additions	554	552	1,549	2,079	36	4,770
Reclassifications	3,633	(3,634)	-	1	-	-
Disposals	-	-	(3,040)	(995)	-	(4,035)
At 31 July 2009	120,038	755	8,931	8,493	62	138,279
DEPRECIATION						
At 1 August 2008	34,150	-	8,357	5,755	2	48,264
Depreciation for year	3,011	-	1,093	603	15	4,722
Elimination on disposals	-	-	(3,040)	(860)	-	(3,900)
At 31 July 2009	37,161	-	6,410	5,498	17	49,086
Net Book Value at 31 July 2009	82,877	755	2,521	2,995	45	89,193
Net Book Value at 31 July 2008	81,701	3,837	2,065	1,653	24	89,280

As a result of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by the Corporation, previously held by Staffordshire County Council, were formally transferred, under the direction of the Education Assets Board, to the Corporation itself with effect from 1 April 1989.

Freehold buildings, to which the Corporation now has title, were professionally revalued at 1 April 1989 on the basis of replacement cost at that date. Freehold land was revalued on an open market, existing use basis at the same date.

Computer equipment, other equipment and fittings belonging to the University were revalued at 31 July 1995.

The transitional rules set out in FRS 15 "Tangible Fixed Assets" have been applied on implementing FRS 15. Accordingly, the book values at implementation have been retained.

In December 1996 the University entered into an agreement with Tamworth and Lichfield College (now South Staffordshire College, see note 17, page 28) to provide a new campus facility at Lichfield. The cost of this project was £3.2m. The project was partly funded by a grant from the European Regional Development Fund and by a loan facility taken out by the University. Responsibility for the loan is shared jointly by the University and the College and the value of the College's commitment is shown as a long term debtor in the University's Balance Sheet (see note 14).

During 2002/03 the University and the College entered into an agreement for the development of a second phase at the Lichfield campus. This phase was partly funded by a loan facility taken out by the College. Responsibility for the loan is shared jointly by the University and the College and the value of the University's commitment is shown as a long term creditor in the University's Balance Sheet (see note 17).

The Thornhill Bequest, a collection of medieval Chinese pottery owned by the University, is not included in the total on Tangible Fixed Assets. The value of the collection is £192k and is based on a valuation made for insurance purposes as at 5th February 1998. The valuation was undertaken by professional advisors expert in this field.

NOTES TO THE FINANCIAL STATEMENTS - continued

11. FIXED ASSET INVESTMENTS

	GROUP		CORPORATION	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
At 31 August 2008	33	72	33	72
Additions	-	-	-	-
Disposals	-	(39)	-	(39)
At 31 July 2009	33	33	33	33

Fixed Asset Investments represent a 33k investment (0.78% of the issued share capital) in CVCP Properties Limited, which is a Company registered in Great Britain and incorporated in England and Wales.

The group holds shares in a number of spin out companies and companies which have been set up through Enterprise and Commercial Development. The group shareholding is as follows: Picture Nation Limited 19%, Blackstone Resourcing Limited 10% and Intelligent Orthopaedics 33%. The group has chosen not to attribute any value to these investments within the financial statements on the basis of prudence as these companies have only recently started to trade.

The investments in subsidiaries, which cost £4, are detailed below:

Mr S Burgin and Professor C E King as nominees of the Corporation hold all the issued share capital of Staffordshire University Enterprises Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The main areas of activity of Staffordshire University Enterprises Limited are the undertaking of consultancy work and the operation of recreational activities.

Mr S Burgin and Professor C E King as nominees of the Corporation also hold all the issued share capital of Octagon Computer Centre Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The principal activity of the company is to act as a property management company.

The Friends of Staffordshire University Charitable Trust is regarded as a quasi-subsiary of the University under the definition provided in Financial Reporting Standard 5. Under the provisions of this standard the accounts of the Trust have been consolidated in the group accounts of the University for the year ended 31 July 2009.

12. ENDOWMENT ASSET INVESTMENTS

	GROUP AND CORPORATION	
	2009	2008
	£'000	£'000
Balance at 1 August 2008	29	30
Additions	-	-
Interest Received	1	2
Prize Fund payments	-	(3)
Balance at 31 July 2009	30	29
	2009	2008
	£'000	£'000
Represented by:		
Fixed interest stocks	7	7
Bank balances	23	22
	30	29

All fixed interest stocks are listed investments and are stated at historical cost.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. STOCK

GROUP AND CORPORATION

	2009 £'000	2008 £'000
Raw materials and consumables	-	167

During the year the University reviewed the value of stock holdings and concluded their Net Realisable Value was £nil.

14. DEBTORS: Amounts falling due after more than one year

	GROUP		CORPORATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Amounts owed by subsidiary undertaking	-	-	2,151	2,341
Amounts owed under joint arrangement with South Staffordshire College Phase 1 (Formerly Tamworth and Lichfield College – see note 17)	449	490	449	490
	449	490	2,600	2,831

15. DEBTORS: Amounts falling due within one year

	GROUP		CORPORATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
Trade debtors	6,521	5,218	6,488	5,190
Amounts owed by subsidiary undertakings	-	-	3,662	3,119
Other debtors	174	320	130	284
Prepayments and accrued income	2,385	2,813	2,385	2,813
	9,080	8,351	12,665	11,406

NOTES TO THE FINANCIAL STATEMENTS - continued

16. CREDITORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	2009	2008	2009	2008
	£'000	Reanalysed £'000	£'000	Reanalysed £'000
Loans	310	-	310	-
Trade creditors	6,409	5,104	6,301	5,050
Amounts owed to subsidiary undertakings	-	-	1,482	916
Other taxation and social security	2,604	2,311	2,604	2,289
Other creditors	143	374	143	374
Accruals and deferred income	17,851	8,715	17,837	8,708
	27,317	16,504	28,677	17,337

17. CREDITORS: Amounts falling due after more than one year:

	GROUP		CORPORATION	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Bank loan account	15,654	16,000	15,654	16,000
South Staffordshire College Phase 2 (Formerly Tamworth & Lichfield College)	448	492	448	492
Amounts owed to subsidiary company	-	-	2,151	2,341
	16,102	16,492	18,253	18,833

LOAN OBLIGATIONS

	GROUP		CORPORATION	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Between one and two years	324	307	324	307
Between two and five years	1,091	1,025	1,091	1,025
Over five years	14,239	14,668	14,239	14,668
Within one year	310	-	310	-
	15,964	16,000	15,964	16,000

A new term loan facility of £16.0m was drawn down on 17th September 2007. The interest basis of the loan is 27 years fixed rate at 5.2%.

South Staffordshire College was formed as a merger of the Colleges of Rodbastan, Cannock and Tamworth & Lichfield on 1st August 2008.

NOTES TO THE FINANCIAL STATEMENTS - continued

18. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND CORPORATION

	Pension Enhancement	Onerous Leases and Lease Dilapidations	Legal Costs	NPF	Restructuring	2009 Total	2008 Total Reanalysed
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 August 2008	556	1,852	150	150	296	3,004	1,375
Utilised in the Year	(100)	(236)	(150)	(150)	(161)	(797)	(451)
Charge to Income & Expenditure Account	26	(29)	3	-	1,240	1,240	2,080
At 31 July 2009	482	1,587	3	-	1,375	3,447	3,004

19. DEFERRED CAPITAL GRANTS

GROUP AND CORPORATION

	Buildings £'000	Equipment £'000	2009 Total £'000	2008 Total £'000
At 1 August 2008	17,731	957	18,688	16,831
Add cash receivable	2	86	88	3,344
Released to Income and Expenditure	(839)	(445)	(1,284)	(1,487)
At 31 July 2009	16,894	598	17,492	18,688

20. ENDOWMENTS RESERVE

GROUP AND CORPORATION

	2009 Permanent £'000	2008 Permanent £'000
At 1 August 2008	29	30
Net Income for year	1	(1)
At 31 July 2009	30	29

NOTES TO THE FINANCIAL STATEMENTS - continued

21. REVALUATION RESERVE

GROUP AND CORPORATION

	2009 £'000	2008 £'000
At 1 August 2008	43,062	44,138
Less release of revaluation reserve	(1,075)	(1,076)
At 31 July 2009	41,987	43,062

22. INCOME AND EXPENDITURE ACCOUNT RESERVE

	GROUP		CORPORATION	
	2009 £'000	2008 £'000	2009 £'000	2008 £'000
As at 1 August	(7,047)	1,101	(12,551)	(4,606)
Deficit retained for the year	825	(260)	1071	(57)
Transfer from Endowment Reserve	-	1	-	1
Transfer from revaluation reserve	1,075	1,076	1,075	1,076
Actuarial gain in respect of pension scheme	(24,314)	(8,965)	(24,314)	(8,965)
At 31 July	(29,461)	(7,047)	(34,719)	(12,551)
Balance represented by				
Pension Reserve	(54,927)	(30,119)	(54,927)	(30,119)
Income and Expenditure account reserve excluding pension reserve	25,466	23,072	20,208	17,568
At 31 July	(29,461)	(7,047)	(34,719)	(12,551)

23. OPERATING LEASE COMMITMENTS

Annual commitments on operating leases in respect of assets, expiring as follows are:

GROUP AND CORPORATION

	2009 Land & Buildings £'000	2009 Other £'000	2009 Total £'000	2008 Land & Buildings £'000	2008 Other £'000	2008 Total £'000
Within one year	536	231	767	552	277	829
Between two and five years	993	69	1,062	1,432	142	1,574
Over five years	20	-	20	273	-	273
	1,549	300	1,849	2,257	419	2,676

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

24. NET CASH FLOW FROM OPERATING ACTIVITIES

	Year to 31 July 2009	Year to 31 July 2008 Reanalysed
	£'000	£'000
Surplus/(Deficit) for the year before taxation and transfers from reserves	825	(260)
Interest Receivable	(572)	(874)
	<hr/> 253	<hr/> (1,134)
Add back interest payable	861	945
Surplus / (Deficit) from operating activities	1,114	(189)
Release of capital grant	(1,284)	(1,487)
Depreciation	4,956	4,246
Pension Adjustments (FRS17)	494	783
Loss / (Surplus) on sale of Investments/Fixed Assets	126	(82)
Write down of Fixed Asset Investments	-	106
Decrease / (Increase) in stock	167	(27)
Increase in debtors	(639)	(1,774)
Increase in creditors	6,457	867
Increase in provisions	443	1,629
NET CASH INFLOW FROM OPERATING ACTIVITIES	<hr/> 11,834	<hr/> 4,072

25. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £'000
Balance at 1 August 2008	16,000
Cash outflow from financing	<hr/> (36)
Balance at 31 July 2009	<hr/> 15,964

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued

26. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	£'000
Balance at 1 August 2008	14,861
Net cash inflow	10,785
	<hr/>
Balance at 31 July 2009	25,646
	<hr/>

27. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	2009 £'000	2008 £'000	2009 Change in Year £'000	2008 £'000	2008 £'000	2008 Change In Year £'000
Cash at bank and in hand	25,646	14,861	10,785	14,861	11,931	2,930
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

28. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
Increase in cash in year	10,785	2,930
Repayment of debt	36	14,830
New loans	-	(16,000)
	<hr/>	<hr/>
CHANGE IN NET DEBT	10,821	1,760
	<hr/>	<hr/>
NET DEBT AT 1 AUGUST	(1,139)	(2,899)
	<hr/>	<hr/>
NET FUNDS/(DEBT) AT 31 JULY	9,682	(1,139)
	<hr/>	<hr/>

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued

ANALYSIS OF CHANGES IN NET DEBT

	1 August 2008 £'000	Cash Flows 2007 £'000	Other Movements £'000	31 July 2009 £'000
Cash in hand, at bank	14,861	10,785	-	25,646
Debt due within 1 year	-	-	(310)	(310)
Debt due after 1 year	(16,000)	36	310	(15,654)
	(1,139)	10,821	-	9,682

29. CAPITAL COMMITMENTS

GROUP AND CORPORATION

	2009 £'000	2008 £'000
Approved/Contracted for	1,715	1,659
Approved/Not contracted for	13,982	-
	15,697	1,659

Of the £14m capital commitments approved/not contracted, £10m relates to new build of student residences at Stafford Campus and £4m relates to the first phase of the University Quarter development.

NOTES TO THE FINANCIAL STATEMENTS – continued**30. CONTINGENT LIABILITIES**

The University is a member of UMALT, a company limited by guarantee formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using a bank facility over 7 years. The University is a guarantor, on a joint and several basis with other members, of this £60 million bank facility. No liability has yet arisen under this guarantee.

31. PENSION COSTS

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers Superannuation Scheme for academic staff and to the Staffordshire County Council Superannuation Scheme for non-academic staff. These are both independently administered schemes.

Total employees and employers contributions to the Teachers Superannuation Scheme for 2008/09 were £5,430k (2007/08 £4,992k) and for the Staffordshire County Council Superannuation Scheme £4,853k (2007/08 £4,372k).

Teachers' Pension Scheme

The Teachers Pension Scheme (TPS) is an unfunded scheme. Contributions on a 'pay as you go' basis are credited to the exchequer under arrangements governed by the Superannuation Act 1972. Actuarial valuations are carried out on a notional set of investments.

Under the definitions set out in Financial Reporting Standard 17 Retirement Benefits, the TPS is a multi-employer pension scheme. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The University has set out below the information available on the deficit in the scheme and the implications for the University in terms of the anticipated contribution rates.

The pensions cost is assessed every five years in accordance with the advice of the government. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2004
Actuarial method	Prospective benefits
Notional Investment returns per annum.	6.5% per annum
Salary scale increases per annum	5.0% per annum
Market value of notional assets at date of last valuation.	£162,650 million
Proportion of members' accrued benefits covered by the actuarial value of the assets.	98.88%

NOTES TO THE FINANCIAL STATEMENTS – continued

Following the implementation of Teachers' Pensions (Employers' Supplementary contributions) Regulations 2000 the government actuary carried out a further review on the level of employers' contributions. For the period from 1 August 2008 to 31 July 2009 the employer contribution was 14.1%. Employee contribution rate was 6.4% for the same period.

Local Government Pension Scheme

The LPGS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The latest formal valuation of the Fund for the purpose of setting employers' actual contributions was as at 31 March 2007, with the next formal valuation due as at 31 March 2010.

A valuation of the Fund's liabilities as at 31 July 2009 has been undertaken by the Fund's actuary for the purpose of FRS 17 "Retirement Benefits". The following valuation data has been used for the purposes of this disclosure.

- The individual membership data submitted as at 31 March 2007 for the purpose of the formal funding valuation at that date (or for employers which have joined the Fund after 31 March 2007, membership data as at the date of joining);
- The individual pensioner data in respect of LGPS unfunded pensions and teachers' pensions where appropriate;
- The latest numbers of employees, deferred pensioners and pensioners;
- Employer and employee contributions up to the latest available date (in order to estimate contribution income and pensionable payroll for the accounting period this year);
- The actual split of fund assets as at the latest available date;
- The actual Fund returns provided up to the latest available date; and
- Any new early retirements from 1 August 2007 to the latest available date on unreduced pensions which are not anticipated in the normal employer service cost (e.g. non ill-health retirements before the earliest of the employee's Rule of 85 retirement age (minimum of 60) or normal retirement age, which are not reduced), as set out in Section 1 of the Results Schedule.

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007.

	At 31 July 2009	At 31 July 2008
Inflation	3.7%	3.8%
Rate of increase in salaries	5.2%	5.3%
Rate of increase for pensions	3.7%	3.8%
Discount rate for liabilities	6.0%	6.7%

Changes to the Local Government Pension Scheme (LGPS) under regulation 3 of the LGPS (Amendment) Regulations 2006 (Statutory Instrument 2006/966) permits employees retiring on or after 6 April 2006 to take an extra increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

Commutation

An allowance is included for 50% of future retirements to elect to take additional tax-free cash up to HMRC limits.

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

NOTES TO THE FINANCIAL STATEMENTS – continued**Historic Mortality**

Life expectancy for all of the below year ends is based on the PFA92 and PMA92 tables. The allowance for future life expectancy is shown in the following table;

Year Ended	Prospective Pensioners	Pensioners
31 July 2009	Calendar year 2033	Calendar year 2017
31 July 2008	Calendar year 2033	Calendar year 2017
31 July 2007	Calendar year 2017	Calendar year 2004
31 July 2006	Calendar year 2004	Calendar year 2004
31 July 2005	Calendar year 2004	Calendar year 2004

Age ratings are applied to the above tables based on membership profile.

Where the allowance for future life expectancy is the same for 2008 and 2009, then there has been no change to the average future life expectancies as given above over the year.

NOTES TO THE FINANCIAL STATEMENTS – continued

The assets in the scheme and the expected rates of return were:

	Long-term rate of return expected at 31 July 2009	Value at 31 July 2009 £'000	Long-term rate of return expected at 31 July 2008	Value at 31 July 2008 £'000
Equities	7.3%	49,232	7.8%	50,023
Bonds	5.3%	8,205	5.7%	9,052
Property	5.3%	4,418	5.7%	5,671
Cash	4.3%	1,262	4.8%	1,458
Total Market Value of Assets		63,117		66,204

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
Group's estimated asset share	63,117	66,204
Present value of scheme liabilities	(118,044)	(96,323)
Deficit in the scheme	(54,927)	(30,119)

Under the arrangements of FRS 17, a provision has been made by the Group for the Institution's share of the deficit of the scheme.

Analysis of the amount charged to the Income and Expenditure Account

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
Employer service cost (net of employee contributions)	3,259	3,292
Past service cost	-	1,165
Curtailment and Settlements	158	91
Total Operating Charge	3,417	4,548

Analysis of pension finance income/costs

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
Expected return on pension scheme assets	4,947	5,445
Interest on pension scheme liabilities	(6,523)	(5,467)
Pension finance costs	(1,576)	(22)

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

Actuarial loss recognised in STRGL	(24,314)	(8,965)
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Reconciliation of defined benefit obligation

	Year Ended 31 July 2009	Year Ended 31 July 2008
Opening Defined Benefit Obligation	96,323	92,738
Current Service Cost	3,259	3,292
Interest Cost	6,523	5,467
Contributions by Members	1,510	1,223
Actuarial Losses/(Gains)	13,096	(4,967)
Past Service Costs/(Gains)	-	1,165
Losses/(Gains) on Curtailments	158	91
Liabilities Extinguished on Settlements	-	-
Liabilities Assumed in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits Paid	(622)	(600)
Estimated Benefits Paid	(2,203)	(2,086)
Closing Defined Benefit Obligation	118,044	96,323

Reconciliation of fair value of employer assets

	Year Ended 31 July 2009	Year Ended 31 July 2008
Opening Fair Value of Employer Assets	66,204	72,367
Expected Return on Assets	4,947	5,445
Contribution by Members	1,510	1,223
Contributions by the Employer	3,877	3,187
Contributions in respect of Unfunded Benefits	622	600
Actuarial Gains/(Losses)	(11,218)	(13,932)
Assets Distributed on Settlements	-	-
Assets Acquired in a Business Combination	-	-
Exchange Differences	-	-
Estimated Unfunded Benefits paid	(622)	(600)
Estimated Benefits Paid	(2,203)	(2,086)
Closing Fair Value of Employer Assets	63,117	66,204

NOTES TO THE FINANCIAL STATEMENTS – continued

Movement in deficit during the year

	Year Ended 31 July 2009 £'000	Year Ended 31 July 2008 £'000
Deficit in scheme at 1 August	(30,119)	(20,371)
Movement in year:		
Current service charge	(3,259)	(3,292)
Contributions	3,877	3,187
Contributions in respect of unfunded benefits	622	600
Past service costs	-	(1,165)
Impact of Settlements and Curtailments	(158)	(91)
Net interest on assets	(1,576)	(22)
Actuarial loss/gain	(24,314)	(8,965)
Deficit in scheme at 31 July	(54,927)	(30,119)

History of experience gains and losses

	Year Ended 31 July 2009	Year Ended 31 July 2008	Year Ended 31 July 2007	Year Ended 31 July 2006	Year Ended 31 July 2005
Actuarial (Losses)/Gain on assets	(11,218)	(13,932)	2,953	4,515	6,049
Experience(Losses)/Gains on scheme liabilities	(154)	466	61	24	3,500
Total amount recognised in STRGL	(24,314)	(8,965)	10,798	1,049	(373)

NOTES TO THE FINANCIAL STATEMENTS – continued

32. STUDENTS' UNION

The University has not consolidated the financial statements of the Staffordshire University Students' Union as it is a separately managed organisation. The accounts of the Students' Union are separately audited by F Mazloomian & Co. The results to 31 July 2009 are summarised below.

Results for the year are:

	2009 £'000	2008 Reanalysed £'000
INCOME		
Recurrent block grant	630	630
Project Support Grants	139	135
Activity Group Membership	23	26
Interest Receivable	10	31
Net Rental Income	1	8
Trading Income	2,297	2,286
Other Income	18	29
Total	3,118	3,145
EXPENDITURE		
Trading costs and expenses	2,137	2,299
Central finance	82	87
Communication	81	73
Information Technology	8	10
Information Services	41	53
Central Administration	108	106
Personnel and Development	91	60
Student Media	13	9
Student Advice Centre	165	146
Student Activities	117	122
Welcome and Diversity Events	25	27
Representation	158	163
Involved	35	39
	3,061	3,194
Surplus / (Deficit) for the Year	57	(49)
SUMMARY BALANCE SHEET		
	2009 £'000	2008 £'000
Fixed Assets	142	298
Net Current Assets	621	485
Accruals and deferred Income	(7)	(83)
Total Net Assets	756	700

NOTES TO THE FINANCIAL STATEMENTS - continued

33. ACCESS FUNDS

	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Funding Council Grants	624	721
Interest Earned	4	8
	628	729
Disbursements to Students	(620)	(688)
Balance Unspent 31 July 2009	8	41

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

34. TRAINING AND DEVELOPMENT AGENCY (TDA)

(a) Student Bursaries

	Year to 31 July 2009 £'000	Year to 31 July 2008 £'000
Opening fund balance	33	23
Net Training and Development Agency grants received in year	245	300
Disbursed to students	(311)	(290)
Balance (Overspent) / Unspent at 31 July owing to the Training and Development Agency	(33)	33

(b) Black & Minority Ethnic Recruitment

Opening fund balance	4	4
Net Training and Development Agency grants received in year	2	-
Disbursed to students	-	-
Support Payments to Schools	-	-
Development	(1)	-
Administration	-	-
Balance Unspent at 31 July owing to the Training and Development Agency	5	4

Training and Development Agency grants are available solely for students or school for student support and the University acts only as paying agent in administering these TDA grants. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

35. RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest.

All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and Standing Orders Relating to Contracts and normal procurement procedures. The transactions requiring disclosure under Financial Reporting Standard 8 Related Party Disclosures are as follows:-

Helen Pegg is the Principal of Sixth Form College in Stoke-on-Trent and is a member of the Board of Governors. The University is working in partnership with the Sixth Form College on development of the University Quarter in Stoke-on-Trent.