



UNIVERSITY OF LEEDS

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# ANNUAL REPORT AND ACCOUNTS 2014/15

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“...WE HAVE MADE EXCELLENT PROGRESS  
IN DEVELOPING AND IMPLEMENTING THE  
LEEDS STUDENT EDUCATION PLATFORM...”

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Alan Langlands  
Vice-Chancellor



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*'90 per cent of final-year students reported that they were 'satisfied' or 'very satisfied' with the overall quality of their course at Leeds, a record for Leeds...'*

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The University's strategic plan for the period to 2020 "Investing in Knowledge & Opportunity" commits us to providing outstanding education that will attract, excite and retain high-quality students from diverse backgrounds, equipping them to succeed in a competitive global employment market. It also commits to achieving a step-change in the quality, volume and impact of the world-leading research carried out at Leeds. Whilst there is still a great deal to do, we have taken some significant steps over the past two years to enable us to discharge these commitments and to achieve the ambitious goals set out in the plan.

For example, we have made excellent progress in developing and implementing the Leeds student education platform – the Leeds Curriculum, LeedsforLife, the Partnership and the revamped Student Education Service. 2016 will see the formation of a new Institute for Teaching Excellence and Innovation, a flagship development which will establish the University as an international leader in the pedagogy and scholarship of research-led education and research-based learning, and as a centre for the development and dissemination of exciting and innovative teaching practice. We are also determined to expand our digital offer to students over the next two to three years.

We were delighted to achieve an excellent result in the 2015 National Student Survey (NSS). 90 per cent of final-year students reported that they were 'satisfied' or 'very satisfied' with the overall quality of their course at Leeds, a record for Leeds, and an improvement of two percentage points on the previous year. Within the Russell Group of twenty-four research-intensive universities, we now share third place in the NSS rankings with six other universities (up from joint 11th place last year); and we are second only to Oxford for student satisfaction with the quality of teaching. It is pleasing too that Leeds University Union has once again done extremely well in the survey, securing 92 per cent (against a national average of 69 and a Russell Group average of 68). And our library score of 94 compares well with a sector average of 88 and an average for Research Libraries of 90. These are all tremendous achievements, testimony to the hard work and commitment of colleagues across the University and to the leadership of Professor Vivien Jones, the Pro-Vice-Chancellor for Student Education.

There is also positive movement in the university league tables to report. Whilst I would caution strongly against placing too much emphasis on such tables, they do indicate and influence how the University is perceived externally, and this year's improvements are to be welcomed. We have moved up three places to 14th in The Times and Sunday Times Good University Guide 2016, a big improvement on the 30th place we held just three years ago. Leeds was also named runner-up for University of the Year for the second year running. In international tables, we achieved 87th place in the 2015 QS World Rankings, an improvement of ten places.

Our profile as a top institution for teaching and learning was also reinforced when two of our academics – Dr Dave Lewis (Biological Sciences) and Professor Nigel Lockett (Business School) – were awarded National Teaching Fellowships (NTF). Our academics have now been awarded 22 NTFs – more than any other institution in the UK.

The outcome of the 2014 research assessment exercise – the Research Excellence Framework (REF) – was generally satisfying. In a highly competitive environment, we were number 10 in the UK for research power, number 9 for research impact, and we had 10 of our Units of Assessment ranked in the top 10 by grade point average (GPA). Overall, nearly 83 per cent of our research was judged to be world leading or internationally excellent. Many colleagues, led by Professor David Hogg, Pro-Vice-Chancellor for Research and Innovation, put a huge amount of effort into the REF exercise – within the University and in some cases as members of national REF panels – and I want to thank them publicly for their hard work and their willingness to share their expertise in the interests of the sector as a whole.

*'...the University secured some significant research awards that will enable us to build on existing strengths and develop new capabilities for the future.'*

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I also want to congratulate Professor Tony Cohn (Computing), who has been elected as a Fellow of the Royal Academy of Engineering in recognition of his 'world-leading contributions to and leadership of the field of artificial intelligence'.

With a challenging target to increase research income in Leeds by 50 per cent by 2020, it was encouraging that the University secured some significant research awards that will enable us to build on existing strengths and develop new capabilities for the future. The following examples are of particular note:

- Two awards with a joint value of more than £10m from the Higher Education Funding Council for England to the N8 Research Partnership underline the power of research collaboration in the priority areas of food security and innovative approaches to policing and crime reduction.
- A £6.8m research centre and medical imaging facility is set to transform the diagnosis and treatment of patients suffering from cancer, heart disease and musculoskeletal diseases. Funded by the Medical Research Council (MRC), it will be established at the Leeds Teaching Hospitals and the University of York.
- The University is now at the heart of a new £90 million consortium with the Guy's and St Thomas' NHS Foundation Trust that will provide a single Clinical Research Network Coordinating Centre for England, responsible for delivering the National Institute for Health Research (NIHR) Clinical Research Network and its extensive portfolio of clinical trials.
- A £4.3m Engineering and Physical Sciences Research Council National Facility for Innovative Robotic Systems opened in the School of Mechanical Engineering, putting Leeds at the forefront of UK robot design and construction.

The new Leeds Institute of Data Analytics (LIDA), supported by the MRC and the Economic and Social Research Council (ESRC), opened in July. LIDA offers state-of-the-art facilities in data analytics and will partner with researchers and organisations to help them make the most of the rapidly growing fields of consumer and medical data analysis.

A Heritage Lottery Fund (HLF) grant combined with a generous private donation from the Brotherton-Ratcliffe family has provided funding for a £1.9m new gallery which will allow rare manuscripts and books held by the Library's Special Collections to go on show to the public. Another coup for the Special Collections came when it was announced that, with the support of our Chancellor Melvyn Bragg, the complete archive of The South Bank Show has been entrusted to the University.

In the spirit of our strategic plan, we are also making our own strategic investments in the future, recognising that cutting-edge developments in higher education, science and research will take place where disciplines intersect, and that achieving our goals will require us to promote innovation and enterprise, and to attract and retain the very best talent to Leeds.

The University's £17 million investment in our internationally renowned Astbury Centre for Structural Molecular Biology is an example of this; an investment, also supported by the Wellcome Trust, that will ensure that the Astbury Centre has electron microscopy and nuclear magnetic resonance facilities to compete with the very best in the world and attract new talent to the University.

To drive our academic ambitions, we have continued our investment in our Great Minds scheme to appoint 250 early-career University Academic Fellows: the first 80 took up post in September 2015, with a further 80 due in 2016. Similarly, we

have invested in 220 new research PhD scholarships and we have been successful in establishing a number of doctoral training centres funded by UK research councils: by the summer of 2016, our PhD numbers will have increased from 2,029 in 2012/13 to 2,539 and our aim is to reach a target number of at least 2,800 by 2019/20.

The past year has seen the physical transformation of many parts of the campus. Our commitment to providing our students, staff and public with buildings and facilities of the highest quality is exemplified by the new Laidlaw Library. Formally opened in July, it offers students over 900 study spaces connected to superfast broadband, and it makes available some 150,000 books as well as numerous online publications. Beautifully clad in Portland Stone to echo the Parkinson Building, the Laidlaw Library is a stimulating and flexible space that will inspire current and future generations of students.

Other schemes have provided Social Sciences, Geography and Mathematics with newly refurbished accommodation, and opened out Beech Grove Plaza. The phased refurbishment of the Worsley Building has continued, work is now under way to refurbish the Edward Boyle Library, and the students' union building will be completely redeveloped in the next eighteen months.

Overall, a total of £500m will be invested in the campus in the period 2015-20, including two new major schemes recently given the green light by the University Council. The first is to support the integration and growth of Engineering and Physical Sciences, including new developments in Computing Science and Physics and Astronomy, and the development of the Bragg Centre – a state-of-the-art technology platform supporting our work on advanced functional materials, soft materials and nano-fabrication. The second is the creation of a University innovation and enterprise centre, providing incubation facilities and professional support for students, graduates and staff in their interactions with the business community.

Internationally, we are establishing a joint school with Southwest Jiaotong University (SWJTU) in China where we will be delivering engineering and computing degrees for 1200 students over the next few years. The school allows high-achieving Chinese students to study for dual degrees over four years, taught in English, at both Leeds and SWJTU.

This has been a remarkable year in many ways for the University, and the developments and achievements summarised here – and reflected in our financial results – will ensure a firm foundation for the future. In particular, our strong financial performance and healthy balance sheet allow us to invest in our future development and growth. We will do so astutely, combining ambition with a commitment to maintain the careful financial stewardship which has so long characterised this University.

Of course, our underlying financial strength, the successes I have been describing and the positive 2015 student recruitment cycle are all tribute to the hard work, creativity and determination of colleagues across the University and I want to close by thanking them for all that they have done to promote and deliver the highest standards of education and research excellence at Leeds.

**Alan Langlands**  
Vice-Chancellor

*'...a total of £500m will be invested in the campus in the period 2015-20...'*

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'OUR FINANCIAL POSITION REMAINS HEALTHY AND PROVIDES A SECURE BASE TO SUPPORT OUR PLANNED INVESTMENTS...'

Jane Madeley  
Finance Director



£42m

underlying operating surplus  
(2013/14: £39m)

£620m

total income excluding exceptional  
RDEC income (2013/14: £587m)

Overview

As the University embarks on a period of significant investment, to support delivery of the ambitious academic targets in its strategic plan, it is pleasing to report that our latest financial performance is underpinned by progress in both of our core academic activities, research and education. Our financial position remains healthy and provides a secure base to support our planned investments and a buffer to help us cope with any funding pressure which might result from the Autumn 2015 government spending review.

Double digit growth in international fee income and the impact of the third year of recruitment under the new home/EU undergraduate fee regime coupled with underlying growth in research income of 6% delivered a total underlying income growth of 6% (excluding research and development tax credits).

A surplus, after depreciation, tax and exceptional items, of £57m (9% of total income) is an increase of £18m (2 percentage points) compared to 2013/14, with £15m of the increase resulting from a one-off benefit from an exceptional tax credit for research and development expenditure (RDEC), details of which are explained later in this report. The underlying operating surplus of £42m is a £3m improvement on last year, resulting primarily from the growth in student fee income following another strong recruitment cycle, offset by planned investment in staff and a higher level of depreciation associated with the recent increased level of capital investment and value of the estate. Our plans show that, as the level of our academic strategic investments continues to build in the short term, the level of reported operating surplus will reduce until the returns on those investments come through.

Financial summary	2014/15 £000	2013/14 £000	Change %
<b>Summary</b>			
Total income excluding exceptional RDEC income	620,105	587,493	6%
Total expenditure	(577,396)	(548,865)	5%
Other items	(770)	235	(428%)
Surplus after depreciation and tax, before exceptional items	41,939	38,863	8%
Exceptional RDEC net income	15,130	–	100%
Surplus after depreciation, tax and exceptional items	57,069	38,863	47%
Other items	(591)	5,060	(112%)
Surplus transferred to reserves	56,478	43,923	29%
<b>Tuition fee and education contracts</b>			
Home and EU students	158,214	133,239	19%
International students	76,808	69,843	10%
Other fees including NHS teaching contract	32,748	33,001	(1%)
Total	267,770	236,083	13%
<b>Research grants and contracts</b>			
Research Councils, UK Charities and Government	91,182	93,562	(3%)
Industry, overseas and other	41,414	39,115	6%
RDEC	19,544	–	100%
Total	152,140	132,677	15%
<b>Capital expenditure</b>			
Externally funded	(20,148)	(15,699)	28%
University funded	(108,691)	(46,262)	135%
Total	(128,839)	(61,961)	108%
<b>Cash and borrowings</b>			
Cash and short-term investments	129,666	196,871	(34%)
Borrowings	(37,354)	(41,810)	(11%)
Net funds	92,312	155,061	(40%)

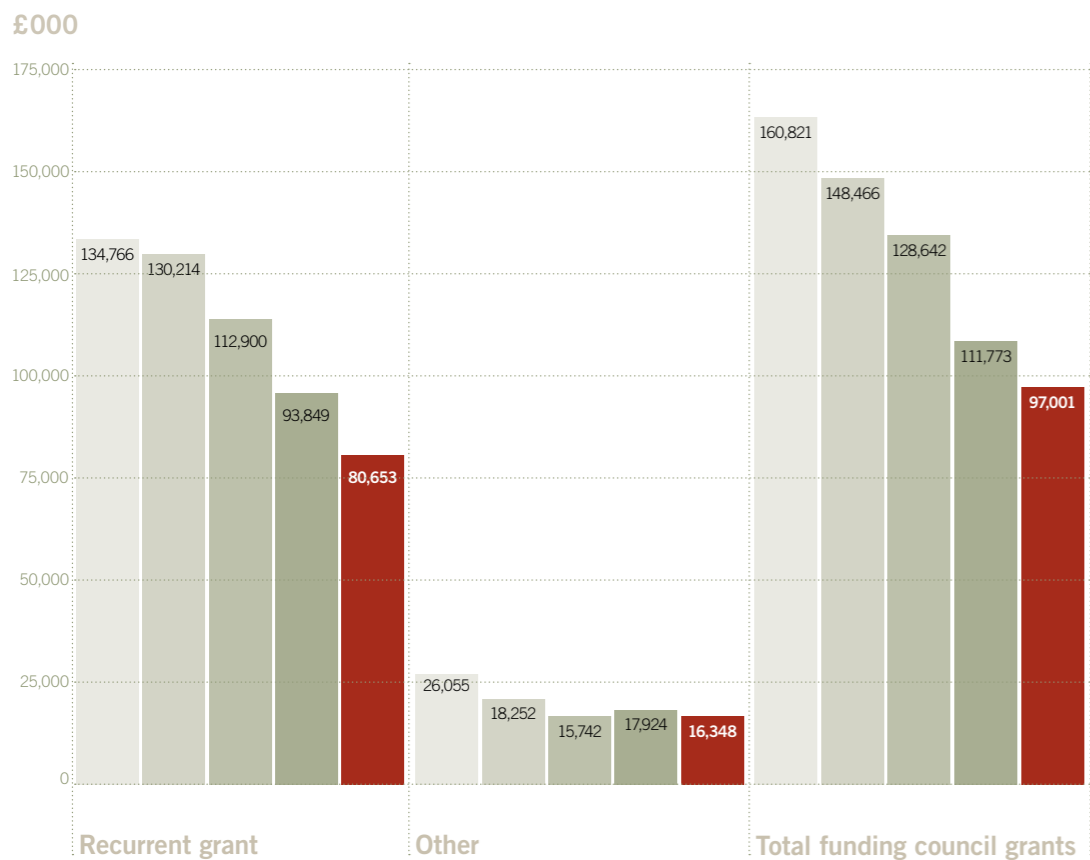
Capital investment has increased in the year to £129m (2013/14 £62m), including a major student residential investment of £67m. Major academic estate investments which are planned will mean that our level of capital investment per annum will remain at a high level in the next few years.

Through internal cash generation and new external funding plans we are on track to invest over £100m in strategic developments and a £520m capital programme in the period 2015–2020, all investments to be prioritised and focused on delivery of the ambitious academic targets in the strategic plan.

**Funding Council grants**

At £97m, Funding Council grant income reduced by £15m from 2013/14; within the recurrent grant, teaching income has fallen by £13m to £35m whilst mainstream Quality Related (QR) income remained flat at £34m. We forecast that Funding Council grant income will fall to the point at which it only represents around 10% of total income by 2019/20. (Funding Council grants before the changes to the home undergraduate funding regime stood at £161m 2010/11, with the Teaching grant accounting for £90m of that total).

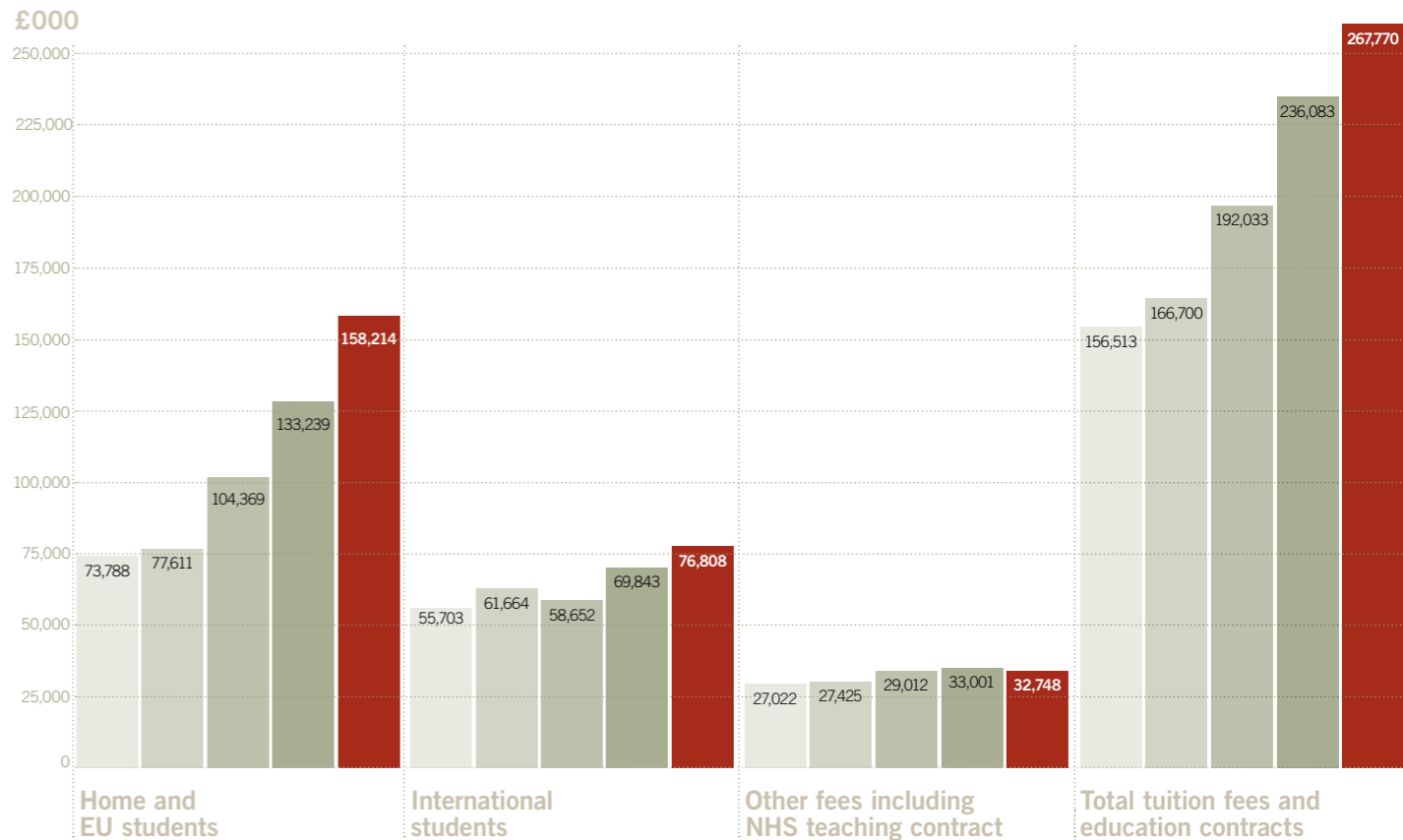
**Funding Council grant income over five years**



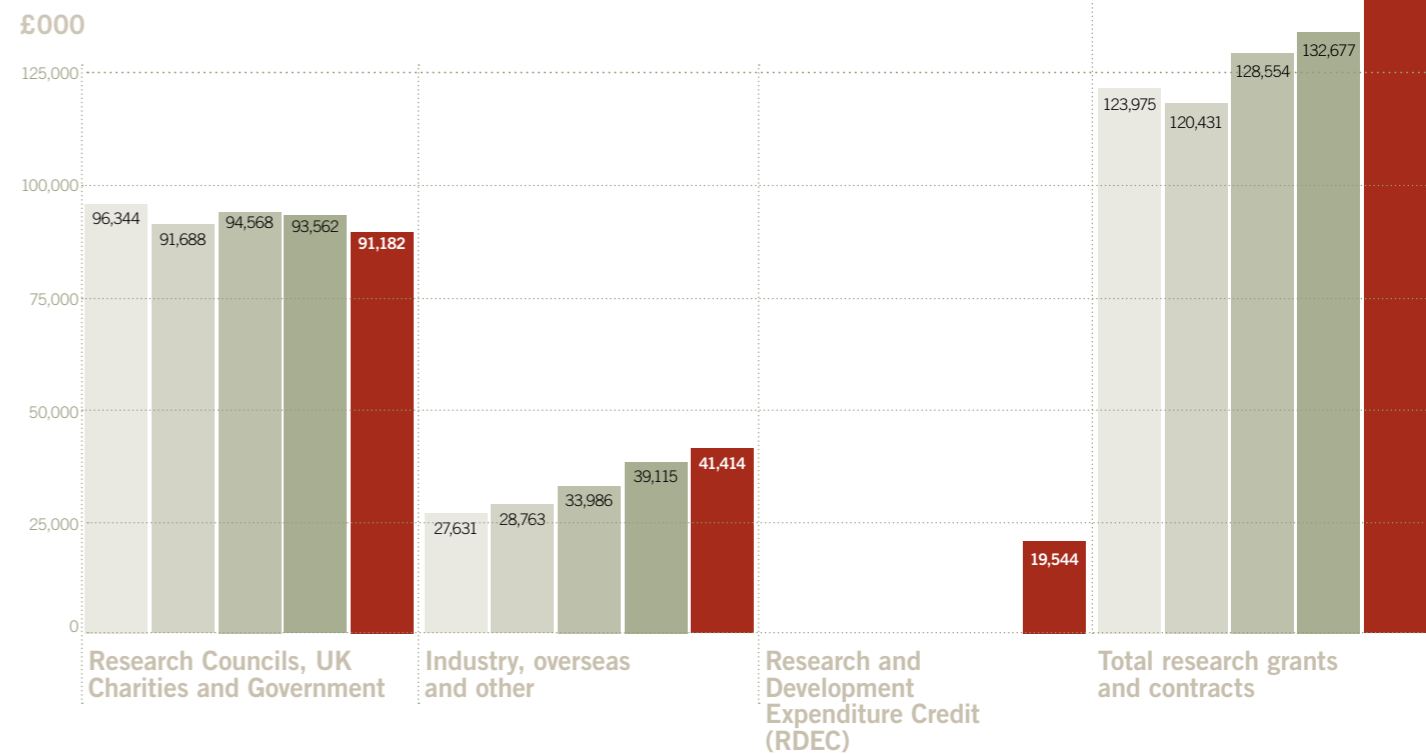
**Key**



**Tuition fees and education contracts income over five years**



**Research grants and contracts income over five years**



**Key**





# 31,719

full-time equivalent students

### Tuition fees and education contracts

At £268m (13% higher than 2013/14), tuition fee income now accounts for 42% of total income (2013/14: 40%).

Home/EU undergraduate intake grew by 2% from the previous year and postgraduate recruitment grew by 7%, with total student numbers across all years in line with last year. Fee income from our Home/EU students has increased by £25m (19%) reflecting the recruitment of the third cohort of students under the new £9k fee regime. Having now recruited three such cohorts, and with no fee inflation, we have reached a fee income plateau.

We also report a 10% growth in international fee income. International student numbers across all cohorts and years have increased by 9% from last year. The intake for undergraduate programmes merits particular mention: it grew by nearly 20% compared to last year, with the largest growth in the faculties of Arts, Engineering and Business. Alongside this we continue to see the benefits of favourable programme mix and modest price inflation.

### Research grants and contracts

The results of the Research Excellence Framework (REF) 2014 saw Leeds ranked in 10th place for research power, a measure of the number of people producing the highest quality research. The assessment identified that nearly 83% of research at Leeds has a top quality rating of either "world leading" or "internationally excellent".

For the first time, research was also judged on its impact outside academia, such as its effects on the economy, public policy, civil society or culture. The results put the University in 9th position when it comes to the impact power of its research.

The outcome of REF 2014 will inform the allocation of Quality-Related research funding (QR) from 2015–16. Building upon these results, our new strategic plan identifies the need to improve research performance and consistency, with a focus on investment in people and in infrastructure and on tackling global challenges.

Reported research income of £132.6m is broadly in line with last year; however, when the figure is adjusted for changes in the hosted National Institute for Health Research (NIHR) contract, the underlying trend is growth of £7m (6%). The changes to our hosted NIHR contract include year on year funding reductions equating to £7m and the new hosted NIHR contract will be classified as other operating income.

We were most successful in growing funding from Research Councils, where we achieved growth of 14%.

Overall, we have secured nearly 750 new research awards this year (25% higher than last year) with a total grant value of £141m. The three largest awards by value are £4.5m from the Medical Research Council to create a National Centre for Translational Hyperpolarisation in Magnetic Resonance with a truly national and international outreach; £3.4m from Innovate UK to support an advanced manufacturing supply chain initiative; and £2.1m from the National Institute for Health Research to inform the effectiveness of currently used treatments for both short and long term outcomes on Hand Eczema.

Our strategic plan calls for a major step change in our research income performance which is supported by investment in 250 new academic fellows and 350 postgraduate research studentships, establishing world-leading positions in major interdisciplinary research themes and investing in research strengths and platform technologies.

The investment in academic fellows is aimed to nurture and incentivise early career researchers, whilst we continue to invest to deliver ambitious growth in postgraduate researchers. The establishment of highly focused interdisciplinary research themes will support existing and emerging areas of strength seeking to address major global challenges and continue to develop strong relationships with external partners across a range of industrial sectors.

# £133m

research grants and contracts

### Research and Development Expenditure Credits (RDEC)

During 2015 it became clear that Universities were able to claim RDEC on expenditure incurred to July 2015. The University has submitted and been paid a claim to July 2013 and will submit claims for the period to July 2015 in the near future. A one-off gain of £20m (net gain £15m) relating to credit for research and development expenditure incurred between April 2013 and July 2015 is included as an exceptional item under research income.

### Other operating income

Other operating income increased by £16m, mainly by virtue of an increase in residences income resulting from increased capacity within our residential portfolio following the purchase of Central Village during the year, increased donations and with a part year impact from the new hosted NIHR contract from April 2015 which is classified as other operating income.

Other operating income from subsidiary undertakings – notably Weetwood Hall Ltd, Leeds Innovations Centre Ltd, University of Leeds IP Ltd and Bright Beginnings Childcare Centre Leeds – was £9m in the year (2013/14: £9m).

Alumni giving to the annual fund in 2014/15 totalled £0.8m (2013/14: £0.9m). The Footsteps Fund has continued to support a wide range of activities that enhance the student experience, including widening participation scholarships, Leeds for Life Foundation grants, and new in 2014/15, the rowing club boat house.

Our 'Making a World of Difference' fundraising Campaign has now raised £59m and is on target to meet its £60m target by the end of the calendar year. During the year we received over 27,000 donations from over 5,600 alumni and other donors and we have grown the number of alumni we are in touch with by over 15,000 to 237,000.

2014/15 again saw good progress with major donations, including a grant from the Heritage Lottery Fund to establish the Treasures Gallery which will bring to wider view some of the many exceptional items held by the Brotherton Library's Special Collections.

### Expenditure

The increase in staff costs of £10m (3%) is attributable to the pay award, increments and the start of our major programme of academic investment that will underpin our strategy to be a globally leading institution for research and education.

The increase in other operating expenditure of £9m (4%) is attributable to planned new investments in scholarships and student recruitment costs, infrastructure and maintenance to improve our teaching and research facilities and residences related costs to support increased residential capacity.

Depreciation has increased by £10m, 48% of which is due to the 2013/14 year-end revaluation of student residences and the balance due to the impact of the increasing levels of investment behind the capital programme. We expect to see the level of depreciation continue to grow as we continue with our ambitious investment programme.

### Balance sheet

The healthy financial result in 2014/15 further strengthens our balance sheet which continues to provide a secure financial platform that enables us to make the necessary academic and capital investments which will support the delivery of our ambitious strategic plan.

# £129m

capital expenditure

The net book value of tangible fixed assets has increased significantly by £89m to £695m. The University has increased its investment in new academic, residential and infrastructure improvements with a total of £129m of capital additions in the year (2013/14: £62m).

Major capital schemes completed in 2014/15 or due for completion in 2015/16 include:

- £67m Central Village student residences
- £41m School of Medicine consolidation and refurbishment
- £26m New Laidlaw library
- £25m Edward Boyle library refurbishment

Major capital schemes under development or planned to begin in the next two years include:

- £87m Computing, Physics & Imaging Zone
- £40m University Innovation & Enterprise Centre
- £36m Refurbishment of the Engineering building
- £20m Generating Station Complex replacement
- £17m Leeds University Union refurbishment

To support the above ambitious investment we will be seeking to raise significant new financing during 2015/16.

The University retained £130m of cash investments at 31 July 2015 of which £60m was held on deposit for terms of up to 5 months, £57m was held in three separate sterling liquidity funds, and the remaining £13m was held on-call.

After standard loan repayments of £4m and a surplus of £56m this year, the gearing ratio decreased to 9% (from 12%) at 31 July 2015.

The value of the endowment portfolio at July 2015 was broadly in line with the value at July 2014 and the £2m income generated in-year was in line with plan.

Working capital has reduced by £44m as a result of a decrease in short-term investments of £68m which has been partially offset by a £25m increase in debtors. The decrease in short term investments was largely attributable to significant spend on strategic developments and capital projects, and £20m of the increase in debtors relates to the one-off RDEC credit.

### Pensions

The University of Leeds Pension and Assurance Scheme (PAS) had a balance sheet deficit of £24m at 31 July 2015, representing a deterioration of £18m from the prior year.

The main factor contributing to the deterioration is the fall in high-quality corporate bond yields over the year; this reduces the discount rate to be applied, affecting many pension scheme valuations at this point in time and thereby increases the value of the liabilities.

The impact of this has been partially offset by the investment return achieved on the assets over the year of 7% and as a result of updating the year end valuation to reflect the 31 March 2014 assumptions rather than those from the previous valuation at 31 March 2011. (The 31 March 2014 valuation was not finalised and therefore not used for our 2013/14 financial year end.)

The deficit is estimated using actuarial assumptions to value the liabilities of the PAS. These include the discount rate, inflation rate and mortality assumptions. The deficit is also dependent on the value of the Scheme's assets, which is linked primarily to movements in the equity market. The level of Balance Sheet surplus/deficit in future is therefore subject to fluctuation, and may indeed vary widely from year to year.

# £130m

cash and short term investments

The PAS and Universities Superannuation Scheme (USS) were both subject to full actuarial valuations as at 31 March 2014; the next valuations will be as at 31 March 2017.

The PAS valuation results showed a surplus of £35m, equivalent to a funding position of 111%. However, a financial update carried out at 31 March 2015 indicated that the funding level had decreased to 100%, with a surplus of £0.8m. This deterioration is mainly due to the effect of falling gilt yields, partially offset by a fall in the expectations of future inflation and higher than anticipated investment returns.

The results of the USS 2014 valuation showed a deficit of £5.3bn after taking into account changes to the benefit structure and the plan to reduce risk in the investment strategy. The deficit is largely driven by falling bond yields, reduced optimism about investment returns, and increasing longevity assumptions.

Universities UK (UUK), on behalf of the employers, have held discussions with the University and College Union (UCU) and benefit changes have been agreed with the USS Trustees. Employer and employee contribution rate increases have also been agreed in order to address the deficit. From 31 March 2016 the final salary section of USS will be closed and members moved on to the Career Revalued Benefits (CRB) scheme from 1 April 2016. From 1 October 2016 the CRB scheme will have a salary cap of £55k and contributions paid on salary earned over that level will be placed into a new Defined Contribution (DC) scheme. From March 2016 the employer contribution rate will increase to 18% (currently 16%) and the employee rate will increase to 8% (current employee rate for final salary benefits is 7.5% and for CRB is 6.5%). In addition, in order to address the volatility in the funding level, the trustees will reduce the investment risk that they take with the USS's assets over time.

The new HE SORP will require that from 2015/16 Universities recognise a provision for their share of the past deficits in multi-employer schemes such as USS.

### Risks

The University continues to take action to mitigate those risks that threaten the achievement of its strategic objectives. Three key areas are described below:

- Risk of failure to attract and retain high quality students from diverse backgrounds and failure to provide an outstanding education which will equip students to succeed globally.

Continuing to aim to recruit the very best students in increasingly competitive markets has focused our minds on driving innovation in student education. In addition to the attention we already place on our offer strategies and conversion activity, we have taken action to accelerate the development of new and existing programmes, for example, a new Liberal Arts programme; to provide integrated employability support to our students in partnership with alumni and employers; and to determine and implement sustainable support for digital learning.

With regards to international markets, alongside the increased promotion activity that we have undertaken over the last couple of years we are on track to launch the University's first overseas joint school in China in 2016; and we are developing a market-responsive model for the delivery of pathway programmes to support high quality international student recruitment to Leeds.

Whilst we are already seeing progress in our strategy to grow high quality postgraduate researchers we continue to focus on securing new funding sources for PhD students whilst we continue to make outstanding appointments to 350 University Anniversary Research Scholarships which is an extension of the scheme launched last year.

*'Continuing to aim to recruit the very best students in increasingly competitive markets has focused our minds on driving innovation in student education.'*



To the benefit of all our students we continue to develop the student experience through continued development of the Leeds Curriculum, and we have confirmed and are promoting our commitment to student education by deciding to establish the Leeds Institute for Teaching Excellence and Innovation. A major new investment in a Customer Relationship Management (CRM) system will provide an improved user experience to our students and will enable our staff to provide students with the best possible support and advice throughout their student journey from initial application to employment.

- Risk of failure to be an outstanding research university, securely placed and achieving significant increases in research income, quality and impact

The level of research ambition which sits at the heart of our strategic plan requires us to recruit or develop world class research performers, to maximise our interdisciplinary breadth and strength, to compete successfully in the new research funding landscape and to ensure that we are sufficiently preparing for REF 2020.

Actions and investments to drive forward research were highlighted earlier in my report (in the section on research). In addition, we are engaging with and building relationships with research funders and have realigned our research and innovation support activities in order to exploit the interdisciplinary opportunities open to the University.

We are already seeing the benefit of identifying and investing in research platforms, for example Leeds Institute for Data Analytics, and following on from that success we will continue to develop new research platforms which will include for example new world-leading facilities for electron microscopy and nuclear magnetic resonance in the Astbury Centre and cutting-edge developments in medical imaging.

We have turned our attention to preparations for the next REF, building on the systems and quality assurance process that we applied to the REF 2014 submission. We are engaging with external partners in the development of research questions and in the co-creation of research and innovation in order to deeply embed impact and secure the impact pipeline.

- Risk of failure to ensure that we have a campus and facilities which provide leading edge research and education opportunities alongside an excellent student experience and where our infrastructure and financial sustainability are secure

We have embarked on a £520m capital programme to bring to life the University's estates master plan in the period 2015 to 2020; we aim to deliver ambitious returns on academic and capital investments, providing high-quality well maintained space for education and research which is fit for purpose and maintaining a high-quality residential portfolio.

We are cognisant of risks to our infrastructure resilience and security, ranging from the impact of the increased demand for power across campus and an increasing need to be vigilant in ensuring and protecting the security of our information. To this end oversight of our plans to address these risks sits with specific Executive level Steering Groups, for example the University Utilities Replacement group and the newly constituted Information Protection group.

With regard to maintaining our financial sustainability the earlier risk sections explain how we mitigate against risk to our main sources of income; from a cost base angle whilst we are currently committed to the national employer side pay bargaining, we keep this under review and with regards to pension schemes risk we are supportive

*'We will... monitor carefully the investment and return profile of our plans alongside external risks...'*

of opportunities to reduce our long-term risk exposure.

### Conclusion

It is pleasing to report a healthy financial result for 2014/15 and to see that our core research and education performance remains solid. This has also been evidenced by the REF 2014 result and an excellent NSS result.

The strength of our financial performance and balance sheet gives us both the platform and confidence to continue with our ambitious investment plans which will be supported by a significant level of new borrowing that we plan to raise during 2015/16.

We recognise that we are investing heavily in a period of funding uncertainty for the sector – uncertainty engendered in particular by the forthcoming autumn government spending review, anticipated further tightening of immigration legislation, and intensified market competition. But we are convinced of the strategic imperative to follow the course we have determined in the strategic plan, and we will be robust in ensuring that we are investing behind disciplines and innovation where we can improve the level of academic performance and thus secure appropriate returns on the investments. We will also monitor carefully the investment and return profile of our plans alongside external risks, so that we can identify at the earliest stage if we need to develop and implement new strategic interventions to secure our academic and financial sustainability.

**Jane Madeley**  
Finance Director





**'WE EDUCATE STUDENTS SO THAT THEY CAN FULFIL THEIR PERSONAL POTENTIAL AND SO THAT THEY CAN MAKE A BETTER CONTRIBUTION TO SOCIETY...'**



The work of the University – a charity – is by its nature directed to the public benefit. We educate students so that they can fulfil their personal potential and so that they can make a better contribution to society; and we undertake research not just to improve our understanding of the world but also to have a positive impact on global society. The way in which public benefit is achieved is illustrated in the following sections, which go on to exemplify the University's commitment to accountability, openness and transparency.

### Students

In 2014/15, nearly 32,000 students benefited from the delivery of over 1,500 programmes; more than 9,000 students graduated in the year. Our confidence in the quality of our delivery of student education is underpinned by external validation by the Quality Assurance Agency (QAA), as well as by our high scores in the 2015 National Student Survey (NSS).

Like all other universities, Leeds charges tuition fees to students. Following changes in the national system of funding of undergraduate education, the annual tuition fee for most full-time undergraduates has been £9,000 since 2012. Leeds is committed to encouraging students from all backgrounds and has made one of the largest investments in financial support in the higher education sector, producing an innovative package of financial support targeted at students from lower income families. Whilst the headline fee is a single figure of £9,000, the availability of this support means that in practice fees are in the range from £3,000 to £9,000, depending on students' personal circumstances. Given that personal circumstances can change, Leeds Financial Support is continuously assessed throughout the study period to provide on-course support. Financial support is also available to students once they arrive at Leeds, from the Access to Learning Fund (ALF) and a range of scholarships. By 2016/17, we will increase our overall investment in financial support and outreach activity to £17.1m per annum. Our scholarships also include non-financial support elements, for example pre-entry information, visits and peer mentoring, the benefits of which are reflected in retention rates.

### Research

The University is a major research-intensive institution, and its research benefits the public directly or indirectly. Our medical researchers are investigating new drugs and surgical robots to help to tackle 21st century healthcare needs; our engineers and scientists are pushing back the boundaries of scientific knowledge; our research into the arts continues to enrich the nation's cultural life; and our social scientists are addressing the key political, social, environmental and economic issues we face. As reported on page three, in the 2014 assessment of research – the Research Excellence Framework (REF) – nearly 83 per cent of research at Leeds during the review period was rated as 'world-leading' or 'internationally excellent'. Leeds was ranked 9th within the sector for the impact of its research.

Once concluded, and unless contractual restrictions apply, research completed by our staff is placed in the public domain, via refereed journals and other print or online publications and via an institutional repository. Where our research has commercial applications, we ensure that the benefits that accrue from the intellectual property are divided fairly between staff and the University.



### The community

Over the past year or so, the University has further developed the way in which it interacts with the community, consolidating in the Student Education Service a range of initiatives including placements and internships, volunteering engagement and academic collaboration into a consistent offer for both students and community partners. The newly-formed Student Opportunity team works in partnership with schools, faculties, professional services and Leeds University Union to develop and deliver our institution-wide programme, LeedsforLife, which integrates academic and co-curricular opportunities. An estimated 3,000 students are now actively involved in volunteering and community work through LeedsforLife, with still more engaged on a less formal basis. Generous support from our alumni and Santander has funded 398 student-led projects since the LeedsforLife Foundation began in 2008, enabling students to undertake projects all over the world that make a positive contribution to society.

The Volunteering Hub continues to act as a conduit for developing partnerships with local community organisations, with over 100 distinct opportunities available to students at any one time.

During 2014/15 over 350 students took up voluntary and accredited placements in local schools through our Students into Schools programme, which continues to form part of our commitment to widen participation within West Yorkshire. A new partnership with Leeds University Union, 'Societies Into Schools', has enabled schools to access a wider range of activities from knitting to skydiving, whilst the new Research Into Schools project engages primary schools in interactive workshops inspired by material in the Brotherton Library's Special Collections.

### Cultural activity

We continue to make our cultural activity publicly accessible via performances, recitals and workshops, for example from our DARE collaboration with Opera North; creative activities and performances during the city-wide 'Light Night' festival; and the Ludus Festival Leeds. Our four-year 'Legacies of War' project examines the historical, cultural and social legacies of the First World War through a wide range of events, exhibitions and initiatives open to and engaging with the public, with an integral strand focusing on the local impact of the war.

The University's Festival of Arts, supported by the Marks & Spencer Company Archive, celebrated the city's rich heritage of arts and culture through a programme of public events and activities throughout June and July 2015. The Michael Marks Building, which houses the Marks & Spencer Company Archive, is freely available to all. In March 2015, the University and partners across the city co-ordinated the 10th annual Leeds Festival of Science which offered an extensive programme of events and workshops for schools and the general public.

The University also provides benefit for the public through access to exhibitions in, for example, the Stanley and Audrey Burton Art Gallery and the University of Leeds International Textiles Archive.

### Sustainability

Our sustainability strategy is focused on four core themes: embedding sustainability through collaboration; building knowledge and capacity; being a positive partner in society; and making the most of resources. Delivering the strategy will ensure that sustainability becomes embedded in decision-making across the University; this includes, for example, a procurement process which ensures that social, environmental and economic impacts are considered in our purchasing decisions, and a socially-responsible investment policy.

In addition to sustainability being a key part of the Leeds Curriculum, we encourage our students to engage with these issues through extra-curricular activities; this year, students have been involved in supporting the Green Impact Scheme, the Institute of Environmental Management and Assessment student conference, activity in the Bike Hub, the development of a tool to measure campus biodiversity and our new carbon reduction initiative Climate Hubs. We have also employed graduate and student interns who work as "Sustainability Architects", to help us deliver the strategy. The Sustainability Architects have a particular focus on student engagement, for example increasing uptake of sustainability dissertations and project opportunities for students. We have been instrumental in campaigns such as Get to Know Your Neighbour, Living in Leeds, Challenge Leeds and Leave Leeds Tidy to encourage students to become responsible Leeds citizens and part of the wider Leeds community.

As part of the sustainability strategy, we are making sure that our operations reflect and utilise the ground-breaking sustainability research and student education which happens at the University.

Our work has been recognised through a number of awards and accreditations. Our sustainable garden was highly commended in the Green Gown awards 2014, and both the Creating Sustainable Futures module and our partnership approach to community relations with Leeds University Union have been shortlisted for the upcoming 2015 Green Gown awards. We were also awarded First Class honours in the latest People and Planet Green League. The University is progressing with implementation of an ISO14001 accredited environmental management system with certification expected in March 2016.

### Equality and inclusion

The University's Equality & Inclusion (E&I) Framework and Strategy identifies four priorities to support the University's Equality Mission, which is to be a beacon of excellence within the sector, to promote a culture of inclusion, respect and equality of opportunity for all. Our activities have been guided by those four priorities which are: to develop a University-wide culture which promotes equality and inclusion; to integrate and embed equality into all aspects of University business; to attract, retain, support and develop an excellent workforce from across the world; and to ensure a world class student experience through inclusion and academic excellence.

Examples of activities supporting the attainment of the University's Equality Mission include: the University's first application to the Stonewall Workplace Equality Index, the results of which will provide a strong foundation for future LGBT equality activity; and working towards renewing our Athena SWAN institutional Bronze award. Six Science, Technology, Engineering, Mathematics and Medicine (STEMM) faculties and departments hold Athena SWAN awards and all relevant faculties and schools are working towards departmental Bronze or Silver awards. The University has reviewed its Equality and Inclusion Committee which is now chaired by the Vice-Chancellor. We have also focused on understanding the impact of the government changes to the Disabled Students Allowances and understanding and addressing differential degree attainment outcomes between groups of students. Both areas of work will continue into the 2015/16 session.

We continue to invest in services to support the needs of our diverse staff and student population and are accelerating the completion of an access audit of the University campus. Initiatives to encourage disclosure in our equality monitoring activity will help us fully understand the composition of our staff. The University has published equality monitoring information on our staff and student population to meet our Public Sector Equality Duty obligations.

The University continues with its efforts to address areas of under-representation. Students from disadvantaged backgrounds have the opportunity to progress through our admissions scheme (Access to Leeds) which supports the recruitment of the brightest and best students regardless of background; and the University's Plus Programme has been designed to promote the retention, academic success and employability of students from disadvantaged backgrounds.

Detailed comparative equality monitoring data for students and staff is published on the University's Equality Service webpages [www.equality.leeds.ac.uk/university-monitoring-information/](http://www.equality.leeds.ac.uk/university-monitoring-information/). A snap shot of the data is as follows.

### The University of Leeds Student Diversity Profile (2014-15)

Where information is known	Home and EU students	All students
Female	61%	60%
Age (21 and over)	28%	35%
Black and minority ethnic	15%	22%
Disabled	9%	8%
Low SEC participation	23%	–

### Staff in post by protected characteristic\*

Institutional level	protected characteristic	Where information is known**
Gender	Female	54%
	Male	46%
Age	50-59	22%
	60+	8%
Ethnicity	Black and Minority Ethnic	9%
Disability	Disabled	4%
Caring responsibilities	Carers	22%
Sexual orientation	Bisexual	1%
	Gay man/woman	2%
Faith/belief	Christian	25%
	Muslim	1%
	Hindu	1%
	Jewish	1%
	No faith	26%
Total staff headcount	7,780	–

\*As defined by the Equality Act 2010

\*\*As at 31 July 2014

### Maintaining standards

As part of our commitment to maintaining and supporting the highest standards in research, the University supports and upholds the principles articulated in the Concordat to Support Research Integrity. Our Research Ethics Policy and ethical review procedures seek to protect all groups involved in research – including participants, researchers, funders and the University itself. Developmental support and training for researchers includes dedicated research ethics training provision for both staff and students, comprising workshops, individual drop-in sessions and online resources.

We have an established University Research Ethics Committee (UREC), supported by a network of faculty-level research ethics committees that engage both staff and postgraduate students. The Committee has oversight of matters of general policy and principle on research; approval of proposals for research with significant ethical dimensions (including research carried out on human subjects or using their data); and consideration of the impact of research upon the natural environment. An audit process established by the Committee to test whether research is being conducted in accordance with ethical approvals has now been rolled out to all faculties. Outcomes will be reported during 2015/16.

The University has a protocol for investigating and resolving allegations of misconduct in academic research. We are committed to ensuring that any such allegations are subject to full, fair and quick investigation. No allegations were raised during 2014/15.

Our Code of Practice on Whistleblowing, in which we set out how we will handle complaints of suspected malpractice or impropriety, was refreshed during the year. An anonymous allegation investigated in 2014/15 under the Code was judged to be not well-founded.

Similarly, the University operates a complaints procedure which provides for both informal and formal resolution of concerns about any aspect of a student's academic or pastoral experience. During 2014/15, the University received thirty-six formal student complaints (thirty-one in 2013/14), which included complaints about the standard of academic provision, the standards of other key services affecting a student's studies or general welfare, and failure to meet obligations.

The majority of complaints received in 2014/15 have been resolved satisfactorily (though the deadline for seeking a review externally with the Office of the Independent Adjudicator (OIA), the higher education ombudsman, has not yet been reached in all cases).

During the year, the University also dealt with 129 appeals from taught students against academic judgements relating to results declared for the 2013/14 Semester 2 or 2014/15 Semester 1 examinations (113 in 2013/14). Of these eighty-four were conceded by the schools concerned or upheld (in full or in part) and forty-five were rejected or withdrawn by the student. A further six appeals were submitted by research students (eight in 2013/14): three of which have been upheld, two were dismissed and one remains under investigation.

Twenty-one students lodged petitions with the OIA during 2014/15, four relating to complaints decisions, fourteen to academic appeals dismissed by the University and three to the University's decision to exclude the students for unsatisfactory academic progress or academic failure. One case has been upheld (the OIA recommended a compensatory payment for procedural errors); nine cases have been dismissed by the OIA; and the remaining eleven are still under review by the OIA.



Of the eight OIA cases outstanding from the 2013/14 Annual Report, the OIA has dismissed five cases and partially upheld one case (the OIA recommended a compensatory payment for administrative shortcomings). The remaining cases were settled by the University, in one case by waiving an outstanding debt and in the other by allowing the student's work to be re-examined afresh.

### Use of animals in research

Research using animals is driving fundamental advances in understanding, treating and curing a range of health problems including cancer, heart disease, diabetes and mental illness, and it continues to enable fundamental advances in our understanding of diseases. For example, research carried out at Leeds using small and large animal models has contributed to the development, commercialisation and clinical use of novel regenerative acellular biological scaffolds which enable tissue regeneration in the body by the patient's own cells. Use of animal models in Leeds has also led to the first significant improvement in recovery of voluntary control of movement in people with severe spinal cord injury.

Whilst the University carries out animal research to improve the health and welfare of human beings and animals – and to provide a better understanding of the animals themselves – we use animals only when the use of alternatives – such as computer modelling, tissue culture, and cell and molecular biology – is not feasible; and we are absolutely committed to the principle of replacement whenever possible – and to the refinement of research methods and to reducing the use of animals in research.



Where the use of animals is unavoidable, all research is carried out to high standards of humane care and treatment within a strict framework of legal controls. Projects must be approved by an ethical review committee; and researchers are trained in the ethical dimensions of their work and in standards of animal care, welfare and accommodation.

By way of improving transparency of reporting – and to enhance our governance arrangements – the committee which has oversight of work that falls under the Animals (Scientific Procedures) Act 1986 now (from January 2015) reports directly to the University's Council. Its minutes are to be published on the University's website, alongside other information about the University's use of animals.

### Freedom of information and data protection

During 2014/15 we received 389 requests explicitly under the Freedom of Information Act. This represents an increase of twenty-two per cent upon 2013/14. The number of 'commercial' requests (seeking information to support bidding for contracts, for example) has continued to rise and there has been a renewed interest in the University's sources of research funding; issues related to safety (including crime on campus); and statistical information about the student body. We responded to the vast majority of requests within the twenty-day period required by the Act, with extensions negotiated in a very small number of complex cases. There were no complaints lodged with the Information Commissioner's Office (ICO) in 2014/15.

The University's arrangements for meeting its responsibilities under data protection legislation are set out in a detailed Code of Practice and associated guidance, which is also available online. During 2014/15 the University received eleven data subject access requests – a twenty-seven per cent decrease on the previous year – the majority of which related to student appeals regarding academic marks. There were no complaints lodged with the ICO.





## Corporate governance

### Corporate governance

This statement covers the period 1 August 2014 to 31 July 2015 and up to the date of approval of the audited financial statements.

The University is an independent corporation established by Royal Charter 'as a teaching and examining body ... to cultivate and promote arts, science and learning'. These objects, and its powers and framework of governance, are set out in the Charter and its supporting Statutes, amendments to which must be approved by the Privy Council. It receives substantial public funding and, by virtue of the educational nature of its objectives, is an exempt charity under Schedule 2 of the Charities Act 1993.

The Council is satisfied that the University has had regard to, and materially complies with, the Higher Education Code of Governance published by the Committee of University Chairs in December 2014, and that it also complies with relevant provisions in the First (1995) and Second (1996) Reports of the Committee on Standards in Public Life. The University is in any case committed to upholding the highest standards of corporate governance and continues to work to secure best practice in all aspects of governance.

### Structure of governance

#### The Council

The Council is the governing body of the University. As such, it has a collective responsibility to promote the University's wellbeing and to ensure its sustainability. The specific responsibilities of the Council are outlined in its Statement of Primary Responsibilities as set out on page 29 but, in essence, it is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and management; and for monitoring institutional and executive performance. These responsibilities are 'reserved' to the Council and, as a general rule, cannot be delegated. Other responsibilities have been delegated to committees and officers in accordance with a scheme of delegation.

[www.leeds.ac.uk/secretariat/documents/scheme\\_of\\_delegation.pdf](http://www.leeds.ac.uk/secretariat/documents/scheme_of_delegation.pdf)

The Council, which meets a minimum of six times a year, has 23 members, the majority of whom are lay members. (Lay members are those who are neither employees nor students of the University.) Also included in its membership are representatives of the staff and students. For the purposes of charity law, members of the Council are the trustees of the University and, in this connection, they have had regard to the Charity Commission's guidance on public benefit. They do not receive fees or other remuneration for serving as members or trustees.

As the (lay) Chair of the Council, the Pro-Chancellor, Mr David Gray, plays a key role in the governance of the institution while remaining outside the day-to-day executive management. Members of the Council are listed in the table on page 28, which also shows other trusteeships held by members and members' attendance at meetings. The University maintains a Register of Interests of members of the Council (and senior officers) which may be consulted by arrangement with the Secretary to the University, Mr Roger Gair.

#### The Senate

The Senate is responsible to the Council for academic governance, and especially for regulating the admission of students; the curriculum and assessment; maintenance and enhancement of academic standards; and the award of degrees and other qualifications. The Senate consists of some 160 members of the academic staff and 19 student members; slightly over half of the staff members are elected.

In addition to its responsibility for academic governance, the Senate has an advisory role extending across most aspects of the University's work. It also serves as a two-way channel of communication, thus underpinning collegiality; and is responsible in particular for advising the Council on academic and related strategies.

The Senate may discuss and declare an opinion on any matter whatsoever relating to the University, and is given the opportunity to comment on policy questions and other matters (including the allocation of general revenue) affecting the academic work of the University.



### University Committees

The principal committees of the Council include:

- the Audit and Risk Committee (chaired in 2014/15 by Mr Ed Anderson), which inter alia has a significant role in reviewing the effectiveness of the systems of internal control, including financial procedures and risk management (see below);
- the Strategy and Investment Committee (chaired by the Deputy Pro-Chancellor, Mr Quentin Woodley), which monitors the development and implementation of the University's strategy and advises the Council on major investment decisions;
- the Nominating and Governance Committee (chaired in 2014/15 by the Pro-Chancellor) which inter alia
  - brings forward to the Council nominations to fill vacancies for lay members of the Council;
  - is required in this respect to have regard to the need to draw members from a wide variety of backgrounds, and also to strike an appropriate balance between continuity and rotation in the membership of the governing body; and
  - considers annually the potential for improvements in governance;
- the Health and Safety Committee (chaired by the Vice-Chancellor), which maintains an overview of the University's arrangements for securing the health and safety of staff, students and visitors;
- the Remuneration Committee (chaired by the Pro-Chancellor), which determines the salaries of the Vice-Chancellor and other principal officers of the University;
- the Gift Acceptance Committee (chaired by the Pro-Chancellor), which scrutinises and – after considering any strategic, financial, legal, ethical and reputational issues – approves or otherwise solicitation or acceptance of gifts with a value over £100,000;
- the Equality and Inclusion Committee (chaired by the Vice-Chancellor ) which reviews the strategy and processes by which the University encourages good practice and innovation in securing quality and inclusion across all of its activities; and
- the Animal Welfare and Ethical Review Committee, which promotes the welfare of animals held or used by the University under the Animals (Scientific Procedures) Act 1986 and monitors compliance with relevant legislation.

Committees of the Senate include the Taught Student Education Board, the Graduate Board and the Research and Innovation Board.

### The Court

The University Court, which has some 90 members (the majority lay) and which meets at least twice a year, stands beyond the University's main decision-making machinery. The Court serves as a symbol of – and indeed a mechanism for – the University's accountability to the wider community and to different constituencies of stakeholder: it is empowered to ask questions about, and express an opinion on, any matter whatsoever concerning the University; and to convey such opinions to the Council.

The Court is responsible for the appointment of the Chancellor and for the award of honorary degrees.

### Senior officers and executive management

As the chief executive and senior academic officer of the University, the Vice-Chancellor, Sir Alan Langlands, exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. He is formally responsible to the Council – within a prescribed framework – for the operational management of all aspects of the University's work; and, under the terms of a Memorandum of Assurance and Accountability, is the 'accountable officer' who reports to the HEFCE on behalf of the University.

The University's Executive Group<sup>1</sup> (UEG) consists of the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the faculty deans, the Finance Director, the Marketing Director, the Director of Human Resources, the Director of Facilities Management and the Secretary. The Vice-Chancellor delegates responsibility for specific aspects of the University's management to his colleagues on the UEG but retains ultimate responsibility for their work: deans and senior officers are responsible to the Council (through the Deputy Vice-Chancellor and the Vice-Chancellor respectively) for the leadership and overall management of the faculties and the corporate services.

The UEG's formal terms of reference include protecting and promoting the interests of students; nurturing the wider University community in furtherance of the education and research mission of the institution; ensuring the academic development of the University and securing its academic and financial sustainability; formulating the University's Strategic Plan, and ensuring its implementation and the achievement of key objectives and performance targets; identifying and managing risks; and resource allocation. Members of the UEG are listed on page 28.

### Internal control

The Council is responsible for ensuring a sound and effective system of internal control that supports the fulfilment of the University's policies, aims and objectives whilst safeguarding public and other funds and assets. The system of internal control is designed to manage rather than eliminate these risks of failure: it can provide reasonable but not absolute assurance.

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit and Risk Committee, from which the Council receives periodic reports. The Committee itself receives regular reports from the internal auditors; those reports include an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management, governance, internal control, and securing value for money, with recommendations for improvement where appropriate. The Committee also seeks assurance that the University has in place adequate and effective arrangements for the management and quality assurance of data provided to the HEFCE, HESA and other bodies.

Review of the system of internal control is informed too by the work of executive managers, 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.

### Financial control

The Council is required to secure the economical, efficient and effective management of the University's resources and expenditure and to safeguard its assets (including preventing and detecting fraud). In so doing, it has to ensure that funds from the Higher Education Funding Council for England (HEFCE) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability agreed with the HEFCE; and that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources.

The University discharges these responsibilities through a system of internal financial control. Key elements of this system include a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets, together with monthly reviews of financial results involving variance reporting and updates of forecast out-turns.

Requirements for approval and control of expenditure are clearly defined and formalised, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council and recorded in the University's Scheme of Delegation. The Scheme of Delegation also includes clear definitions of the responsibilities of, and the authority delegated to, academic and administrative heads. This system is underpinned by comprehensive Financial Regulations which detail financial controls and procedures; and by a professional internal audit team whose annual programme is approved by the Audit and Risk Committee.

The Council is also responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the University and which ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant law and UK Accounting Standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability, the Council, through its accountable officer, is required to ensure annually that financial statements are prepared, audited and presented which give a true and fair view of the state of affairs of the University at the end of the financial year, and of the surplus or deficit and cash flows for that year.

In causing the financial statements to be prepared, the Council has ensured that suitable accounting policies are selected and applied consistently; applicable accounting standards have been followed (subject to any material departures disclosed and explained in the financial statements); and that judgements and estimates are made that are reasonable and prudent.

### Risk management

The management of risk is integral to the work of the Council and constitutes a significant part of the University's system of internal control. As part of this process, the Council regularly considers the strategic direction of the University and institutional plans, and receives regular reports on progress against key performance indicators (KPIs), strategic initiatives and other significant projects and risk factors. The Council also requires regular reports via the Audit and Risk Committee on the steps that executive leads are taking to manage the risks associated with the achievement of the University's strategic objectives. These reporting mechanisms are underpinned by a robust methodology for identifying and prioritising risks. An institutional risk register is maintained; annual risk returns are received from faculty deans; and risk awareness training is provided from time to time.

This process, which accords with the HEFCE guidance, was further tested in 2014/15 as part of the Audit and Risk Committee's rolling programme of risk review. The Committee reviewed the University's risk management arrangements and the institutional risk appetite statement. Overall, the Committee was content that an appropriate framework to identify, assess and manage risk was in place. The Committee was also content with the University's risk appetite statement which had been revised to reflect the University's new strategic plan.

### Going concern

The Council is satisfied that the University has significant financial resources, a strong underlying financial performance, the flexibility to cope with reasonable financial pressures, a capacity to borrow additional funds, and a longer-term financial forecast that underpins the delivery of a broader strategic plan.

The Council is satisfied therefore that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Accounts.

<sup>1</sup> The UEG was established to create, from 1 January 2015 onwards, an executive group that maximised input from the faculty deans by combining and refocusing the complementary remits and responsibilities of the Vice-Chancellor's Executive Group and the Faculty Management Group (both operative until 31 December 2014).

## Members of the University Executive Group 2014/15

Member of Council	Brief pen-portrait	Charity Trusteeships	Attendance (6 Ordinary meetings, 2 Away Days)
<b>David Gray</b>	Pro-Chancellor and Chair of Council since 2013; Former CEO and Chairman of Eversheds International; member of the DWF LLP Board		6 + 2
<b>Sir Alan Langlands</b>	Vice-Chancellor since 2013 and Chair of the Health Foundation; former Chief Executive of the HEFCE (2009-13); previously Principal and Vice-Chancellor of the University of Dundee, Chair of UK Biobank Ltd and, before entering the higher education sector, Chief Executive of the NHS	<ul style="list-style-type: none"> <li>• Enthuse Trust</li> <li>• The Health Foundation</li> <li>• Cancer Research UK</li> </ul>	6 + 2
<b>Nick Allen</b>	Undergraduate Admissions Team Leader within the Student Education Service		5 + 2
<b>Ed Anderson</b>	Chairman of the Airport Operators Association; former Managing Director of Leeds Bradford International Airport; former Chairman of Yorkshire Building Society; High Sheriff of West Yorkshire (2015–16)	<ul style="list-style-type: none"> <li>• Leeds International Pianoforte Competition</li> <li>• Opera North</li> <li>• Friends of Opera North</li> </ul>	6 + 1
<b>Liz Barber</b>	Director of Finance, Regulation and Markets for Kelda Group, owners of Yorkshire Water; previously Partner with Ernst & Young for 9 years; non-executive Director of KCOM plc		3 + 1
<b>Helen Billington</b>	Business Lead, Student Education Service Programme; Fellow, Association of University Administrators; Vice-Chair of Governors, Selby High School		6 + 2
<b>Neil Clephan</b>	Head Teacher, Roundhay School – all through education from 4 to 18; National Leader of Education		4 + 1
<b>Tom Dixon<sup>1</sup></b>	Education Officer, LUU	<ul style="list-style-type: none"> <li>• Leeds University Union</li> </ul>	6 + 2
<b>Bradley Escorcio<sup>1</sup></b>	Union Affairs Officer, LUU	<ul style="list-style-type: none"> <li>• Leeds University Union</li> </ul>	6 + 2
<b>Nigel Foster</b>	Director and an owner of Fore Consulting Limited; Director and owner of Colbaran Ltd; former Director, Ove Arup and Partners; Director of Leeds and Partners; Director of Ahead Partnership; President and Director of West & North Yorkshire Chamber of Commerce; Chair and Non-Executive Director of the Centre for Low Carbon Futures; Chair, Sustainable Economy and Culture Board, Leeds		4 + 1
<b>Paul Gittins</b>	Global Alliance Director at Capgemini		4 + 1
<b>Jeremy Higham<sup>2</sup></b>	Dean of the Faculty of Education, Social Sciences and Law and Professor of Post-14 Education Policy and Curriculum		4 + 1
<b>Claire Honess</b>	Professor of Italian Studies; former Head, School of Modern Languages & Cultures; Co-Director, Leeds Centre for Dante Studies		5 + 1
<b>Robin Johnson</b>	Solicitor, Partner and Chair of Diversified Industrials of Eversheds LLP; Board member, Eversheds LLP; member of American Bar Association; member of Canadian-UK Chamber of Commerce		4 + 1
<b>Caroline Johnstone</b>	Non-executive Director and Chair of Audit Committee of Synthomer plc; Director of CA Johnstone Limited, consulting service; non-executive Director and Chair of Audit Committee, Leeds Teaching Hospitals Trust; non-executive member of the Audit Committee of the Crown Prosecution Service for England and Wales; Chair of BARCA-Leeds, a community-based charity; member of Court; Chartered Accountant (former partner with PricewaterhouseCoopers)	<ul style="list-style-type: none"> <li>• BARCA – LEEDS</li> </ul>	3 + 2
<b>Peter McWilliam<sup>2</sup></b>	Professor of Cardiovascular Physiology; member of Court	<ul style="list-style-type: none"> <li>• The Leeds Teaching Hospitals Charitable Foundation</li> </ul>	2 + 1
<b>Roger Marsh</b>	Chair, Leeds City Region Enterprise Partnership; member, West Yorkshire Combined Authority; Chartered Accountant, business recovery specialist & licensed insolvency practitioner; former Senior Partner for Yorkshire & The Humber, PricewaterhouseCoopers	<ul style="list-style-type: none"> <li>• The Iraq/Afghanistan Memorial Project</li> </ul>	5 + 1
<b>Amanda Mellor</b>	Group Secretary and Head of Corporate Governance, Marks & Spencer Group plc; non-executive director of Kier Group plc		1 + 1
<b>Peter Moizer</b>	Dean, Faculty of Business; Professor of Accounting; Trustee, UoL Pension & Assurance Scheme; Non-Executive Director, Weetwood Hall; member of Court		3 + 2
<b>Geoff Potter</b>	Independent corporate communications consultant, Senior Partner with Instinctif Partners; formerly responsible for worldwide Corporate Communications for Glaxo/Glaxo Wellcome/ GlaxoSmithKline; Deputy Chairman, Ryedale Festival; member of Court	<ul style="list-style-type: none"> <li>• Ryedale Festival</li> </ul>	4 + 1
<b>Sue Proctor</b>	Director, SR Proctor Consultancy Ltd; Non-Executive Director, Harrogate District NHS Foundation Trust; lay member, Royal College of Veterinary Surgeons, Veterinary Nurse Council	<ul style="list-style-type: none"> <li>• LEAF Multi Academy Trust</li> <li>• Ripon Cathedral Council</li> </ul>	3 + 1
<b>John Stoddart-Scott</b>	Farm and Estate Manager; Chairman of Weetwood Hall Ltd and of University of Leeds Farms Ltd (both subsidiary companies); member of Court	<ul style="list-style-type: none"> <li>• Wades Charity</li> <li>• Wharfedale Agricultural Society</li> </ul>	5 + 2
<b>Jo Westerman</b>	Manager, LOGIK and Staff Centre	<ul style="list-style-type: none"> <li>• The Red Ladder Theatre</li> </ul>	6 + 2
<b>Quentin Woodley</b>	Deputy Pro-Chancellor; Director Emeritus, McKinsey & Company; Director, Woodley Pension Trustees Ltd; Chartered Accountant		4 + 2

<sup>1</sup> 1 July 2014 to 30 June 2015

<sup>2</sup> Peter McWilliam left the University in December 2014. Jeremy Higham replaced him in January 2015 and has therefore been eligible to attend only 4 Council meetings in session 2014–15

<sup>3</sup> As also indicated on page 27, the first of the nine individuals listed as members of the UEG comprised the membership of the VCEG; and the members of the VCEG and the faculty deans constituted the FMG.

From 1 July 2015, the LUU Officers and Trustees of LUU (Tom Dixon (Education Officer) and Bradley Escorcio (University Affairs Officer)) were replaced on Council by Melissa Owusu and Toke Dahler. Robin Johnson stepped down from the Council's membership on 31 July 2015.

## Members of the Vice-Chancellor's Executive Group 2014/15<sup>3</sup>

**Sir Alan Langlands**  
Vice-Chancellor (Chair)

**Professor John Fisher, CBE**  
Deputy Vice-Chancellor

**Roger Gair**  
University Secretary

**Professor David Hogg**  
Pro-Vice-Chancellor for Research and Innovation

**Martin Holmes**  
Marketing Director

**Dennis Hopper**  
Director of Facilities Management

**Professor Vivien Jones**  
Pro-Vice-Chancellor for Student Education

**Jane Madeley**  
Finance Director

**Linda Mortimer Pine**  
Acting Director of Human Resources

**Professor David Cooper**  
Dean, Faculty of Performance, Visual Arts and Communications

**Professor Andy Dougill**  
Dean, Faculty of Environment

**Professor Frank Finlay**  
Dean, Faculty of Arts

**Professor Jeremy Higham**  
Dean, Faculty of Education, Social Sciences and Law

**Professor Peter Jimack**  
Dean, Faculty of Engineering

**Professor Michael McPherson**  
(Interim Dean to November 2014)

**Professor John Ladbury**  
(from December 2014)  
Dean, Faculty of Biological Sciences

**Professor Peter Moizer**  
Dean, Faculty of Business

**Professor Stephen Scott**  
Dean, Faculty of Mathematics and Physical Sciences

**Professor Paul Stewart**  
Dean, Faculty of Medicine and Health

## Statement of Primary Responsibilities of the Council

Within the framework laid down by the Charter and Statutes, the primary responsibilities of the Council are as follows:

### Corporate strategy

Having regard to the interests of stakeholders:

- to approve or modify the University's mission and objectives, the strategic and operational plans designed to secure those objectives (including academic, financial, physical, staffing and capital strategies), and the underlying values and principles that shape the work of the University;
- to approve the University's annual general revenue budget and the main features of the mechanisms for allocating resources within that budget; and to ensure that the University remains solvent and that, taking one accounting period with another, its total expenditure is not greater than its total income;
- to take steps to ensure that all individuals within the University are treated fairly, with dignity and respect; that the opportunities the University provides are open to all; and that the University provides a safe, supportive and welcoming environment for staff, students and visitors;
- to make such provision as it thinks fit for the general welfare of students, in consultation with the Senate; and
- to initiate remedial action in the event of a systematic failure within the institution to respond adequately to a deterioration in the University's performance, management or reputation.

### Corporate policies

To exercise overall responsibility for the University's assets, property and estate, and specifically:

- as the employing authority for all staff within the institution, to approve or modify the main features of the University's employment policies and procedures;
- to approve or modify the University's policy on health and safety, and other significant University policies and to satisfy itself that arrangements are in place for the implementation of those policies;
- to approve major projects and business proposals, including in particular any projects or proposals with a value of over £3m and any proposals for educational provision overseas;
- to approve the annual statement of accounts; and
- to act as trustees for, or to make appropriate alternative arrangements for the trusteeship of, any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

### Operational management and systems

- To approve or modify the main features of the University's overall governance and management structures, its systems of risk management, internal financial management and control and accountability, and its financial regulations and procedures; and in that regard:
- to approve or modify the overall constitutional and organisational structure and shape of the University, including, subject to the approval of the Privy Council, amendments to the Charter and Statutes;
  - to ensure that systems are in place for meeting all of the University's legal obligations, including those arising from contracts and other commitments made in the University's name;
  - to direct the form, use and custody of the common seal;
  - to appoint the Vice-Chancellor; and, when necessary, to propose his or her removal from office in accordance with the provisions of Statute VII;
  - to make nominations to the office of Chancellor;
  - to appoint the Pro-Chancellor and Deputy Pro-Chancellors;
  - to appoint – and where appropriate, remove from office – the Deputy Vice-Chancellor and the Pro-Vice-Chancellors;
  - to appoint – and where appropriate, remove from office – a secretary to the Council, to safeguard the secretary's ability to carry out the responsibilities of that office, and, having regard to any other managerial responsibilities undertaken by the secretary, to ensure an appropriate separation in the lines of accountability;
  - to appoint lay members of the Council;
  - to remove members of the Council on the basis set out in Statute II;
  - to ensure that University business is conducted in accordance with best

- practice in corporate governance within higher education, and with the principles of public life laid down by the Committee on Standards in Public Life;
- to ensure that funds provided by the Funding Council are used in accordance with the terms and conditions specified in the Memorandum of Assurance and Accountability;
  - to ensure that reasonable arrangements are in place to safeguard the good name and values of the University and to ensure compliance with the University's constitution;
  - to ensure that proper books of accounts are kept, to appoint the University's external and internal auditors and the University's bankers, and to approve the University's banking mandates;
  - to establish, and as necessary review, procedures for handling internal grievances and for managing conflicts of interest;
  - to approve or to amend, as necessary, the terms of the Trust Deeds of any University trusts; and
  - to determine the basis on which any of the Council's functions shall be delegated to committees and individuals, and thereafter to satisfy itself as to the proper and effective discharge of any delegated functions.

### Monitoring of institutional performance

- To monitor and evaluate the performance and effectiveness of the University against approved plans, key performance indicators agreed by the Council and benchmarking data for comparable institutions, and also:
- to monitor the progress of major business projects;
  - to confirm that the performance of the Vice-Chancellor and other executive officers is systematically monitored against institutional objectives and plans; and likewise
  - to establish processes to monitor and evaluate the performance and effectiveness of the Council itself.



We have audited the financial statements of the University of Leeds for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and Note of Historical Cost Surpluses, and the related notes 1 to 37. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Council in accordance with the Memorandum of Assurance and Accountability effective August 2014. Our audit work has been undertaken so that we might state to the Council 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 Council as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the governing body and auditor**

As explained more fully in the Council's Statement of Primary Responsibilities, the Council is responsible for the preparation of the financial statements that give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2015 and of its surplus for the year then ended; and
- 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.

#### **Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice**

In our opinion, in all material respects:

- income from the funding council, the Teaching Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2015 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the Memorandum of Assurance and Accountability, with the funding council, the funding agreement with the Teaching Agency; and
- the requirements of HEFCE's accounts direction have been met.

#### **Deloitte LLP**

Chartered Accountants and Statutory Auditor  
Leeds, England  
26 November 2015

# ANNUAL ACCOUNTS

## Consolidated Income and Expenditure Account for the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
<b>Income</b>			
Funding Council grants	1	97,001	111,773
Tuition fees and education contracts	2	267,770	236,083
Research grants and contracts	3	132,596	132,677
Exceptional Research and Development Expenditure Credit (RDEC)	3	19,544	–
Total research grants and contracts		152,140	132,677
Other operating income	4	113,187	97,655
Endowment income and interest receivable	5	9,551	9,305
Total Income (excludes share of joint ventures £3.0m [2013/14: £3.7m])		639,649	587,493
<b>Expenditure</b>			
Staff costs	6	326,999	316,661
Other operating expenses	7	209,041	200,396
Depreciation	7	39,830	30,051
Interest payable and similar charges	8	1,526	1,757
Total expenditure	7	577,396	548,865
<b>Surplus after depreciation and before tax</b>		<b>62,253</b>	38,628
Share of joint ventures' operating (loss)/profit		(248)	194
Share of associates' operating (loss)/profit		(630)	130
Taxation	9	108	(89)
Exceptional Research and Development Expenditure Credit (RDEC) Taxation	9	(4,414)	–
Total taxation		(4,306)	(89)
<b>Surplus after depreciation and tax, before exceptional items</b>		<b>41,939</b>	38,863
Exceptional Research and Development Expenditure Credit (RDEC) (net of taxation)		15,130	–
<b>Surplus after depreciation, tax and exceptional items</b>		<b>57,069</b>	38,863
(Loss)/profit on disposal of fixed assets	11	(98)	5,617
<b>Surplus on continuing operations after depreciation and tax</b>		<b>56,971</b>	44,480
Transfer to accumulated income within restricted endowments		(493)	(557)
<b>Surplus for the year transferred to reserves</b>		<b>56,478</b>	43,923



# Balance Sheets

as at 31 July 2015

	Note	Consolidated		University	
		2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Fixed assets</b>					
Intangible assets	10	1,518	–	1,518	–
Tangible assets	11	695,351	606,637	684,141	595,149
Investments	12	20,214	22,046	24,933	26,690
Investments in associates	13	–	112	–	–
Investments in joint ventures	14	321	569	–	–
		<b>717,404</b>	629,364	<b>710,592</b>	621,839
<b>Endowment asset investments</b>	15	<b>66,736</b>	65,718	<b>66,736</b>	65,718
<b>Current assets</b>					
Stock		514	568	303	318
Debtors	16	86,696	61,873	90,728	66,385
Investments	17	117,699	185,522	117,699	185,522
Cash at bank and in hand		11,967	11,349	10,285	9,707
		<b>216,876</b>	259,312	<b>219,015</b>	261,932
<b>Creditors: amounts falling due within one year</b>	18	<b>(150,991)</b>	(149,616)	<b>(148,898)</b>	(147,718)
<b>Net current assets</b>		<b>65,885</b>	109,696	<b>70,117</b>	114,214
<b>Total assets less current liabilities</b>		<b>850,025</b>	804,778	<b>847,445</b>	801,771
Creditors: amounts falling due after more than one year	19	(39,273)	(44,321)	(38,719)	(43,360)
Provisions for liabilities	21	(3,874)	(5,074)	(3,875)	(4,974)
Share of associates' net liabilities	13	(443)	–	–	–
<b>Total net assets excluding pension deficit</b>		<b>806,435</b>	755,383	<b>804,851</b>	753,437
Pension deficit	31	(24,273)	(5,748)	(24,273)	(5,748)
<b>Total net assets including pension deficit</b>		<b>782,162</b>	749,635	<b>780,578</b>	747,689

	Note	Consolidated		University	
		2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Deferred capital grants</b>	22	<b>200,276</b>	201,348	<b>200,276</b>	201,348
<b>Endowments</b>					
Permanent	23	64,516	63,890	64,516	63,890
Expendable	23	2,220	1,828	2,220	1,828
		<b>66,736</b>	65,718	<b>66,736</b>	65,718
<b>Reserves</b>					
Income and Expenditure Account		391,160	335,414	389,576	333,468
Pension reserve		(24,273)	(5,748)	(24,273)	(5,748)
Revaluation reserve	25	123,619	128,284	123,619	128,284
Heritage assets reserve		24,644	24,619	24,644	24,619
	24	<b>515,150</b>	482,569	<b>513,566</b>	480,623
<b>Total funds</b>		<b>782,162</b>	749,635	<b>780,578</b>	747,689

The Annual Report and Accounts were approved by Council and authorised for issue on 26 November 2015 and signed on its behalf by:

**Jane Madeley**  
Finance Director

**Sir Alan Langlands**  
Vice-Chancellor

**David Gray**  
Pro-Chancellor and Chair of Council

## Consolidated Cash Flow Statement

for the year ended 31 July 2015

	Note	2014/15 £000	2013/14 £000
Net cash inflow from operating activities	26	35,816	51,798
Returns on investments and servicing of finance	27	1,677	1,317
Tax paid	9	(72)	(72)
Capital expenditure and financial investment	28	(100,170)	(38,868)
Net cash (outflow)/inflow before use of liquid resources and short-term investments		(62,749)	14,175
Management of liquid resources		67,823	(9,793)
Financing	29	(4,456)	(4,401)
<b>Increase/(decrease) in cash</b>	30	<b>618</b>	(19)

### Reconciliation of net cash flow to movement in net funds

		2014/15 £000	2013/14 £000
Increase/(decrease) in cash in the period		618	(19)
(Decrease)/increase in short term investments		(67,823)	9,793
Net decrease in debt	29	4,456	4,401
Movement in net funds in the year		(62,749)	14,175
Net funds at 1 August		155,061	140,886
<b>Net funds at 31 July</b>	30	<b>92,312</b>	155,061

## Consolidated Statement of Total Recognised Gains and Losses

and Note of Historical Cost Surpluses for the year ended 31 July 2015

### Statement of Total Recognised Gains and Losses

	Note	2014/15 £000	2013/14 £000
Surplus for the financial year		56,478	43,923
New endowments	23	108	1,484
Endowment withdrawals	23	(3,386)	–
Endowment income retained for the year	23	717	385
Appreciation of endowment asset investments	23	3,579	1,512
Unrealised surplus on revaluation of tangible fixed assets	25	–	109,735
Unrealised surplus on revaluation of fixed asset investments	25	418	10,504
Actuarial loss on pension assets	31	(24,315)	(8,926)
<b>Total recognised gains relating to the year</b>		<b>33,599</b>	158,617

### Reconciliation

Opening reserves and endowments		548,287	389,670
Total recognised gains for the year		33,599	158,617
<b>Closing reserves and endowments</b>		<b>581,886</b>	548,287

### Note of Historical Cost Surpluses

Surplus for the financial year		56,478	43,923
Realisation of property revaluation gains	25	4,733	–
<b>Historical cost surplus for the year</b>		<b>61,211</b>	43,923



# Statement of Principal Accounting Policies

## 1 Accounting Convention

The Accounts have been prepared under the historic cost convention as modified by the revaluation of endowment asset investments, listed fixed asset investments, heritage assets and certain other fixed assets and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (SORP) and applicable United Kingdom Accounting Standards. All accounting policies have been applied consistently with the prior year.

## 2 Going Concern

The consolidated Accounts are prepared on a going concern basis as per the Corporate Governance report.

## 3 Basis of Consolidation

The consolidated Accounts combine the Accounts of the University, its subsidiary undertakings with a 31 July year end, and one subsidiary undertaking, University of Leeds Farms Limited, with a 30 April year end. Further details of all the subsidiary undertakings are disclosed in the Notes to the Accounts.

Associated companies and joint ventures are accounted for on the net equity and gross equity methods respectively.

The consolidated Accounts do not include the income and expenditure of Leeds University Union as the University does not exert control or dominant influence over policy decisions. The expenditure included in the Income and Expenditure Account of the University relates to the University's contribution to Union activities.

## 4 Recognition of Income

The recurrent grant from the Higher Education Funding Council for England (HEFCE) represents the funding allocation attributable to the current year and is credited directly to the Income and Expenditure Account.

Tuition fees represent fees attributable to the current financial year and are recognised as services are provided.

Research grants, and other income which is designated by a donor for specific purposes, are 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 and endowments is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the terms of the endowment is transferred from the Income and Expenditure Account to restricted endowments.

Other income is recognised as goods/services are provided.

## 5 Pension Schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and, for support staff, there is a choice between the University of Leeds Defined Contribution Plan (DC Plan) or the University of Leeds Pension and Assurance Scheme (PAS). Under auto enrolment regulations the DC Plan is the default scheme for support staff.

USS and PAS are defined-benefit schemes which are externally funded and contracted out of the State Second Pension Scheme. The funds are valued every three years by actuaries using the Projected Unit Method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to institutional members due to the mutual nature of the Scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

For the other defined benefit scheme, PAS, the cost of providing benefits is determined using the Projected Unit Method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised outside the Income and Expenditure Account and presented in the Statement of Total Recognised Gains and Losses.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pension deficit recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and the pension asset represents the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refund and reductions in future contributions to the scheme.

## 6 Foreign Currencies

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## 7 Operating Leases

Costs in respect of operating leases are charged evenly over the lease term.

## 8 Finance Leases

Leasing agreements that transfer substantially all the risks and rewards of ownership of an asset to a third party are treated as if the asset had been disposed of. Any lease premiums receivable are spread over the life of the lease.

## 9 Intangible Assets

All development and licence costs for software over £25,000 are capitalised at cost and amortised over four years.

## 10 Land and Buildings

Residential Land and Buildings were revalued in 2013/14 and are stated at market value. All other land and buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed. Buildings are depreciated in equal instalments over their expected useful lives as follows:

Academic buildings	50 years
Residences	30 years
Laboratories and lecture theatres	30 years
Other building refurbishment	10 years

## 11 Equipment

In the accounts of the University, but not the subsidiary undertakings, individual items or groups of related items costing less than £25,000 are written off in the year of acquisition. All other equipment is capitalised.

In the accounts of the University, capitalised equipment is stated at cost and depreciated in equal instalments over its expected useful life, as follows:

Computing equipment	4 years
Equipment acquired for specific research projects	project life
Other equipment	10 years
Motor vehicles	4 years

## 12 Deferred Capital Grants

Where tangible fixed assets are acquired with the aid of specific grants they are capitalised and depreciated over their expected useful lives. The related grants are treated as deferred capital grants and released to income in line with depreciation of the assets (the period of the grant in respect of specific research projects).

## 13 Heritage Assets

Works of art and other valuable artefacts valued at over £25,000 have been capitalised and recognised at their cost or value where reasonably obtainable.

Heritage assets are not depreciated as their long economic life and high residual value mean that any depreciation would not be material.

## 14 Investments

Endowment asset investments are included in the Balance Sheet at market value. Current asset investments are included at the lower of cost and net realisable value.

Investments in subsidiaries are shown at the lower of cost and net realisable value.

Listed fixed asset investments are stated at market value. Appreciation/depreciation is added to or subtracted from the revaluation reserve via the Statement of Total Recognised Gains and Losses.

## 15 Stock

Except for farming stock which is professionally valued, stock is stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes all direct costs incurred. Net realisable value is based on estimated selling price allowing for all further costs.

## 16 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, sterling liquidity funds and other on-call deposit accounts. They exclude any such assets held as endowment asset investments.

## 17 Maintenance of Premises

The University has a rolling maintenance plan which is reviewed periodically. The cost of routine maintenance is charged to the Income and Expenditure Account as incurred.

## 18 Taxation Status

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 (formerly schedule 2 of the Charities Act 1993) and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Institution is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA2009 and sections 471, and 478-488 CTA 2010 (formerly s505 of ICTA 1988) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The Institution receives no similar exemption in respect of Value Added Tax (VAT). Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

## 1 Funding council grants

	2014/15 £000	2013/14 £000
<b>Recurrent grant</b>	<b>80,653</b>	93,849
<b>Specific grants</b>		
Higher Education Innovation Fund	3,239	3,365
Widening Participation	2,370	4,293
JISC funding	431	650
Postgraduate Support Scheme	416	–
Revolving Green Fund	237	–
Equipment and furniture	9	78
Teaching & Learning Capital	50	2
Matched funding scheme for voluntary giving	(9)	(152)
HEFCE Capital	–	31
Other (less than £0.5m each)	145	81
<b>Released from deferred capital grants</b>		
Buildings	7,908	7,532
Equipment	1,552	2,044
	<b>97,001</b>	111,773

The funding council is the Higher Education Funding Council for England (HEFCE).

## 2 Tuition fees and education contracts

Full-time home and EU students	153,890	129,127
Full-time international students	76,034	68,837
Part-time home and EU students	4,324	4,112
Part-time international students	774	1,006
Research training support grants	12,028	10,946
Short course fees	9,238	9,490
NHS teaching contract	11,482	12,565
	<b>267,770</b>	236,083

## 3 Research grants and contracts

	2014/15 £000	2013/14 £000
Research Councils	42,901	37,531
UK based charities	18,553	20,904
UK Government	29,728	35,127
UK industry	8,510	9,634
European Commission	17,822	17,667
Other grants and contracts	9,167	6,735
Released from deferred capital grants		
Buildings	88	88
Equipment	5,827	4,991
	<b>132,596</b>	132,677
Research and Development Expenditure Credit (RDEC)	19,544	–
	<b>152,140</b>	132,677

The RDEC exceptional income has arisen due to changes in legislation which made Universities eligible to claim Research and Development Expenditure Credit for qualifying research expenditure incurred in the final 4 months of 2012/13, the full year of 2013/14 and the full year of 2014/15. In the Summer Finance Bill, Universities and other charitable organisations were made ineligible to claim RDEC for periods from 1 August 2015. The income recognised relates to the actual claim for the 4 months ended 31 July 2013, and the estimated claims for the University of Leeds between 1 August 2013 and 31 July 2015. No income was recognised in previous years due to uncertainty which existed at that time in respect of the eligibility of the University to RDEC claims.

## 4 Other operating income

Residences, catering and conferences	52,769	49,415
Health authorities	13,163	12,661
Donations	4,295	2,549
Subscriptions	2,923	2,797
Grants	11,771	10,736
Other income	27,049	18,376
Released from deferred capital grants		
Buildings	1,069	980
Equipment	148	141
	<b>113,187</b>	97,655

## 5 Endowment income and interest receivable

Income from expendable endowments	34	211
Income from permanent endowments	2,017	2,219
Income from short-term investments	758	935
Other investment income	42	45
Other net finance income from pension scheme assets and liabilities	6,674	5,869
Released from deferred capital grants		
Buildings	7	7
Equipment	19	19
	<b>9,551</b>	9,305



6 Staff

	2014/15 Number	2013/14 Number
<b>Average staff numbers (full-time equivalents) by major category</b>		
Academic/Teaching	1,917	1,862
Research	1,030	989
Management/Professional Support	1,219	1,219
	<b>2,577</b>	2,511
	<b>6,743</b>	6,581
	<b>£000</b>	£000
<b>Staff costs</b>		
Wages and salaries	265,461	254,379
Social security costs	20,997	20,203
Pension costs (including FRS 17)	38,812	39,129
Severance payments	2,376	1,868
Restructuring	(647)	1,082
	<b>326,999</b>	316,661
Costs included within provisions (see Note 21) to the extent they have not been settled at 31 July:		
Restructuring – exceptional staff costs	1,033	2,524
Early retirement schemes	575	903
Other staff provisions	–	26
<b>Senior post-holders' emoluments</b>		
Emoluments of the Vice-Chancellor (Sir Alan Langlands) from October 2013		
Salary	278	232
Benefits in kind as assessed for HMRC purposes	–	–
	<b>278</b>	232
Employer contributions to defined benefit scheme	7	6
<b>Total</b>	<b>285</b>	238
Emoluments of the Vice-Chancellor (Professor Michael Arthur) to August 2013		
Salary	–	27
Benefits in kind as assessed for HMRC purposes	–	–
	–	27
Employer contributions to defined benefit scheme	–	–
<b>Total</b>	–	27

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff and represent in year earnings.

Sir Alan Langlands joined the University in October 2013 and therefore emoluments in 2013/14 represent 10 months' salary.

Professor Michael Arthur (Vice-Chancellor 2004-2013) left the University in August 2013 and emoluments in 2013/14 represent 1 month's salary.

6 Staff (continued)

	2014/15 Number	2013/14 Number
<b>Remuneration of other higher paid staff, excluding employer's pension contributions</b>		
£100,000 – £109,999	29	30
£110,000 – £119,999	18	15
£120,000 – £129,999	16	15
£130,000 – £139,999	10	11
£140,000 – £149,999	7	10
£150,000 – £159,999	8	9
£160,000 – £169,999	12	10
£170,000 – £179,999	6	5
£180,000 – £189,999	5	4
£190,000 – £199,999	4	4
£200,000 – £209,999	4	6
£210,000 – £219,999	2	3
£220,000 – £229,999	3	2
£230,000 – £239,999	3	1
£240,000 – £249,999	1	1
£260,000 – £269,999	1	–
£380,000 – £389,999 <sup>(1)</sup>	–	1
	<b>129</b>	127

Higher paid staff included 73 (2013/14: 72) clinical staff and 56 (2013/14: 55) non-clinical staff.

The majority of clinical academic staff also work within the local NHS Trusts and their salaries are recharged proportionally to the time spent on clinical duties. The above figures reflect their gross remuneration before any recharge.

Compensation for loss of office paid (or payable) to employees earning in excess of £100,000 per annum is a maximum potential liability of £92,745 (2014: £215,000).

<sup>(1)</sup> This level of salary has been driven by the employee's share of intellectual property commercialisation proceeds in line with University policy. A one-off payment of £105,000 in 2013/14 relates to commercial activity from 2007 to 2014.

## 7 Analysis of expenditure

	Staff costs £000	Other operating expenses £000	Depreciation £000	Interest payable £000	2014/15 Total £000	2013/14 Total £000
Academic departments	185,290	43,244	4,572	–	<b>233,106</b>	208,784
Research grants and contracts	68,835	60,695	4,756	–	<b>134,286</b>	134,334
<b>Total teaching and research</b>	<b>254,125</b>	<b>103,939</b>	<b>9,328</b>	<b>–</b>	<b>367,392</b>	343,118
Administration and Corporate Services	49,956	28,284	1,520	–	<b>79,760</b>	84,211
Premises	11,673	40,068	17,622	–	<b>69,363</b>	64,021
Residences, catering and conferences	10,658	36,564	11,319	1,526	<b>60,067</b>	49,764
Other expenses	2,379	186	41	–	<b>2,606</b>	6,361
Exceptional items	–	–	–	–	–	1,082
FRS 17 adjustment	(1,792)	–	–	–	<b>(1,792)</b>	308
<b>Total</b>	<b>326,999</b>	<b>209,041</b>	<b>39,830</b>	<b>1,526</b>	<b>577,396</b>	548,865

### Other operating expenses

Equipment purchases and maintenance	<b>23,394</b>	15,867
Estate repairs and maintenance	<b>6,799</b>	11,261
Consumables and laboratory expenditure	<b>23,671</b>	22,353
Printed materials, books and periodicals	<b>8,635</b>	8,494
Printing, stationery and office expenses	<b>4,863</b>	5,336
Travel and subsistence	<b>11,299</b>	11,865
Fellowships, scholarships and prizes	<b>48,600</b>	43,642
Heat, light, water and power	<b>11,538</b>	16,533
Rent, rates and insurance	<b>16,047</b>	18,041
Grants to student union	<b>2,500</b>	2,047
Fees and expenses	<b>44,682</b>	38,771
Recruitment, training and welfare	<b>4,037</b>	4,017
Auditor's remuneration in respect of audit services	<b>102</b>	106
Auditor's remuneration in respect of tax services	<b>217</b>	26
Auditor's remuneration in respect of other services	<b>27</b>	62
Other expenses	<b>2,630</b>	1,975
	<b>209,041</b>	200,396
Equipment purchases and maintenance includes payment under operating leases in respect of equipment	<b>471</b>	402
Rent, rates and insurance includes payment under operating leases in respect of buildings	<b>12,948</b>	14,872
Fees and expenses include contracted internal audit fees	<b>160</b>	134

### Trustees

During the year, no trustee received or waived any remuneration for serving as a trustee.

The total expenses paid to six trustees were £5k (2013/14: £4k to three trustees). This represents travel and subsistence expenses incurred in attending Council meetings, conferences and events in their official capacity as Council members.

## 8 Interest payable and similar charges

	2014/15 £000	2013/14 £000
Interest payable on bank loans	<b>1,526</b>	1,757

## 9 Taxation

### Current Tax

UK Corporation tax on profit for the year  
Adjustment in respect of previous years

**101**  
**(31)**

68  
2

### Deferred Tax

Origination and reversal of timing differences

**70**

70

**(178)**

19

**(108)**

89

UK Corporation tax on Research and Development Expenditure Credit (RDEC) for the year  
Adjustment in respect of previous years

**1,915**  
**2,499**

–  
–

Total Exceptional Research and Development Expenditure Credit (RDEC) tax charge

**4,414**

–

### Total tax charge in the year

**4,306**

89

### Tax paid in the year

**72**

72

## 10 Intangible assets

	Consolidated and University £000
<b>Cost</b>	
At 1 August 2014	–
Additions	1,518
At 31 July 2015	1,518
<b>Amortisation</b>	
At 1 August 2014	–
Charge for the year	–
At 31 July 2015	–
<b>Net book value at 31 July 2015</b>	<b>1,518</b>
Net book value at 31 July 2014	–



## 11 Tangible assets

	Consolidated			Total £000
	Freehold Land and Buildings £000	Equipment £000	Heritage Assets £000	
<b>Cost or valuation</b>				
At 1 August 2014	694,481	112,798	25,672	<b>832,951</b>
Additions	111,587	17,252	456	<b>129,295</b>
Disposals	(350)	(6,393)	–	<b>(6,743)</b>
At 31 July 2015	805,718	123,657	26,128	<b>955,503</b>
<b>Depreciation</b>				
At 1 August 2014	149,531	76,783	–	<b>226,314</b>
Charge for the year	28,568	11,262	–	<b>39,830</b>
Eliminated on disposals	–	(5,992)	–	<b>(5,992)</b>
At 31 July 2015	178,099	82,053	–	<b>260,152</b>
<b>Net book value at 31 July 2015</b>	<b>627,619</b>	<b>41,604</b>	<b>26,128</b>	<b>695,351</b>
Net book value at 31 July 2014	544,950	36,015	25,672	606,637

	University			Total £000
	Freehold Land and Buildings £000	Equipment £000	Heritage Assets £000	
<b>Cost or valuation</b>				
At 1 August 2014	680,812	108,335	25,672	<b>814,819</b>
Additions	111,572	16,905	456	<b>128,933</b>
Disposals	(350)	(6,376)	–	<b>(6,726)</b>
At 31 July 2015	792,034	118,864	26,128	<b>937,026</b>
<b>Depreciation</b>				
At 1 August 2014	145,891	73,779	–	<b>219,670</b>
Charge for the year	28,288	10,901	–	<b>39,189</b>
Eliminated on disposals	–	(5,974)	–	<b>(5,974)</b>
At 31 July 2015	174,179	78,706	–	<b>252,885</b>
<b>Net book value at 31 July 2015</b>	<b>617,855</b>	<b>40,158</b>	<b>26,128</b>	<b>684,141</b>
Net book value at 31 July 2014	534,921	34,556	25,672	595,149

At 31 July 2015, freehold land and buildings at cost included £29.5m (2014: £51.3m) and equipment at cost included £6.2m (2014: £4.9m), in respect of assets under construction.

Included in freehold land and buildings is land valued at £42.6m which is not depreciated (2014: £43.4m).

Freehold residential land and buildings were professionally valued by Hague Nicholls, Chartered Surveyors on the basis of market value on 31 July 2014. Prior to the revaluation they were held at a combined book value of £66.6m and subsequently as land £35.8m and buildings £140.5m. The revaluation was conducted as the majority of the University's residential estate was significantly undervalued.

## HERITAGE ASSETS

The University has been fortunate to receive donations of a variety of cultural items and collections for over 100 years. Many items have also been purchased to augment existing collections and/or add to the variety of items within a special area of interest. Most of these purchases have been funded by benefaction.

Heritage Assets are held at market value established by specialist University personnel. Heritage Assets include many unique items (and collections), such as hand-written manuscripts and original art works, the current value of which can only be estimated, as they cannot be matched to identical items available on the market. Many other items are extremely rare, though not unique, and identical items may not appear on the market for decades.

Heritage Assets are classified into three main categories: Special collections, Art collections and University of Leeds International Textile Archive (ULITA).

### Special collections

The Special collections contain individual items and constituent collections consisting primarily of books and manuscripts. Constituent collections are characterised as such when their contents are acquired together from a single source or when they are generally used in association with each other, for example, the 'archive' of an organisation or person.

### Art collections

The Art collections consist of individual paintings and drawings, collections of drawings, and sculptures.

### ULITA

This category consists of tapestries, pattern books, stencils and fibre collections.

### Preservation and management

The custodianship of these items has been given to specific areas and persons for their care and maintenance.

All the collections are valued for insurance purposes at £30m. In addition, collections are held for other organisations for custodial purposes, notably Ripon Cathedral's heraldry collection, and these are insured separately.

	Special collections £000	Art collections £000	ULITA £000	2014/15 Total £000	2013/14 Total £000
At 1 August	19,625	5,522	525	<b>25,672</b>	25,607
Additions	298	158	–	<b>456</b>	65
<b>At 31 July</b>	<b>19,923</b>	<b>5,680</b>	<b>525</b>	<b>26,128</b>	25,672
	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
<b>Purchases</b>					
Special collections	<b>298</b>	65	115	121	176
Art collections	<b>133</b>	–	–	–	–
<b>Donations</b>					
Art collections	<b>25</b>	–	–	–	–
<b>Total Additions</b>	<b>456</b>	65	115	121	176

## (LOSS)/PROFIT ON DISPOSAL OF FIXED ASSETS

	2014/15 Total £000	2013/14 Total £000
Residential properties	–	3,072
Other tangible fixed assets	<b>(166)</b>	1
Fixed asset investments	<b>68</b>	366
Associates	–	2,178
	<b>(98)</b>	5,617

## 12 Fixed asset investments

	Consolidated £000	University £000
<b>Investments in subsidiary undertakings</b>		
Cost at 1 August 2014 and 31 July 2015	–	4,644
<b>Other fixed asset investments</b>		
Cost or valuation at 1 August 2014	22,046	22,046
Additions	151	226
Disposals	(2,475)	(2,475)
SORP adjustment	74	74
Revaluation of listed investments	418	418
Cost or valuation at 31 July 2015	20,214	20,289
<b>Total investments</b>		
<b>At 31 July 2015</b>	<b>20,214</b>	<b>24,933</b>
At 1 August 2014	22,046	26,690

Details of the trading companies, all registered in England, in which the University held directly or indirectly more than 50% of the nominal value of any class of share capital are as follows:

Name of company	Percentage holding	Nature of business
<b>Subsidiary Undertakings</b>		
Leeds Innovation Centre Ltd	100%	Business accommodation and facilities management
University of Leeds Farms Ltd	100%	Farming
University of Leeds IP Ltd	100%	Intellectual property management
Weetwood Hall Ltd	100%	Hotel and conference centre
Leeds Ventures Ltd	100%	Advisory services for the University's customers in China and Malaysia
Bright Beginnings Childcare Centre Leeds	100%	Childcare facilities and services

## 13 Investments in associates

Details of the other trading companies, all registered in England, in which the University holds directly or indirectly 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Percentage holding	Nature of business
<b>Associated Undertakings</b>		
Keracol Ltd	50%	Functional, natural, sustainable cosmetics
Instrumentel Ltd	37%	Technology for remote telemetry in hostile environments
Workscreen Ltd	36%	Sickness absence support and advisory service
Relitect Ltd	34%	Multiplexed electrochemical biosensors
Free Running Buildings Ltd	30%	Passive ventilation cooling systems
Ultramatis Ltd	30%	Ultrafast lasers to functionalise glass
Quantum Imaging Ltd	25%	Medical magnetometry
Glass Manufacturing Services Ltd	24%	Specialist glass supplier for commercial and industrial use
C-Capture Ltd	23%	CO2 green technology for coal-powered stations
Glucosense Diagnostics Ltd	23%	Non-invasive glucose sensors
Resuspod Ltd	21%	Solutions to medical emergency management in dental practice
Escubed Ltd	20%	Particle characterisation services to pharmaceutical industries

	Consolidated	
	2014/15 £000	2013/14 £000
<b>Movement in year</b>		
Balance at 1 August	112	612
Sale of shareholding	–	(630)
New associates	(269)	109
Dilution of shareholding	(16)	(31)
Share of (loss)/profit in year	(270)	52
<b>Balance at 31 July</b>	<b>(443)</b>	112



## 14 Investments in joint ventures

The University holds shares of joint venture companies as follows:

Name of company	Percentage holding	Nature of business
<b>Joint Ventures</b>		
Myscience.co Ltd	25%	Continuous professional development for science teachers and technicians
Leeds Boathouse Ltd	25%	Rowing club partnership
N8 Ltd	13%	Enabling northern businesses to access world-class knowledge to gain a significant competitive advantage
Worldwide Universities Network	5%	Collaboration of Universities to achieve international objectives in research and graduate education

Joint ventures' financial summary – University share	Consolidated	
	2014/15 £000	2013/14 £000
<b>Income and Expenditure Account</b>		
Income	2,975	3,704
Surplus/(deficit) before tax	14	(53)
<b>Balance Sheet</b>		
Fixed assets	600	592
Current assets	744	1,116
	<b>1,344</b>	1,708
Creditors: amounts falling due within one year	(674)	(728)
Creditors: amounts falling due after more than one year	(349)	(411)
	<b>(1,023)</b>	(1,139)
Share of net assets	<b>321</b>	569

## 15 Endowment asset investments

	Consolidated and University	
	2014/15 £000	2013/14 £000
At 1 August	65,718	62,337
Additions	10,306	8,004
Disposals	(12,759)	(8,101)
Appreciation on revaluation	3,579	1,512
(Decrease)/increase in cash balances	(108)	1,966
<b>At 31 July</b>	<b>66,736</b>	65,718
Represented by:		
Fixed interest stocks	14,169	14,413
Equities	44,667	43,509
Property	2,574	2,362
Cash balances	5,326	5,434
	<b>66,736</b>	65,718

Subsequent to the Balance Sheet date, stock market performance has declined. The market value of the endowments portfolio had reduced by £1.4m at 31 October 2015.

## 16 Debtors

	Consolidated		University	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Amounts falling due within one year</b>				
Sponsored research in progress	25,464	14,121	25,464	14,121
Trade debtors	26,887	28,922	25,825	28,357
Amounts owing from subsidiary undertakings	–	–	2,011	1,814
Prepayments and accrued income	34,241	15,758	34,142	15,523
Deferred tax asset	104	–	–	–
<b>Amounts falling due after more than one year</b>				
Amounts owing from subsidiary undertakings	–	–	3,286	3,498
Prepayments and accrued income	–	3,072	–	3,072
	<b>86,696</b>	61,873	<b>90,728</b>	66,385

## 17 Investments

	Consolidated and University	
	2014/15 £000	2013/14 £000
Short-term deposits	117,699	185,522

At 31 July 2015 the weighted average interest rate of these fixed rate deposits was 0.5% per annum and the remaining weighted average period for which the interest rate was fixed on these deposits was 43 days. The fair value of these deposits was not materially different to the book value.

## 18 Creditors: amounts falling due within one year

	Consolidated		University	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Bank loans	4,516	4,456	4,108	4,048
Research grants received on account	54,859	54,140	54,859	54,140
Trade creditors	25,725	31,473	25,204	31,013
Social security and other taxation payable	6,835	7,097	6,712	6,827
Corporation tax	4,557	–	4,626	–
Accruals and deferred income	54,499	52,450	53,344	51,600
Amounts owing to subsidiary companies	–	–	45	90
	<b>150,991</b>	149,616	<b>148,898</b>	147,718

## 19 Creditors: amounts falling due after more than one year

Bank loans	32,838	37,354	32,284	36,393
Deferred income	6,435	6,967	6,435	6,967
	<b>39,273</b>	44,321	<b>38,719</b>	43,360

## 20 Borrowings

	Consolidated		University	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Bank loans are repayable as follows</b>				
In one year or less	4,516	4,456	4,108	4,048
Between one and two years	4,582	4,516	4,173	4,108
Between two and five years	13,141	13,303	12,996	12,750
In five years or more	15,115	19,535	15,115	19,535
	<b>37,354</b>	41,810	<b>36,392</b>	40,441

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2015 and 10 February 2030 and are secured either on a portion of the freehold land and buildings of the Group or by a negative pledge over the University's assets.

## 21 Provisions for liabilities

	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
<b>Total provisions for liabilities</b>				
At 1 August	5,074	3,428	4,974	3,353
Transferred from income and expenditure	2,975	3,418	2,976	3,393
Utilised in the year	(4,175)	(1,772)	(4,075)	(1,772)
<b>At 31 July</b>	<b>3,874</b>	5,074	<b>3,875</b>	4,974
<b>Restructuring – exceptional staff costs</b>				
At 1 August	2,524	1,773	2,524	1,773
Transferred (to)/from income and expenditure	(647)	1,082	(647)	1,082
Utilised in the year	(844)	(331)	(844)	(331)
<b>At 31 July</b>	<b>1,033</b>	2,524	<b>1,033</b>	2,524
<b>Early retirement of employees (Premature Retirement Terms)</b>				
At 1 August	419	363	419	363
Transferred from income and expenditure	393	440	393	440
Utilised in the year	(696)	(384)	(696)	(384)
<b>At 31 July</b>	<b>116</b>	419	<b>116</b>	419
<b>Early retirement of employees (Mobility Incentive Scheme)</b>				
At 1 August	484	397	484	397
Transferred from income and expenditure	1,488	1,144	1,488	1,144
Utilised in the year	(1,513)	(1,057)	(1,513)	(1,057)
<b>At 31 July</b>	<b>459</b>	484	<b>459</b>	484
<b>Other (including deferred taxation)</b>				
At 1 August	1,647	895	1,547	820
Transferred from income and expenditure	1,741	752	1,742	727
Utilised in the year	(1,122)	–	(1,022)	–
<b>At 31 July</b>	<b>2,266</b>	1,647	<b>2,267</b>	1,547

The above provisions, subject to an annual review, are expected to be utilised within the next three years.

## 22 Deferred capital grants

	Consolidated and University		
	Funding Council £000	Other grants £000	2014/15 Total £000
At 1 August 2014			
Buildings	144,387	41,940	186,327
Equipment	5,179	9,842	15,021
	149,566	51,782	201,348
<b>Grants received</b>			
Buildings	6,397	1,600	7,997
Equipment	(57)	7,606	7,549
	6,340	9,206	15,546
<b>Released to Income and Expenditure Account</b>			
Buildings	(7,908)	(1,164)	(9,072)
Equipment	(1,552)	(5,994)	(7,546)
	(9,460)	(7,158)	(16,618)
<b>At 31 July 2015</b>			
Buildings	142,876	42,376	185,252
Equipment	3,570	11,454	15,024
	146,446	53,830	200,276

## 23 Endowments

	Consolidated and University				2014/15 Total £000	2013/14 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000		
At 1 August						
Capital	19,510	40,979	60,489	1,792	62,281	59,457
Accumulated income	–	3,401	3,401	36	3,437	2,880
	19,510	44,380	63,890	1,828	65,718	62,337
New endowments	–	53	53	55	108	1,484
Withdrawals	–	(3,386)	(3,386)	–	(3,386)	–
Investment income	736	1,510	2,246	29	2,275	2,258
Expenditure	(696)	(827)	(1,523)	(35)	(1,558)	(1,873)
	40	683	723	(6)	717	385
Appreciation of endowment asset investments	1,143	2,093	3,236	343	3,579	1,512
<b>At 31 July</b>	<b>20,693</b>	<b>43,823</b>	<b>64,516</b>	<b>2,220</b>	<b>66,736</b>	65,718
Represented by:						
Capital	20,693	39,940	60,633	2,173	62,806	62,281
Accumulated income	–	3,883	3,883	47	3,930	3,437
	20,693	43,823	64,516	2,220	66,736	65,718



## 24 Reserves

	Consolidated		University	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
At 1 August	482,569	327,333	480,623	325,301
Surplus for the year	56,478	43,923	56,840	44,009
Actuarial loss on pension scheme assets	(24,315)	(8,926)	(24,315)	(8,926)
Revaluation of fixed asset investments	418	10,504	418	10,504
Revaluation of tangible fixed assets	–	109,735	–	109,735
<b>At 31 July</b>	<b>515,150</b>	<b>482,569</b>	<b>513,566</b>	<b>480,623</b>

## 25 Revaluation reserve

	Consolidated and University	
	2014/15 £000	2013/14 £000
At 1 August	128,284	9,264
Revaluation in year on fixed asset investments	418	10,504
Revaluation in year on tangible fixed assets	–	109,735
Realised revaluation surplus	(4,733)	–
Disposals in year	(350)	(1,219)
<b>At 31 July</b>	<b>123,619</b>	<b>128,284</b>

## 26 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	Consolidated	
	2014/15 £000	2013/14 £000
Surplus on continuing operations after depreciation	61,277	44,569
Share of associates' and joint ventures' operating losses/(profits)	803	(324)
Depreciation	39,830	30,051
Loss/(profit) on disposal of fixed assets	98	(5,617)
Deferred capital grants released to income	(16,618)	(15,802)
Endowment income and interest receivable	(9,551)	(9,305)
Interest payable and similar charges	1,526	1,757
FRS 17 adjustment	884	2,135
Decrease/(increase) in stock	54	(73)
(Increase)/decrease in debtors	(37,641)	6,136
Decrease in creditors	(3,720)	(3,356)
(Decrease)/increase in provisions	(1,126)	1,627
<b>Net cash inflow from operating activities</b>	<b>35,816</b>	<b>51,798</b>

## 27 Returns on investments and servicing of finance

	Consolidated	
	2014/15 £000	2013/14 £000
Income from endowments	2,275	2,258
Income from short-term investments	978	844
Interest and similar charges paid	(1,576)	(1,785)
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>1,677</b>	<b>1,317</b>

## 28 Capital expenditure and financial investment

Payments to acquire fixed assets	(130,964)	(62,026)
Payments to acquire endowment securities	(10,306)	(8,004)
Decrease/(increase) in endowment cash balances	108	(1,966)
Receipts from sales of fixed assets	11,363	7,844
Receipts from sales of endowment securities	12,759	8,101
Deferred capital grants received	20,148	15,699
Withdrawal of endowments	(3,386)	–
New endowments received	108	1,484
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(100,170)</b>	<b>(38,868)</b>

## 29 Analysis of changes in consolidated financing during the year

Mortgages and Loans			
At 1 August		41,810	46,211
Capital repayments		(4,456)	(4,401)
<b>At 31 July</b>		<b>37,354</b>	<b>41,810</b>

## 30 Analysis of changes in net funds

	At 1 August 2014 £000	Cash Flows £000	Other Changes £000	At 31 July 2015 £000
Cash at bank and in hand	11,349	618	–	11,967
Debt due within one year	(4,456)	4,456	(4,516)	(4,516)
Debt due after one year	(37,354)	–	4,516	(32,838)
Current asset investments	185,522	(67,823)	–	117,699
	155,061	(62,749)	–	92,312

### 31 Pension schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and, for Support Staff, there is a choice between The University of Leeds Defined Contribution Plan (DC Plan) or the University of Leeds Pension and Assurance Scheme (PAS). The assets of the schemes are held in separate trustee-administered funds. USS and PAS are defined-benefit schemes which are externally funded and are valued every three years by actuaries, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

The DC Plan, which was introduced from 1 March 2013, is the main auto-enrolment vehicle for University support staff. The investment of scheme contributions for the DC Plan is managed by The People's Pension.

The University also contributes to the Teachers' Pension Scheme (TPS) which has 15 members, and the National Health Service (NHS) Pension Scheme which has 170 members, both multi-employer schemes.

#### Total pension cost for the University and its subsidiary undertakings

	2014/15 £000	2013/14 £000
USS	27,739	26,966
PAS	5,465	4,591
DC Plan	462	416
Other pension schemes	1,592	1,609
<b>Total pension cost</b>	<b>35,258</b>	33,582

#### Universities Superannuation Scheme (USS)

USS is a defined benefit scheme for Academic, Academic-Related and Professional Staff of all pre-1992 UK Universities and some other employers. It is a multi-employer scheme for which it is not possible to identify assets and liabilities to institutional members due to the mutual nature of the scheme, and therefore has been accounted for as a defined contribution scheme.

Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2014 and identified a significant deficit. Following consultation with members the trustees agreed a revised benefit structure, which will be implemented with effect from 1 April 2016. The final salary section of the scheme will close with effect from 31 March 2016 and all final salary section members will join the Career Revalued Benefits Section (CRB) from 1 April 2016. From this date the accrual rate in the CRB section will be 1/75 for pensions and 3/75 for lump sums. There will be a salary cap of £55,000 applied with effect from 1 October 2016. Any contributions paid on salaries above this cap will be invested in a new defined contributions (DC) section of the scheme.

All scheme members will have the opportunity of contributing additional amounts to the DC section, with the first 1% of the employee DC contribution being matched by a 1% employer contribution.

Taking into account the revised benefit basis, the results of the valuation identified a funding level of 89% and a deficit of £5.3bn.

#### USS contributions

	Final salary		CRB	
	Employee	Employer	Employee	Employer
Pre 1 April 2016	7.50%	16.00%	6.50%	16.00%
Post 1 April 2016	Closed	Closed	8.00%	18.00%

#### University of Leeds Pension and Assurance Scheme (PAS)

PAS is a defined benefit scheme for support and technical staff within the University. Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2014.

The results of the PAS Valuation showed a funding level of 111% and a surplus of £35.1m.

#### PAS contributions

	Final salary		CRB	
	Employee	Employer	Employee	Employer
Pre 1 April 2016	7.50%	18.15%	6.50%	18.15%
Post 1 April 2016	7.50%	16.00%	6.50%	16.00%

A contribution rate of 0.5% applies to provide death in service cover within PAS for members of the DC Plan. The University will continue to pay the PPF levy, the cost of benefit augmentations and the cost of any ill health early retirements.

PAS final salary members who are promoted to a USS eligible grade are now permitted, under USS rules, and with the agreement of the University, to remain in PAS. Members are made aware of this choice. The pension expense charged to the Income and Expenditure Account makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses (STRGL) in the year that they occur.

#### University of Leeds Defined Contribution Pension Plan (DC Plan)

To comply with Pensions Automatic Enrolment legislation, from 1 March 2013 the University introduced a new defined contribution plan, the University of Leeds Defined Contribution Plan (DC Plan). This is the default scheme for all new eligible support staff employees, although they can still opt to join the CARE section of PAS within a limited period of joining the University.

The DC Plan had 525 contributing members at 31 July 2015. The default contribution rate is 3% member and 6% employer. Some members pay a higher contribution rate and this is matched by the University, up to a maximum 10% employer contribution.



31 Pension schemes (continued)

	2014/15 £000	2013/14 £000
<b>Change in benefit obligation</b>		
Benefit obligation at 1 August	360,469	327,082
Current service cost	12,139	13,487
Interest cost	15,006	14,819
Plan participants' contributions	293	1,693
Actuarial losses	28,599	12,683
Benefits paid	(10,162)	(9,295)
Benefit obligation at 31 July	406,344	360,469
<b>Analysis of defined benefit obligation</b>		
Plans that are wholly or partly funded	406,344	360,469
<b>Change in plan assets</b>		
Fair value of plan assets at 1 August	354,721	326,526
Expected return on plan assets	21,680	20,688
Actuarial gains	4,284	3,757
Employer contribution	11,255	11,352
Plan participants' contributions	293	1,693
Benefits paid	(10,162)	(9,295)
Fair value of plan assets at 31 July	382,071	354,721
<b>Funded status</b>		
Net amount recognised	(24,273)	(5,748)
<b>Amounts in the balance sheet</b>		
Liabilities	(406,344)	(360,469)
Assets	382,071	354,721
Net liabilities	(24,273)	(5,748)
<b>Components of pension cost</b>		
Current service cost	12,139	13,487
Interest cost	15,006	14,819
Expected return on plan assets	(21,680)	(20,688)
	5,465	7,618
<b>Actuarial losses immediately recognised</b>	24,315	8,926
<b>Total actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses</b>		
Cumulative actuarial losses immediately recognised	99,451	73,737

	31 July 2015	31 July 2014
<b>Plan assets</b>		
Weighted-average asset allocation		
Equities	72.0%	72.0%
Property	10.0%	11.0%
Bonds and other	18.0%	17.0%
	100.0%	100.0%

	31 July 2015		31 July 2014		31 July 2013	
	%	£000	%	£000	%	£000
<b>Assets in PAS and expected rate of return</b>						
Equities	7.25%	274,495	7.20%	254,228	7.30%	238,195
Property	7.25%	39,196	7.20%	38,042	7.30%	33,877
Bonds and cash	3.00%	68,380	3.60%	62,451	3.80%	54,454
<b>Total market value of assets</b>		382,071		354,721		326,526
Actuarial value of liability		(406,344)		(360,469)		(327,082)
<b>Net pension liability</b>		(24,273)		(5,748)		(556)

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on corporate bonds and equities. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.1% p.a. assumption for the expected long-term return on scheme assets as at 31 July 2014 and 6.0% p.a. as at 31 July 2015.

	2014/15 £000	2013/14 £000
<b>Actual return on plan assets</b>	25,964	24,421

### 31 Pension schemes (continued)

	31 July 2015	31 July 2014	31 July 2013
<b>Weighted average assumptions used to determine benefit obligations</b>			
Discount rate	3.50%	4.15%	4.50%
Rate of compensation increase	4.65%	4.70%	5.00%
Rate of inflation	2.35%	2.40%	2.50%
Rate of pension increase	2.35%	2.40%	2.50%
<b>Weighted average assumptions used to determine net pension cost</b>			
Discount rate	4.15%	4.50%	4.10%
Expected long-term return on plan assets	6.10%	6.30%	5.90%
Rate of compensation increase	4.70%	5.00%	4.30%
Rate of inflation	2.40%	2.50%	1.80%
Rate of pension increase	2.40%	2.50%	1.80%
		<b>Male</b>	<b>Female</b>
<b>Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 July 2015</b>			
Member age 60 (current life expectancy)		26.5	29.1
Member age 40 (life expectancy at age 60)		28.9	31.6

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
<b>Five year history</b>					
Benefit obligation at 31 July	(406,344)	(360,469)	(327,082)	(302,676)	(270,739)
Fair value of plan assets at 31 July	382,071	354,721	326,526	272,182	264,077
Deficit	(24,273)	(5,748)	(556)	(30,494)	(6,662)
Difference between expected and actual return on scheme assets	4,284	3,734	33,920	(11,298)	10,606
Percentage of scheme assets	1%	1%	10%	(4%)	4%
Experience gains on scheme liabilities	18,198	–	–	–	7,199
Percentage of scheme liabilities	4%	0%	0%	0%	3%
Total amount recognised in Statement of Total Recognised Gains and Losses	(24,315)	(8,926)	28,039	(26,241)	24,416
Percentage of scheme liabilities	(6%)	3%	9%	(9%)	9%

#### Contributions

The University expects to contribute £11.0m to the Scheme in 2015/16. This compares with £11.3m in 2014/15.

### 32 Capital commitments

	Consolidated and University	
	2014/15 £000	2013/14 £000
<b>Provision has not been made for the following capital commitments</b>		
Commitments contracted at 31 July	74,815	78,015

### 33 Financial commitments

	Consolidated and University	
	2014/15 £000	2013/14 £000
<b>Annual commitments under operating leases at 31 July</b>		
<b>Buildings</b>		
Expiring within one year	4,534	2,817
Expiring between one and five years inclusive	3,829	3,771
Expiring in more than five years	4,872	4,752
<b>Equipment</b>		
Expiring within one year	40	138
Expiring between one and five years inclusive	394	331
	<b>13,669</b>	<b>11,809</b>

### 34 Contingent liabilities

The University has guaranteed a bank loan of £1.0m (2013/14: £1.4m) from Barclays Bank, to Weetwood Hall Ltd, a wholly owned subsidiary.

### 35 Related party transactions

Due to the nature of the University's operations it is inevitable that transactions will take place with organisations, from the public and private sectors, in which a University member of staff may have an interest. Any such transactions are conducted at arm's length and in accordance with the University's Financial Regulations and usual procurement procedures.

A number of senior staff and Council members exercised budgetary control during the year over research and teaching projects within the University as well as related expenditure within NHS Trusts, in their capacities as subsidiary undertaking directors, committee members and managers. Professor Paul Stewart, the Dean of the Faculty of Medicine and Health, was a non-executive director of Leeds Teaching Hospitals NHS Trust during the year; Jane Madeley, the Finance Director, is a non-executive director and Chair of the Audit Committee for Leeds Community Healthcare NHS Trust; Dr Sue Proctor, member of Council, is a non-executive director of Harrogate District NHS Foundation Trust; and Caroline Johnstone, member of Council, is a non-executive director and Chair of the Audit Committee of Leeds Teaching Hospitals NHS Trust.

Sir Alan Langlands, Vice-Chancellor, was a board member of a number of organisations which had transactions with the University during the year as follows:

	Paid by the University		Paid to the University	
	2014/15 £000	2013/14 £000	2014/15 £000	2013/14 £000
Yorkshire Universities	139	129	272	150
N8 Ltd	40	40	–	–
The Worldwide Universities Network	–	–	34	33
Myscience Ltd	9	5	11	–
Russell Group of Universities	59	59	–	–
Centre for Low Carbon Futures	3	60	92	–



## Notes to the Accounts

for the year ended 31 July 2015

### 35 Related party transactions (continued)

Professor David Hogg, a Pro-Vice-Chancellor, is a director of Medilink. In 2014/15 the University paid £1,000 (2013/14: £8,000) for services provided.

Professor John Fisher, Deputy Vice Chancellor, was a Council member at the Engineering and Physical Sciences Research Council (EPSRC) during the year, and Jane Madeley, the Finance Director, was an independent member of the EPSRC's Audit Risk and Assurance Committee. During 2014/15, the University received £26,367,000 (2013/14: £32,834,000) and paid £664,000 (2013/14: £212,000) to it.

Linda J Mortimer-Pine, Acting Director of Human Resources, is a non-executive director at ECC Ltd. During 2014/15 the University received £9,000 (2013/14: £9,000) from it for services provided.

Ed Anderson, member of Council and Chair of the Audit & Risk Committee is father of Sarah Anderson who worked at Deloitte LLP until October 2015. In 2014/15 the University paid £380,000 for services provided (2013/14: £158,000) and received £nil (2013/14: £4,000) from it for services rendered. He is a former Chair of Governors and currently Pro-Chancellor at Leeds Trinity University, and during 2014/15 the University received £67,000 (2013/14: £155,000) from it, and paid £68,000 to it for its services. He is also a board trustee at Opera North.

Liz Barber, member of Council, is a director of Yorkshire Water. In 2014/15 the University received £nil (2013/14: £212,000) from Yorkshire Water and paid £558,000 (2013/14: £466,000) for services provided. She is a Director at Kcom plc and in 2014/15 the University paid £88,000 (2013/14: £110,000) to it for its services.

Nigel Foster, member of Council, is the owner and director of Colbaran Ltd. In 2014/15 the University paid £10,000 (2013/14: £6,000) to it for services provided. He is a director and owner of Fore Consulting Ltd: in 2014/15 the University paid the company £19,000 (2013/14: £Nil) for services, and received £26,000 (2013/14: £nil) for services rendered. He is the president and a director of West and North Yorkshire Chamber of Commerce. He was a non-executive director of the Centre for Low Carbon Futures (CLCF) during the year. In 2014/15 the University paid CLCF £3,000 (2013/14: £60,000) and received £28,000 (2013/14: £213,000) from it for goods and services. He is also a director of the Ahead Partnership to which the University paid £20,000 in 2014/15 (2013/14: £100,000) for services provided.

Robin Johnson, member of Council, was a partner at Eversheds LLP during the year. In 2014/15 the University paid £123,000 (2013/14: £52,000) to it for services provided.

The son of Caroline Johnstone, member of Council, works at PwC. In 2014/15 the University paid £567,000 for services provided (2013/14: £253,000).

Amanda Mellor, member of Council, is a director of Marks & Spencer Group plc. During 2014/15 the University paid £22,000 (2013/14: £46,000) for services provided and received £3,343,000 (2013/14: £145,000).

Sue Proctor, member of Council, is a director of SR Proctor Consulting Ltd. During 2014/15 the University paid £6,000 (2013/14: £nil) for its services.

Two Members of Council are officers of Leeds University Union (LUU): Bradley Escorcio, Union Affairs Officer, and Tom Dixon, Education Officer served until 30 June 2015; Toke Dahler and Melissa Owusu, served from 1 July 2015. During 2014/15 the University paid £2,500,000 (2013/14: £2,047,000) grant to LUU and £569,000 (2013/14: £832,000) for services provided. The University received £350,000 (2012/13: £587,000) for premises recharges from LUU.

Professor J R Barrett, professor in the School of Earth and Environment, is a director at the Centre for Sustainability Accounting Ltd. During 2014/15 the University received £8,000 (2013/14: £nil) from it for services provided.

Professor J Colyer, professor in the Faculty of Biological Sciences, is a director of Badrilla Ltd. During 2014/15 the University received £7,000 (2013/14: £2,000) from it and paid £nil (2013/14: £1,000) to it for services provided.

Professor J Hayes, emeritus professor in Leeds University Business School, is Managing Partner of John Hayes and Associates. During 2014/15 the University paid £25,000 (2013/14: £26,000) to it for services provided.

Dr N J Horan, reader in the School of Civil Engineering, is the Chair of Aqua Enviro Ltd. In 2014/15 the University paid £nil (2013/14: £2,000) to it and received £8,000 (2013/14: £8,000) from it for services provided.

Mr O A Johnson, Senior Teaching Fellow in the School of Computing, and Dr S E Clamp, Senior Lecturer in the School of Medicine, are directors of X-Lab Ltd. During 2014/15 the University received £nil (2013/14: £57,000) from it, and paid £38,000 (2013/14: £123,000) to it for services provided.

Dr J Kirby, Clinical Lecturer Primary Care Education, is a GP Partner at the Spa Surgery. During 2014/15 the University received £30,000 (2013/14: £nil) from it for services provided.

Professor S D Mobbs, professor in the School of Earth and Environment, is a director of the National Centre for Atmospheric Science (NCAS). During 2014/15, the University received £896,000 (2013/14: £nil) from it, and paid £259,000 (2013/14: £153,000) for services provided.

Professor P A Millner, professor in the Faculty of Biological Sciences, is a director of Elisha Systems Ltd. During 2014/15 the University paid £nil (2013/14: £8,000) to it for services provided.

Dr D M Ross, director of the Centre of Innovation in Health Management, is a director of Southwood Associates Ltd. During 2014/15 the University paid £108,000 (2013/14: £63,000) to it for services provided.

### 36 Connected charitable institution

Bright Beginnings Childcare Centre Leeds is a connected charitable institution of the University. Its charitable objects are the advancement of education through the provision of nursery education and childcare facilities for the staff and students of the University of Leeds.

	2014/15 £000	2013/14 £000
<b>Bright Beginnings Childcare Centre Leeds:</b>		
Member's funds at 1 August	53	(26)
Income	1,543	1,450
Expenditure	(1,421)	(1,371)
<b>Members' funds at 31 July</b>	<b>175</b>	<b>53</b>

### 37 Amounts disbursed as agent

	2014/15 £000	2013/14 £000
<b>Access to learning (hardship) funds</b>		
At 1 August	32	–
HEFCE grant	212	374
Disbursed to students	(244)	(331)
Administration costs	–	(11)
<b>At 31 July</b>	<b>–</b>	<b>32</b>

The above Funding Council grants are available solely for students; the University acts only as paying agent for which it receives an allowance in respect of administration costs. The grant related disbursements are therefore excluded from the Income and Expenditure Account.

	2014/15 £000	2013/14 £000
<b>The National College for Teaching and Leadership (NCTL) – formerly the Teaching Agency (TA)</b>		
At 1 August	131	165
Funding in the year	1,961	1,639
Disbursed to students	(1,899)	(1,673)
<b>At 31 July</b>	<b>193</b>	<b>131</b>

The above training bursaries from the NCTL are available solely for students in Initial Teacher Training; the University acts only as a paying agent. The bursaries and related disbursements are therefore excluded from the Income and Expenditure Account.

## University only Income and Expenditure Account

for the year ended 31 July 2015

	2014/15 £000	2013/14 £000
<b>Income</b>		
Funding Council grants	97,001	111,773
Tuition fees and education contracts	267,559	235,919
Research grants and contracts	132,596	132,677
Exceptional Research and Development Expenditure Credit (RDEC)	19,544	–
Total Research Grants and contracts	152,140	132,677
Other operating income	105,569	90,731
Endowment income and interest receivable	9,564	9,319
Total income	631,833	580,419
<b>Expenditure</b>		
Staff costs	323,535	313,240
Other operating expenses	205,747	197,653
Depreciation	39,189	29,452
Interest payable and similar charges	1,517	1,755
Total expenditure	569,988	542,100
<b>Surplus after depreciation and before tax</b>	61,845	38,319
Exceptional Research and Development Expenditure (RDEC) Taxation	(4,414)	–
<b>Surplus after depreciation and tax, before exceptional items</b>	42,301	38,319
Exceptional Research and Development Expenditure Credit (RDEC) (net of taxation)	15,130	–
<b>Surplus after depreciation, tax and exceptional items</b>	57,431	38,319
(Loss)/profit on disposal of fixed assets	(98)	6,247
<b>Surplus on continuing operations after depreciation and tax</b>	57,333	44,566
Transfer to accumulated income within restricted endowments	(493)	(557)
<b>Surplus for the year transferred to reserves</b>	56,840	44,009

## Consolidated Five Year Results

for the year ended 31 July 2015

	2014/15 £000	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000
<b>Income and Expenditure Account</b>					
<b>Income</b>					
Funding Council grants	97,001	111,773	128,642	148,466	160,821
Tuition fees and education contracts	267,770	236,083	192,033	166,700	156,513
Research grants and contracts	132,596	132,677	128,554	120,431	123,975
Exceptional Research and Development Expenditure Credit (RDEC)	19,544	–	–	–	–
Other operating income	113,187	97,655	91,893	96,384	98,564
Endowment income and interest receivable	9,551	9,305	6,479	5,574	3,129
	639,649	587,493	547,601	537,555	543,002
<b>Expenditure</b>					
Staff costs	326,999	316,661	301,773	284,950	292,538
Other operating expenses	209,041	200,396	196,207	171,718	189,077
Depreciation	39,830	30,051	26,365	24,992	21,149
Interest payable and similar charges	1,526	1,757	1,811	2,166	2,291
	577,396	548,865	526,156	483,826	505,055
<b>Surplus after depreciation and before tax</b>	62,253	38,628	21,445	53,729	37,947
<b>Balance Sheet</b>					
<b>Assets</b>					
Fixed assets	717,404	629,364	478,807	451,999	451,673
Endowment asset investments	66,736	65,718	62,337	53,599	52,167
Current assets	216,876	259,312	251,329	230,264	183,426
<b>Liabilities</b>					
Current liabilities	(150,991)	(149,616)	(152,415)	(140,640)	(139,976)
Long-term liabilities and provisions	(43,147)	(49,395)	(52,737)	(60,124)	(79,417)
Share of associates' net liabilities	(443)	–	–	–	–
<b>Pension deficit</b>	(24,273)	(5,748)	(556)	(30,494)	(6,662)
<b>Net assets</b>	782,162	749,635	586,765	504,604	461,211
	<b>Number</b>	Number	Number	Number	Number
<b>Average number of staff (FTE)</b>	6,743	6,581	6,454	6,333	6,175
<b>Number of students (FTE)</b>	31,719	31,750	30,911	33,167	32,838

### Key performance indicators (KPIs)

Student satisfaction (National Student Survey)	90%	88%	87%	87%	86%
Graduates in graduate employment or study	*	78.4%	74.8%	69.2%	71.9%
Total research grant income (£m)	132.6	132.7	128.6	120.4	124.0
Research grant income per academic FTE (£k)	91.5	92.9	91.4	91.1	92.7
Postgraduate student FTE	2,275	2,090	2,029	2,104	2,036
Postgraduate students per academic FTE	1.57	1.46	1.44	1.59	1.52
Income per square metre (£)	1,473	1,293	1,207	1,167	1,201

\* 2014–15 figures not available at time of publication.





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