



University of
Leicester

FINANCIAL STATEMENTS

for the year ended 31 July 2004

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Treasurer's Report for the Year Ended 31 July 2004

In this report I will briefly review the three main parts of the statutory Financial Statements, the Income and Expenditure Account, the Balance Sheet and the Cash Flow Statement. I will then highlight three key areas of financial importance, the University's Capital Programme, the progress it is making in managing its investments, the risks it is facing in relation to pension issues and then complete my report by a review of future prospects.

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its subsidiaries, Lucent Limited and Leicester Academic Library Services Limited.

Income and Expenditure Account

I am pleased to be able to report that the University achieved a satisfactory surplus of income over expenditure for the year of £1.833 million, after taking into account a £386,000 surplus on the disposal of property and a small transfer to endowments.

The growth in turnover, at 4.1%, was lower than has been achieved in recent years. This was due, in part, to a 2% decline in income from research grants and contracts, which itself resulted from a continuing reduction in income from Research Council grants. Overall 2003/04 saw Funding Council Grants (from the Higher Education Funding Council for England and the Teacher Training Agency) increase by 2.9%. One very positive factor was the 19% growth in income from overseas on-campus students. Residential and catering services also performed well with an increase in income of 17%, reflecting new student accommodation income following the opening of the Opal Court development. Conference and vacation lettings income also increased to reach £2.014 million.

The University's total expenditure increased by 4.8% in the year. Staff costs again increased substantially, up by 8.75% due to a number of factors. The annual pay award was 3.5%. There was a further increase in pension contributions for support staff, the costs of the normal incremental progression on scales and the full-year impact of the April 2003 increase in employers' national insurance all contributed to this growth. There was, however, a small decrease in FTE staff numbers.

Other operating expenses remained at virtually the same level as in 2002/03. Payments on rent, rates and insurance increased significantly, the result of increases in payments relating to the Opal Court student residences. However, other budget categories such as equipment, furniture, office running costs and premature retirement costs reduced.

It is encouraging to be able to report a surplus for a third consecutive year. However, it is clear that the current rate

of growth in staff costs is unsustainable, without corresponding increases in income, if the University is to continue this trend in future years and move towards its strategic aim of generating annual surpluses equivalent to 3% of turnover.

Balance Sheet

The University's balance sheet shows a growth in net assets of £16.0 million from £72.3 million to £88.3 million. Fixed assets increased by £17.4 million in 2003/04 to reach £87.0 million, as a result of the delivery of the capital building programme.

Endowment Asset Investments increased by £358,000 (9.8%) in the year, reflecting the recovery in financial markets. A number of new endowments totalling £261,000 were received during that year and we are extremely grateful for these gifts.

Net current assets declined during the year due to the planned use of funds to finance the capital building programme. Liquidity was also affected in the year by delays in the receipt of capital grants, which is reflected in the growth in the level of debtors at year-end.

The programme of restructuring the University's borrowings continued in the year. This has included the refinancing of a £3.5 million long-term debt at more advantageous rates as part of a wider arrangement that provides a short-term renewable facility of up to £10 million. It is worth noting, however, that the University's current level of external borrowing, of £8.5 million at 31st July 2004, remains low by comparison with peer institutions and gives significant capacity to borrow in the future.

Cash Flow

The net cash outflow from operating activities in 2003/04 was £4.573 million and compares with a cash inflow of £3.336 million in 2002/03. This position was mainly the result of an increase in debtors. In addition, payments made for capital expenditure totalled £20.4 million, which represented the highest level of annual expenditure in the University's history.

The reduction in short-term deposits to £11.75 million also reflects a tightening of the financial position but some of this relates to delays in the receipt of capital grants following payments made to contractors.

Capital Expenditure

Capital expenditure in the year (on an accruals basis) totalled £20.4 million, with some £19.6 million being spent on new buildings. The major scheme in the year was the construction of the Henry Wellcome Building,

Treasurer's Report for the Year Ended 31 July 2004 (continued)

which is now almost complete with some £14.9 million being spent in the year. This building will provide first class research facilities for staff in the Faculty of Medicine and Biological Sciences. The project is being funded by the Wellcome Trust, by HEFCE research capital funding and from University funds. Work has continued on the refurbishment of lecture theatres (£1.4 million) and new premises have been purchased in New Walk, Leicester as part of the move of staff in the School of Education in Northampton to Leicester (£802,000).

The University's Capital Programme for the period 2003/04 to 2007/08 totals £78.4 million and includes two major schemes which have not yet commenced, the redevelopment of Villiers Hall Residences at a cost of some £19.2 million and a major refurbishment and extension of the University Library. Following a lengthy delay, the Villiers Hall project, which will be funded through external borrowing, has now received planning permission. It is likely that, due to building industry price inflation, the delay incurred will increase the cost of this project, nevertheless it is still hoped to complete the scheme by the summer of 2006. No decision has yet been taken with regard to the commencement of the Library project as it is hoped that the current fundraising campaign will generate sufficient funds to expand its scope over and above the current sum earmarked.

Investment Performance

The University's investments comprise short-term deposit balances and endowment funds. Short-term deposits are invested with banks and building societies, with a proportion managed by external professional managers. The return on cash held on deposit during the year was 3.8% reflecting the increases in base rates that continued through the year.

Endowment assets are invested directly in equities and bonds as well as in unitised equity and bond funds. Early in the year an adjustment was made to the balance of the endowment funds by switching some of the bond holdings into equities. This resulted in an improved overall performance of the endowment funds in the year. Overall, endowment income and interest receivable reduced by £184,000 compared to 2002/03 to £1.05 million, reflecting the reduced level of cash deposits held.

Pension Schemes

The University participates in two pension schemes. The pension scheme for academic and academic-related staff, the Universities Superannuation Scheme, is a national scheme, which is not required to produce an FRS 17 statement for inclusion in these financial statements. However, the Scheme has indicated to the University that under an FRS 17 assessment it would have a small deficit,

which is comforting given the very pessimistic outlook for pension schemes generally. The University closed its defined benefit scheme, the University of Leicester Pension and Assurance Scheme, to new members on 31st July 2003. The FRS17 deficit, as at 31st July 2004, was £22.1 million, an improvement of £2.4 million on the previous year. The Scheme has been helped by the recovery in the financial markets and also by the increased employers contribution rate of 21.35%. Together, these factors have resulted in a £5.5 million increase in the market value of the Scheme's assets in the year.

The Scheme's actuary is undertaking the triennial valuation as at 1st August 2004 and the outcome of this will be known in December 2004. However, it is hoped that the continued high levels of contribution from the University together with continued good investment performance will enable the Scheme to meet its liabilities.

The cost, uncertainty and risks associated with the two Schemes are clearly something that the University needs to be continually aware of.

Prospects

The University has made major progress over recent years in successfully taking forward its overall strategy whilst improving its financial position. The turnaround from periods of recurring deficits to a position where I am able to report a third consecutive annual surplus is very pleasing.

However, looking forward, the University continues to face some major academic and financial challenges in a tightening financial environment. It is required to reduce its home and EU student population to comply with its funding agreement with HEFCE. It has set challenging targets for the growth in overseas on-campus student numbers and aims to maintain its leading position in the provision of postgraduate distance-learning education. With regard to research activities, the University will continue to prepare thoroughly for the 2008 Research Assessment Exercise in order to ensure that there is significant benefit from the strategic investments in staffing that have been made in many academic departments.

With regard to expenditure, the University is taking action to adjust staff numbers to control pay costs. This is against an outlook of increases in staff costs, above the level of growth in income, caused by: annual pay awards, the introduction of a new nationally agreed pay structure, pension cost increases and the need to create some flexibility for targeted new investment. It is planned to complete this programme of voluntary staff reductions by the end of 2004/05 and specific additional budget provision for the one-off cost of this exercise has been made.

Treasurer's Report for the Year Ended 31 July 2004 (continued)

It is vital that the University continues to complete its capital building projects on time and to budget. The Development Plan, prepared by the architects Shephard Epstein Hunter in 2002, provides an excellent framework in which the University can grow and continue to provide first class facilities for its staff and students. External grants and the University's cash balances will continue to be used to refurbish existing buildings, buy new state of the art equipment and enable improvements to be made to the utilisation of the estate.

A major strategic development planned for the next four years is the restructuring of the University's student residences. In addition to the major redevelopment of Villiers Hall, the continued partnership with private sector developers who provide city centre student accommodation has led the University to bring forward plans to reshape its Knighton area holdings through a major programme of disposals. It is planned to use the proceeds of these disposals to continue to invest in the remainder of the student accommodation stock and other capital projects.

From 2006/07, the University will benefit from additional tuition fee income resulting from the introduction of

variable tuition fees. In addition, the Government's introduction of full-economic costing for Research Council grants will deliver an improvement in the funding of research activity. The principle of full-economic costing will then be expanded across other areas of University activities to assist in the sustainability of the University's teaching and research portfolio.

Conclusion

The consistent income and expenditure surpluses that have been reported in recent years are a significant achievement. It is also an achievement that the University has been able to bring forward an extensive capital building programme that has not significantly diminished its balance sheet strength. It is this continuing strong performance that gives me confidence that in the future, by the skill and dedication of its staff, the University can continue to prosper in what is a very challenging financial environment for higher education.

M.A. Chamberlain
Treasurer

21 December 2004

Corporate Governance

The following statement is given to assist readers of the financial statements to obtain an understanding of the governance procedures of the University. The University endeavours to conduct its business in accordance with the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). The University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998, incorporating internal control guidance as amended by the British Universities Finance Directors Group. It also complies with the guidance to universities that has been provided by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland.

Summary of the University's Structure of Corporate Governance

The University's Council, the governing body of the University, comprises a number of ex officio, appointed, elected and co-opted lay and academic persons, the majority of whom are non-executive. The role of the Chairman of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The powers of the Council are set out in the statutes of the University; by custom and under the Financial Memorandum with the Higher Education Funding Council for England. The Council holds to itself, inter alia, responsibility for the ongoing strategic direction of the University, approval of major developments and the receipt of regular minutes from its Committees on the day to day operations of its business and of its subsidiary companies. The Council meets five times a year and has several Committees, including the Policy and Strategy Committee, the Finance and General Purposes Committee, the Staffing Committee, three Remuneration Committees and an Audit Committee. All of these Committees are formally constituted with terms of reference and with members drawn from the lay members of Council.

During 2003/4 an independent review of the effectiveness of the Council was carried out. This made a number of recommendations, which the Chairman is now implementing.

The Policy and Strategy Committee inter alia recommends to Council the University's annual financial statements and annual budgets. The Budgets and Resources Committee is responsible to the Policy and Strategy Committee for managing the resources allocated to the academic and academic-services areas. The Finance and General Purposes Committee is responsible to the Policy and Strategy Committee for the overall monitoring of the

University's financial health and advising on the overall University financial strategy. The Finance and General Purposes Committee monitors the financial resources that it allocates to the administrative and other support service areas.

The three Remuneration Committees determine the remuneration of professorial and senior administrative staff, including the Vice-Chancellor.

The Audit Committee is responsible for meeting with the external auditors to discuss audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. The work of internal audit is guided by an assessment of the key areas of risk in the University's activities. In addition, as part of statutory audit, the external auditors review and test the system of internal control to the extent that they consider necessary to support their audit opinion. The Audit Committee also receive and consider reports from the Higher Education Funding Council for England as they affect the University's business and monitor adherence with the regulatory requirements. They review the audit of the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, which is made up of either lay members of Council or other external members, and the Committee does meet with the external auditors on their own for independent discussions.

Risk Management

The University's Governing Body, the Council, is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. At its meeting in July 2002 the Council approved a comprehensive risk management policy for the University.

The senior management team receives termly reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms which are embedded within the operational units and reinforced by risk awareness training. The senior management team and the Audit Committee also receive regular reports from internal audit and from the Safety Committee, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high level review of the arrangements for internal financial

Corporate Governance (continued)

control. The Council's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Vice-Chancellor and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

At its meeting in July 2004 Council received a report from the Audit Committee advising that it was able to issue a statement of full internal control. Audit Committee came to this conclusion on the basis of a

report from the internal auditors and reports it had received from senior management throughout the year. Council therefore recognises that the University has effective systems of identifying, evaluating and managing the University's significant risks for the year ended 31 July 2004 and up to the date of approval of the annual report and financial statements.

During the last year there have been no major events causing the risk control and reporting procedures to have to be reviewed.

Responsibilities of the University's Council

In accordance with the University's charter, the Council of the University of Leicester is responsible for the administration and management of the affairs of the University, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

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

In causing the financial statements to be prepared the University Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Council has reviewed the University's Financial Forecasts for the period to the 31st July 2006, prepared under the direction of the Funding Council and on the basis of assumptions made as to the continuance of government grants to be given by the Funding Council. On that basis, Council has a reasonable expectation that the University has adequate resources to continue operations for its foreseeable future. For this reason, the financial statements continue to be prepared on the going concern basis.

The Council has taken reasonable steps to:

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

- ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided;
- ensure that the University has a sound system of internal financial management and control and takes into account any relevant guidance on accountability or propriety issued from time to time by the Funding Council, the National Audit Office or the Public Accounts Committee;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure; and
- plan and conduct its financial and academic affairs to ensure that the University remains solvent.

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

- definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approved levels set by the University Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by Finance and General Purposes Committee; and
- a professional internal audit team whose annual programme is approved by the Audit Committee and is endorsed by the University Council. The internal audit manager provides the University Council with an annual report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

Signed on behalf of the Council
J.C. Foster, Chairman of Council
21 December 2004

Responsibilities of the University's Council (continued)

Members of Council

The Members of Council as at 31 July 2004 were as follows:

| | |
|--------------------|------------------|
| Sir Michael Atiyah | F. Hussain |
| G. W. W. Barker | P. M. Jackson |
| R. H. Bettles | M. Knight |
| W. J. Brammar | I. Lauder |
| D. Brunning | K. C. Lee |
| R. G. Burgess | A. Linsell |
| G. R. Campbell | Sir Tom McKillop |
| M. A. Chamberlain | A. M. Mamujee |
| G. A. Cinderby | B. Rawlings |
| C. M. V. Clarkson | E. J. Shattock |
| P. Cottingham | D. Sissling |
| K. Fogelman | D. J. Taylor |
| J. C. Foster | B. E. Towle |
| J. C. Fothergill | A. R. Weston |
| P. T. Hammersley | D. J. Woodhead |
| A. R. Hillman | |

Independent Auditors' Report to the Council of the University of Leicester

We have audited the financial statements on pages 11 to 34, which comprise consolidated income and expenditure account, the balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of endowment asset investments) and the accounting policies set out in the statement of accounting policies.

This report is made solely to the Council, in accordance with the Charter and Statutes of the University. 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, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the University's Council and the auditors

The University's Council are responsible for preparing the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England and the Teacher Training Agency.

We also report to you if, in our opinion, the Council Report is not consistent with the financial statements, if the University has not kept proper accounting records, the accounting records do not agree with the financial statements or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Treasurers' Report and the corporate governance statement and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with Auditing

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

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

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of affairs of the University (and the group) as at 31 July 2004 and of the group's surplus of income over expenditure, recognised gains and losses and cashflows for the year then ended, and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England and the Teacher Training Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2004 have been applied for the purposes for which they were received;
- in all material respects, income during the year ended 31 July 2004 has been applied in accordance with the University's statutes and, where appropriate, with the financial memoranda (00/25 and 03/54) with the Higher Education Funding Council for England, and the funding agreement with the Teacher Training Agency.

KPMG LLP
21 December 2004
Chartered Accountants
Registered Auditor

2 Cornwall Street
Birmingham
B3 2DL

Statement of Principal Accounting Policies

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments, and in accordance with both the Statement of Recommended Practice: Accounting for Further and Higher Education (SORP) and applicable Accounting Standards.

2. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the University and all subsidiary and associated undertakings with material financial transactions for the financial year to 31 July. The consolidated financial statements do not include those of the University of Leicester Students' Union as it is a separate organisation in which the University has no significant influence over policy decisions.

3. Recognition of Income

Income from Specific Endowments and Donations, Research Grants, Contracts and Other Services Rendered is included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from other sources is credited to the Income and Expenditure Account on a receivable basis.

4. Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leicester Pension and Assurance Scheme (PAS). The schemes are defined benefit schemes which are externally invested and contracted out of the State Earnings-Related Pension Scheme. The Funds are valued every three years by actuaries using the projected unit method for USS, and the defined accrued benefit method for PAS, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuations of the Schemes and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. Variations from regular cost are spread over the expected average remaining working lifetime of Members of the Schemes after making allowances for future withdrawals. A small number of staff remain in other pension schemes.

5. 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.

6. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the period of the leases.

7. Land and Buildings

Land and Buildings are stated at cost. Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of 50 years. Leasehold buildings are depreciated over 50 years, or if shorter, the period of the lease.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the buildings.

8. Equipment

Equipment costing less than £25,000 per individual item is written off in the year of acquisition. All other equipment is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life, as follows:

General equipment including vehicles and computer hardware – 3 years

Equipment acquired for specific research projects – 3 years or the normal project life if less than 3 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant in respect of specific research projects).

Statement of Principal Accounting Policies (continued)

All software costs, including licence fees, are written off to the Income and Expenditure Account as incurred.

9. 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.

10. Restructuring Costs

The University continues to operate a voluntary severance and early retirement scheme. Costs are provided for in full from the date applications to the scheme are agreed by the Early Retirement Committee.

11. Stocks

Stocks comprise Departmental Bulk Stores, Heating Oil, Sundry Stores and stocks held at Bookshops, Halls of Residence and by Catering and are stated at the lower of cost or net realisable value.

12. Maintenance of Premises

The cost of routine corrective and planned maintenance is charged to the Income and Expenditure Account in the period it is incurred.

13. Provisions

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

14. Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 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 University receives no similar exemption in respect of Value Added Tax.

15. 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 other investments are included in cash. Liquid resources comprise Current Asset Investments which are readily disposable. They include term deposits arising from the University's treasury management activities. They exclude any such assets held as Endowment Asset Investments.

Consolidated Income and Expenditure Account

| | | 2003/04 | 2002/03 |
|--|------|-------------|-------------|
| | | £000 | £000 |
| Income | Note | | |
| Funding Council Grants | 1 | 45,710 | 44,424 |
| Academic Fees and Support Grants | 2 | 39,274 | 36,616 |
| Research Grants and Contracts | 3 | 36,233 | 36,970 |
| Other Operating Income | 4 | 39,181 | 35,812 |
| Endowment Income and Interest Receivable | 5 | 1,050 | 1,234 |
| | | <hr/> | <hr/> |
| Total Income | | 161,448 | 155,056 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Expenditure | | | |
| Staff Costs | 6 | 98,867 | 90,917 |
| Depreciation | 11 | 2,996 | 3,719 |
| Other Operating Expenses | 7 | 57,320 | 57,144 |
| Interest Payable | 8 | 790 | 819 |
| | | <hr/> | <hr/> |
| Total Expenditure | 10 | 159,973 | 152,599 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| Surplus on Continuing Operations After Depreciation of Fixed Assets at Cost and Before Tax | | 1,475 | 2,457 |
| Profit on Disposal of Assets | | 386 | – |
| | | <hr/> | <hr/> |
| Surplus on Continuing Operations After Depreciation of Fixed Assets at Cost and Disposal of Assets but Before Tax | | 1,861 | 2,457 |
| Taxation | | – | – |
| | | <hr/> | <hr/> |
| Surplus on Continuing Operations After Depreciation of Fixed Assets at Cost, Disposal of Assets and Tax | | 1,861 | 2,457 |
| Transfer to Specific Endowments | | (28) | – |
| | | <hr/> | <hr/> |
| Surplus for the year retained within General Reserves | 9 | 1,833 | 2,457 |
| | | <hr/> <hr/> | <hr/> <hr/> |

- There is no difference between the retained surplus shown above and its historical cost equivalent.
- The Income and Expenditure Account relates wholly to continuing operations.

Statement of Consolidated Total Recognised Gains and Losses

| | Note | 2003/04 £000 | 2002/03 £000 |
|---|------|-------------------------|-----------------|
| Surplus on Continuing Operations After Depreciation of Fixed Assets at Cost, Disposal of Assets and Tax | 9 | 1,833 | 2,457 |
| Appreciation / (Depreciation) of Endowment Asset Investments | 20 | 69 | (24) |
| Endowment Income Retained for Year | 20 | 28 | 70 |
| New Endowments | 20 | 261 | 1 |
| Total Recognised Gains Relating to the Year | | 2,191 | 2,504 |
| Reconciliation | | 2003/04 £000 | |
| Opening Reserves and Endowments | | 30,288 | |
| Total Recognised Gains for the Year | | 2,191 | |
| Closing Reserves and Endowments | | 32,479 | |

Balance Sheets

| | Note | Consolidated | | University | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2004 £000 | 2003 £000 | 2004 £000 | 2003 £000 |
| Fixed Assets | | | | | |
| Tangible Assets | 11 | 86,969 | 69,585 | 86,616 | 69,585 |
| Investments | 12 | 1 | 1 | 1 | 1 |
| | | <u>86,970</u> | <u>69,586</u> | <u>86,617</u> | <u>69,586</u> |
| Endowment Asset Investments | 13 | <u>4,011</u> | <u>3,653</u> | <u>4,011</u> | <u>3,653</u> |
| Current Assets | | | | | |
| Stocks | | 1,120 | 1,097 | 1,120 | 1,097 |
| Debtors | 14 | 20,156 | 12,711 | 20,572 | 12,747 |
| Investments | 15 | 11,153 | 22,907 | 11,153 | 22,907 |
| Cash at Bank and in Hand | 29 | 1,734 | 1,443 | 1,709 | 1,405 |
| | | <u>34,163</u> | <u>38,158</u> | <u>34,554</u> | <u>38,156</u> |
| Creditors: Amounts Falling Due Within One Year | 16 | <u>(31,218)</u> | <u>(29,535)</u> | <u>(31,216)</u> | <u>(29,533)</u> |
| Net Current Assets | | <u>2,945</u> | <u>8,623</u> | <u>3,338</u> | <u>8,623</u> |
| Total Assets Less Current Liabilities | | <u>93,926</u> | <u>81,862</u> | <u>93,966</u> | <u>81,862</u> |
| Creditors: Amounts Falling Due After More Than One Year | 17 | <u>(4,840)</u> | <u>(8,143)</u> | <u>(4,840)</u> | <u>(8,143)</u> |
| Provisions for Liabilities and Charges | 18 | <u>(738)</u> | <u>(1,449)</u> | <u>(738)</u> | <u>(1,449)</u> |
| Net Assets | | <u>88,348</u> | <u>72,270</u> | <u>88,388</u> | <u>72,270</u> |
| Deferred Capital Grants | 19 | <u>55,869</u> | <u>41,982</u> | <u>55,869</u> | <u>41,982</u> |
| Endowments | | | | | |
| Specific | 20 | 3,201 | 2,860 | 3,201 | 2,860 |
| General | 20 | 810 | 793 | 810 | 793 |
| | | <u>4,011</u> | <u>3,653</u> | <u>4,011</u> | <u>3,653</u> |
| Reserves | | | | | |
| General Reserve | 21 | <u>28,468</u> | <u>26,635</u> | <u>28,508</u> | <u>26,635</u> |
| Total | | <u>88,348</u> | <u>72,270</u> | <u>88,388</u> | <u>72,270</u> |

Professor R.G. Burgess, Vice-Chancellor
 J.C. Foster, Chairman of the Council
 Dr M.A. Chamberlain, Treasurer
 21 December 2004

Consolidated Cash Flow Statement

| | Note | 2003/04 £000 | 2002/03 £000 |
|--|------|-----------------|-----------------|
| Net Cash (Outflow) / Inflow From Operating Activities | 25 | (4,573) | 3,336 |
| Returns on Investments and Servicing of Finance | 26 | 189 | 553 |
| Taxation | | – | – |
| Capital Expenditure and Financial Investment | 27 | (7,158) | (2,245) |
| Cash (Outflow) / Inflow before Use of Liquid Resources and Financing | | (11,542) | 1,644 |
| Management of Liquid Resources | | 11,754 | (1,145) |
| Financing | 28 | 79 | (257) |
| Increase in Cash | 29 | 291 | 242 |

Reconciliation of Net Cash Flow to Movement in Net Funds

| | Note | 2003/04 £000 | 2002/03 £000 |
|---|------|-----------------|-----------------|
| Increase in Cash in the Year | 29 | 291 | 242 |
| (Decrease) / Increase in Short Term Deposits | 29 | (11,754) | 1,075 |
| Repayment of Debt | 28 | 3,421 | 257 |
| New Loan Capital Drawdown | 28 | (3,500) | – |
| Change in Net Funds Resulting from Cash Flows | | (11,542) | 1,574 |
| Net Funds at 1 August | 29 | 15,928 | 14,354 |
| Net Funds at 31 July | 29 | 4,386 | 15,928 |

Notes to the Financial Statements

| Note 1 Funding Council Grants | 2003/04 | 2002/03 |
|---|----------------|----------------|
| | £000 | £000 |
| HEFCE: | | |
| Recurrent Grant: | | |
| Basic Grant | 41,262 | 39,580 |
| Special Initiatives | 1,774 | 2,119 |
| Buildings: Deferred Capital Grants (<i>note 19</i>) | 768 | 728 |
| Equipment: Deferred Capital Grants (<i>note 19</i>) | – | – |
| | <u>43,804</u> | <u>42,427</u> |
| Teacher Training Agency: | | |
| Recurrent | 1,645 | 1,733 |
| Other | 261 | 264 |
| | <u>45,710</u> | <u>44,424</u> |

| Note 2 Academic Fees and Support Grants | 2003/04 | 2002/03 |
|--|----------------|----------------|
| | £000 | £000 |
| Full-Time Course Fees: | | |
| From Home and European Union Students | 11,569 | 10,512 |
| From Students Outside the European Union | 13,542 | 11,370 |
| Part-Time Course Fees: | | |
| On Campus: From Home and European Union Students | 1,254 | 1,616 |
| From Students Outside the European Union | 540 | 676 |
| Distance Learning: From Home and European Union Students | 6,095 | 6,288 |
| From Students Outside the European Union | 5,688 | 5,751 |
| Research Training Support Grants | 586 | 403 |
| | <u>39,274</u> | <u>36,616</u> |

| Note 3 Research Grants and Contracts | 2003/04 | 2002/03 |
|--|----------------|----------------|
| | £000 | £000 |
| Research Councils | 13,979 | 14,992 |
| UK Based Charities | 9,262 | 9,264 |
| UK Government, Health and Hospital Authorities | 7,546 | 7,203 |
| UK Industry, Commerce and Public Corporations | 2,603 | 2,385 |
| EU Government Bodies | 1,203 | 1,001 |
| EU Other | 417 | 448 |
| Other Overseas | 948 | 1,469 |
| Other Sources | 275 | 208 |
| | <u>36,233</u> | <u>36,970</u> |
| This includes income of £1,207,000 (2002/03-£2,042,000) from deferred capital grants. | <u>36,233</u> | <u>36,970</u> |

Notes to the Financial Statements (continued)

Note 4 Other Operating Income

| | 2003/04 | 2002/03 |
|--------------------------------------|---------------|---------------|
| | £000 | £000 |
| Residences, Catering and Conferences | 15,468 | 13,233 |
| Health Authority Funded Posts | 11,830 | 9,784 |
| Other Services Rendered | 3,473 | 4,259 |
| Bookshops | 2,555 | 2,733 |
| Other Income | 5,855 | 5,803 |
| | <hr/> | <hr/> |
| | 39,181 | 35,812 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 5 Endowment Income and Interest Receivable

| | 2003/04 | 2002/03 |
|--|--------------|--------------|
| | £000 | £000 |
| Income from Current Asset Investments | 895 | 1,129 |
| Specific Endowments (<i>note 20</i>) | 123 | 70 |
| General Endowments (<i>note 20</i>) | 32 | 35 |
| | <hr/> | <hr/> |
| | 1,050 | 1,234 |
| | <hr/> <hr/> | <hr/> <hr/> |

| Note 6 Staff | 2003/04 | 2002/03 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| Staff Costs: | | |
| Wages and Salaries | 81,361 | 75,440 |
| Social Security Costs | 6,993 | 5,962 |
| Other Pension Costs | 10,513 | 9,515 |
| | <u>98,867</u> | <u>90,917</u> |
| Emoluments of the Vice-Chancellor: | | |
| Salary and Benefits | 150 | 135 |
| Employer's Pension Contributions | 19 | 17 |
| | <u>169</u> | <u>152</u> |

The pension contributions to the Universities Superannuation Scheme were at the standard rate of 14% of salary, and was applied to all staff in the USS. Remuneration of higher paid staff, excluding employer's pension contributions but including payments made on behalf of the NHS in respect of its contractual obligations to University staff under separate NHS contracts of employment were within the following ranges:

Remuneration of other higher-paid staff, excluding employer's pension contributions and severance payments:

| | 2003/04 | 2002/03 |
|---------------------|----------------|----------------|
| £70,000 - £80,000 | 26 | 39 |
| £80,001 - £90,000 | 20 | 14 |
| £90,001 - £100,000 | 12 | 18 |
| £100,001 - £110,000 | 13 | 5 |
| £110,001 - £120,000 | 10 | 8 |
| £120,001 - £130,000 | 6 | 1 |
| £130,001 - £140,000 | 9 | 3 |
| £140,001 - £150,000 | 5 | 1 |
| £150,001 - £160,000 | 3 | 1 |
| £160,001 - £170,000 | 1 | – |
| £170,001 - £180,000 | 2 | – |

No payments were made by the University in respect of compensation for loss of office to members of staff earning in excess of £70,000 per annum.

| Staff Numbers (full-time equivalent) by major category: | 2003/04 | 2002/03 |
|--|----------------|----------------|
| Academic and Clinical | 718 | 708 |
| Research and Analogous | 461 | 470 |
| Administration, Library, Computer and Other Related | 363 | 357 |
| Technical | 321 | 344 |
| Clerical, Manual and Ancillary | 1,042 | 1,065 |
| | <u>2,905</u> | <u>2,944</u> |

Notes to the Financial Statements (continued)

Note 7 Other Operating Expenses

| | 2003/04 | 2002/03 |
|--|-------------|-------------|
| | £000 | £000 |
| Equipment and Furniture | 6,289 | 7,134 |
| Maintenance and Minor Works | 7,555 | 7,043 |
| Energy, Fuel and Water | 2,529 | 2,172 |
| Rent, Rates and Insurance | 3,619 | 1,461 |
| Books, Periodicals and General Publications | 4,193 | 4,020 |
| Stationery, Printing, Postage and Telephone | 2,451 | 2,752 |
| Consumables and Laboratory Expenditure | 4,467 | 4,535 |
| Staff Support and Travel | 8,866 | 8,525 |
| Pensions and Premature Retirement Costs | 283 | 1,728 |
| Students' Union Grant | 565 | 555 |
| Fellowships, Scholarships and Prizes | 2,744 | 2,438 |
| Catering Supplies | 1,527 | 1,481 |
| External Auditors' Remuneration for Audit Work | 26 | 27 |
| External Auditors' Remuneration for Non Audit Work | 7 | 26 |
| Internal Auditors' Remuneration for Audit Work | 75 | 78 |
| Other Expenditure | 12,124 | 13,169 |
| | <hr/> | <hr/> |
| | 57,320 | 57,144 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 8 Interest Payable

| | 2003/04 | 2002/03 |
|--|-------------|-------------|
| | £000 | £000 |
| Mortgage Loans: | | |
| Repayable Within Five Years, Not by Installments | 47 | – |
| Repayable Wholly or Partly in More Than Five Years | 743 | 819 |
| | <hr/> | <hr/> |
| | 790 | 819 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 9 Surplus on Continuing Operations for the Year

The Surplus on Continuing Operations for the Year is Made Up as Follows:

| | 2003/04 £000 | 2002/03 £000 |
|---|-----------------|-----------------|
| University's Surplus for the Year | 1,856 | 2,427 |
| Surplus Generated by the Subsidiary Undertaking and Transferred to the University under the Gift Aid Scheme | 17 | 30 |
| Deficit accumulated by Subsidiary Undertakings | (40) | – |
| Total | <u>1,833</u> | <u>2,457</u> |

Note 10 Analysis of 2003/04 Expenditure by Activity

| | Staff Costs £000 | Depreciation £000 | Other Operating Expenses £000 | Interest Payable £000 | Total £000 |
|--|---------------------|----------------------|-------------------------------------|--------------------------|----------------|
| Academic Departments | 58,024 | 285 | 15,180 | – | 73,489 |
| Academic Services | 4,852 | 153 | 3,634 | – | 8,639 |
| Research Grants and Contracts | 17,913 | 1,207 | 11,437 | – | 30,557 |
| Residences and Catering | 4,191 | 316 | 9,247 | 589 | 14,343 |
| Premises | 4,094 | 997 | 7,864 | 201 | 13,156 |
| Administration and Central Services | 7,553 | 9 | 8,051 | – | 15,613 |
| Other Expenditure | 2,240 | 29 | 1,907 | – | 4,176 |
| Total per Income and Expenditure Account | <u>98,867</u> | <u>2,996</u> | <u>57,320</u> | <u>790</u> | <u>159,973</u> |

Other Operating Expenses of the Residences and Catering operations include the directly attributable premises costs. Thus premises expenditure relates to all University properties other than those used for Residences and Catering.

Notes to the Financial Statements (continued)

Note 11 Tangible Assets

| Consolidated | Land and Buildings | | Equipment | Total |
|-------------------------|--------------------|------------------------|---------------|----------------|
| | Freehold £000 | Long Leasehold £000 | | |
| Cost | | | | |
| At 1 August 2003 | 64,509 | 9,975 | 18,680 | 93,164 |
| Additions | 19,281 | 308 | 794 | 20,383 |
| Disposals | (4) | – | (33) | (37) |
| At 31 July 2004 | 83,786 | 10,283 | 19,441 | 113,510 |
| Depreciation | | | | |
| At 1 August 2003 | 6,292 | 909 | 16,378 | 23,579 |
| Charge for the year | 1,102 | 206 | 1,688 | 2,996 |
| Eliminated on Disposals | (1) | – | (33) | (34) |
| At 31 July 2004 | 7,393 | 1,115 | 18,033 | 26,541 |
| Net Book Value | | | | |
| At 1 August 2003 | 58,217 | 9,066 | 2,302 | 69,585 |
| At 31 July 2004 | 76,393 | 9,168 | 1,408 | 86,969 |
| University | | | | |
| Cost | | | | |
| At 1 August 2003 | 64,509 | 9,975 | 18,680 | 93,164 |
| Additions | 18,928 | 308 | 794 | 20,030 |
| Disposals | (4) | – | (33) | (37) |
| At 31 July 2004 | 83,433 | 10,283 | 19,441 | 113,157 |
| Depreciation | | | | |
| At 1 August 2003 | 6,292 | 909 | 16,378 | 23,579 |
| Charge for the year | 1,102 | 206 | 1,688 | 2,996 |
| Eliminated on Disposals | (1) | – | (33) | (34) |
| At 31 July 2004 | 7,393 | 1,115 | 18,033 | 26,541 |
| Net Book Value | | | | |
| At 1 August 2003 | 58,217 | 9,066 | 2,302 | 69,585 |
| At 31 July 2004 | 76,040 | 9,168 | 1,408 | 86,616 |

Land and buildings includes an amount of £24,573,028 in respect of assets under construction (2003 - £7,903,062). These assets are not depreciated until brought into use.

Land and buildings with a net book value of £39,734,838 and cost of £41,447,178 have been funded from Treasury sources: should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the HEFCE.

| | Consolidated and University £000 |
|---|-------------------------------------|
| The depreciation charge has been funded by: | |
| Deferred Capital Grants Released (<i>note 19</i>) | 2,076 |
| General Income | 920 |
| | <u>2,996</u> |

Note 12 Investments

The University has interests in the following subsidiary and associated undertakings, all of which are registered in England and Wales.

Subsidiary Undertakings

| <i>Name</i> | <i>% Shareholding</i> | <i>Principal Activity</i> |
|---|-----------------------|---|
| Leicester Academic Library Services Limited | 100% | Provision of library services |
| Lucent Limited | 100% | Provision of research and development, training and associated work |

The consolidated financial statements incorporate the activities of both the above wholly owned subsidiaries

Associated Undertakings

| <i>Name</i> | <i>% Shareholding</i> | <i>Principal Activity</i> |
|-------------------|-----------------------|--|
| UK HEP Limited | 25% | Post registration education of nurses and health care professionals |
| Scionix Limited | 50% | Development of solvents for industrial purposes |
| OCB Media Limited | 24% | Development and pursuit of electronically distributed high level e-learning material and multimedia products |
| Xcam Limited | 5% | Design and manufacture of computers and electronic equipment |

The University's share of the profit or loss for the year and the net assets of the associated undertakings are not material to the University's financial statements and have therefore been excluded from the consolidation.

Note 13 Endowment Asset Investments

| | Consolidated | |
|--|--------------|-------------|
| | 2004 | 2003 |
| | £000 | £000 |
| Balance at 1 August | 3,653 | 3,606 |
| Additions: Capital | 261 | 1 |
| Income | 27 | 70 |
| Appreciation/(Depreciation) on Revaluation | 70 | (24) |
| | <hr/> | <hr/> |
| Balance at 31 July | 4,011 | 3,653 |
| | <hr/> <hr/> | <hr/> <hr/> |
| Analysis of investments: | | |
| Listed on London Stock Exchange | | |
| Government Stocks | – | 76 |
| Fixed Interest Stocks | 574 | 920 |
| Equities | 2,573 | 1,736 |
| Not Listed | | |
| Equities | 157 | 129 |
| Cash Held on Deposit | 707 | 792 |
| | <hr/> | <hr/> |
| | 4,011 | 3,653 |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Financial Statements (continued)

Note 14 Debtors

| | Consolidated | | University | |
|-------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Research Grants and Contracts | 7,701 | 6,679 | 7,701 | 6,679 |
| Other Debtors and Prepayments | 12,455 | 6,032 | 12,871 | 6,068 |
| | <u>20,156</u> | <u>12,711</u> | <u>20,572</u> | <u>12,747</u> |
| | <u><u>20,156</u></u> | <u><u>12,711</u></u> | <u><u>20,572</u></u> | <u><u>12,747</u></u> |

Note 15 Current Asset Investments

| | Consolidated | |
|------------------------------------|----------------------|----------------------|
| | 2004 | 2003 |
| | £000 | £000 |
| Government Stocks | – | 28 |
| Fixed Interest Stocks | 694 | 994 |
| Equities | 2,417 | 2,264 |
| Bank and Building Society Deposits | 8,042 | 19,621 |
| | <u>11,153</u> | <u>22,907</u> |
| | <u><u>11,153</u></u> | <u><u>22,907</u></u> |

Note 16 Creditors: Amounts Falling Due Within One Year

| | Consolidated | | University | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Mortgages and Other Loans | 3,661 | 279 | 3,661 | 279 |
| Payments Received on Account | 11,638 | 11,396 | 11,638 | 11,396 |
| Creditors | 9,372 | 10,628 | 9,370 | 10,626 |
| Social Security and Other Tax Payable | 2,656 | 2,618 | 2,656 | 2,618 |
| Accruals and Deferred Income | 3,891 | 4,614 | 3,891 | 4,614 |
| | <u>31,218</u> | <u>29,535</u> | <u>31,216</u> | <u>29,533</u> |
| | <u><u>31,218</u></u> | <u><u>29,535</u></u> | <u><u>31,216</u></u> | <u><u>29,533</u></u> |

Note 17 Creditors: Amounts Falling Due After More Than One Year

| | Consolidated | |
|-------------------|---------------------|---------------------|
| | 2004 | 2003 |
| | £000 | £000 |
| Mortgages: | | |
| Repayable by 2019 | 4,840 | 5,001 |
| Repayable by 2018 | – | 3,142 |
| | <u>4,840</u> | <u>8,143</u> |
| | <u><u>4,840</u></u> | <u><u>8,143</u></u> |

The mortgage is secured on a portion of freehold land and buildings of the University and is repayable in instalments over periods up to 2019. Interest is payable at fixed rates.

Bank loans and mortgages are repayable as follows:

| | Consolidated | |
|--|---------------------|---------------------|
| | 2004 | 2003 |
| | £000 | £000 |
| In one year or less (<i>note 16</i>) | 3,661 | 279 |
| Between one and two years | 176 | 303 |
| Between two and five years | 626 | 1,074 |
| In five or more years | 4,038 | 6,766 |
| | <u>8,501</u> | <u>8,422</u> |
| | <u><u>8,501</u></u> | <u><u>8,422</u></u> |

Note 18 Provisions for Liabilities and Charges

| | Consolidated |
|---|-------------------|
| | 2004 |
| | £000 |
| Pensions: | |
| Balance at 1 August 2003 | 1,449 |
| Expenditure in the Period | (804) |
| Transferred from Income and Expenditure Account | 93 |
| | <u>738</u> |
| Balance at 31 July 2004 | <u><u>738</u></u> |

Included within provisions are amounts payable in respect of staff who have elected to take early retirement and amounts potentially payable in respect of pensions rights of part-time employees.

Notes to the Financial Statements (continued)

Note 19 Deferred Capital Grants

| | Funding Council £000 | Consolidated Other Grants & Benefactions £000 | Total £000 |
|---|----------------------------|--|---------------|
| At 1 August 2003 | | | |
| Buildings | 35,223 | 4,986 | 40,209 |
| Equipment | – | 1,773 | 1,773 |
| | <hr/> | <hr/> | <hr/> |
| Total | 35,223 | 6,759 | 41,982 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Cash Received and Receivable | | | |
| Buildings | 5,280 | 10,268 | 15,548 |
| Equipment | – | 415 | 415 |
| | <hr/> | <hr/> | <hr/> |
| Total | 5,280 | 10,683 | 15,963 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Released to Income and Expenditure | | | |
| Buildings | 768 | 72 | 840 |
| Equipment | – | 1,236 | 1,236 |
| | <hr/> | <hr/> | <hr/> |
| Total | 768 | 1,308 | 2,076 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| At 31 July 2004 | | | |
| Buildings | 39,735 | 15,182 | 54,917 |
| Equipment | – | 952 | 952 |
| | <hr/> | <hr/> | <hr/> |
| Total | 39,735 | 16,134 | 55,869 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Note 20 Endowments

| | Specific | Consolidated | |
|---|-----------------|---------------------|--------------|
| | £000 | General | Total |
| | | £000 | £000 |
| At 1 August 2003 | 2,860 | 793 | 3,653 |
| Additions | 261 | – | 261 |
| Appreciation of Endowment Asset Investments | 52 | 17 | 69 |
| Income for Year (<i>note 5</i>) | 123 | 32 | 155 |
| Expenditure for Year | (95) | (32) | (127) |
| | <hr/> | <hr/> | <hr/> |
| At 31 July 2004 | 3,201 | 810 | 4,011 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Funds Exceeding £30,000 | | 2004 | 2003 |
| Specific | | £000 | £000 |
| Ulverscroft Endowment | | 390 | 388 |
| Church Langton Fund | | 200 | 196 |
| Frears Endowment | | 281 | 270 |
| Stead and Simpson Fund | | 183 | 176 |
| Spire Endowment | | 118 | 118 |
| Hickman Bequest | | 43 | 43 |
| Frank May Funds | | 99 | 102 |
| Faire and Allaway Fund | | 96 | 94 |
| Burton Holocaust Centre | | 218 | 215 |
| Ellis Foundation | | 56 | 56 |
| Street Travel Award | | 39 | 41 |
| Medical Service Award | | 41 | 40 |
| Bennett and Family Fund | | 37 | 36 |
| Law Jubilee Fund | | 59 | 57 |
| Marc Fitch Fund | | 83 | 80 |
| McKay Memorial Fund | | 40 | 38 |
| Redfearn Memorial Fund | | 37 | 36 |
| Janner Travel Fund | | 33 | 34 |
| Sylvestor-Bradley Award | | 33 | 33 |
| Richard Attenborough Centre Fund | | 214 | 205 |
| H.S. Bennett | | 32 | 31 |
| Wathes Centenary Scholarship Fund | | 203 | – |
| Hoskins-Duffield Fund | | 61 | 18 |
| DF Bursary Fund | | 32 | – |
| Other Endowments | | 724 | 725 |
| Movement in Market Value on Above Funds | | (151) | (172) |
| | | <hr/> | <hr/> |
| | | 3,201 | 2,860 |
| | | <hr/> <hr/> | <hr/> <hr/> |
| General | | | |
| Robert Rowley Fund | | 142 | 139 |
| Lewis Lilley Fund | | 213 | 210 |
| Simpson Gee Fund | | 129 | 127 |
| Tyler Chair | | 121 | 120 |
| Bennett Lectureship | | 61 | 60 |
| Norton Scholarship | | 46 | 46 |
| Other Endowments | | 44 | 44 |
| Movement in Market Value on Above Funds | | 54 | 47 |
| | | <hr/> | <hr/> |
| | | 810 | 793 |
| | | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Financial Statements (continued)

Note 21 General Reserve

| | Consolidated | University |
|--|---------------|---------------|
| | £000 | £000 |
| Surplus after depreciation of fixed assets at cost and tax | 1,833 | 1,873 |
| Balance at 1 August 2003 | 26,635 | 26,635 |
| | <hr/> | <hr/> |
| Balance at 31 July 2004 | 28,468 | 28,508 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 22 Capital Commitments

| | Consolidated | | University | |
|--|--------------|-------------|-------------|-------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £000 | £000 | £000 | £000 |
| Commitments Contracted at 31 July | 4,057 | 17,223 | 2,472 | 17,223 |
| Authorised but Not Contracted at 31 July | 38,037 | 21,172 | 24,278 | 21,172 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| | 42,094 | 38,395 | 26,750 | 38,395 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

Note 23 Contingent Liability

| | Consolidated | |
|--|--------------|-------------|
| | 2004 | 2003 |
| | £000 | £000 |
| Bank Guarantee in Respect of Subsidiary Company (Lucent Limited) | 75 | 75 |
| | <hr/> | <hr/> |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 24 Lease Obligations

| | Consolidated | |
|--|--------------|-------------|
| | 2004 | 2003 |
| | £000 | £000 |
| At 31 July, the University had annual commitments under non-cancellable operating leases as follows: | | |
| Leases expiring: | | |
| Within one year | – | – |
| Between two and five years | 226 | 124 |
| Over five years | – | 102 |
| | <hr/> | <hr/> |
| | 226 | 226 |
| | <hr/> <hr/> | <hr/> <hr/> |

The University has no finance lease commitments.

Note 25 Reconciliation of Consolidated Operating Surplus to Net Cash Flow from Operating Activities

| | 2003/04 | 2002/03 |
|---|-------------|-------------|
| | £000 | £000 |
| Surplus Before Tax | 1,833 | 2,457 |
| Depreciation (<i>note 11</i>) | 2,996 | 3,719 |
| Profit on Disposal of Assets | (386) | – |
| Donated Assets | (90) | – |
| Deferred Capital Grants Released to Income (<i>note 19</i>) | (2,076) | (2,843) |
| Investment Income (<i>note 5</i>) | (1,050) | (1,234) |
| Interest Payable | 790 | 819 |
| (Increase) / Decrease in Stocks | (23) | 117 |
| (Increase) in Debtors | (4,179) | (1,041) |
| (Decrease) / Increase in Creditors | (1,677) | 356 |
| (Decrease) / Increase in Provisions | (711) | 986 |
| | <hr/> | <hr/> |
| Net Cash (Outflow) / Inflow From Operating Activities | (4,573) | 3,336 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 26 Returns on Investments and Servicing of Finance

| | 2003/04 | 2002/03 |
|---|-------------|-------------|
| | £000 | £000 |
| Income from Endowments (<i>note 20</i>) | 155 | 175 |
| Income from Short Term Investments | 859 | 1,214 |
| Interest Paid | (825) | (836) |
| | <hr/> | <hr/> |
| | 189 | 553 |
| | <hr/> <hr/> | <hr/> <hr/> |

Note 27 Capital Expenditure and Financial Investment

| | 2003/04 | 2002/03 |
|---|-------------|-------------|
| | £000 | £000 |
| Tangible Assets Acquired (Other than Leased Equipment) | (20,382) | (12,504) |
| Proceeds from Tangible Asset Disposal | 389 | 24 |
| Fixed Asset Investment Acquired | – | (1) |
| Endowment Asset Investments Acquired (<i>note 13</i>) | (261) | (1) |
| | <hr/> | <hr/> |
| Total Fixed and Endowment Asset Investments Acquired | (20,254) | (12,482) |
| Deferred Capital Grants Received | 12,835 | 10,236 |
| Endowments Received (<i>note 20</i>) | 261 | 1 |
| | <hr/> | <hr/> |
| | (7,158) | (2,245) |
| | <hr/> <hr/> | <hr/> <hr/> |

Notes to the Financial Statements (continued)

Note 28 Analysis of Changes in Consolidated Financing During the Year

| | Mortgages & Loans £000 |
|---------------------------------|---------------------------|
| Balances at 1 August 2002 | 8,679 |
| Capital Repayments | (257) |
| Balances at 31 July 2003 | 8,422 |
| Capital Repayments | (3,421) |
| New Loan Capital Drawdown | 3,500 |
| Balances at 31 July 2004 | 8,501 |

Note 29 Analysis of Changes in Net Funds

| | At 1 August £000 | Cash Flows £000 | Other Changes £000 | At 31 July £000 |
|--------------------------|---------------------|--------------------|-----------------------|--------------------|
| Cash at Bank and in Hand | 1,443 | 291 | – | 1,734 |
| Short Term Deposits | 22,907 | (11,754) | – | 11,153 |
| Debt due within one year | (279) | (3,221) | (161) | (3,661) |
| Debt due after one year | (8,143) | 3,142 | 161 | (4,840) |
| | 15,928 | (11,542) | – | 4,386 |

Note 30 Pension Schemes

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leicester Pension and Assurance Scheme (PAS).

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme, a defined benefit scheme which is externally funded and contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

The latest actuarial valuation of the scheme was at 31 March 2002. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to the past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 5.0% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.0% per annum, including an additional investment return assumption of 1% per annum, salary increases would be 3.7% per annum and pensions would increase by 2.7% per annum. The valuation was carried out using the projected unit method.

Note 30 Pension Schemes (continued)

At the valuation date, the value of the assets of the scheme was £19,938 million and the value of the past service liabilities was £19,776 million leaving a surplus of assets of £162 million. The assets therefore were sufficient to cover 101% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.25% of salaries but it was agreed that the institution contribution rate will be maintained at 14% of salaries. To fund this reduction of 0.25% for the period of 12 years from the date of the valuation (the average outstanding working lifetime of the current members of the scheme) required the use of £82.5 million of the surplus. This left a past service surplus of £79.5 million (including the Supplementary Section) to be carried forward.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. The next formal actuarial valuation is due as at 31 March 2005 when the above rates will be reviewed.

The total pension cost for the University was £6,793,000 (2003: £6,335,000). This includes £567,000 (2003: £544,000) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 14% of pensionable salaries.

The USS is a multi-employer scheme where the share of the assets and liabilities applicable to each employer is not identified. The University will therefore account for its pension costs on a defined contribution basis as permitted by FRS 17.

Leicester Pension and Assurance Scheme (PAS)

PAS is a defined benefit scheme and was closed to new entrants on the 31 July 2003. It was replaced by a new defined contribution pension scheme for all support staff appointed on or after 1 August 2003. An approximate actuarial assessment for the PAS was carried out at 31 July 2004 by a qualified independent actuary. The major assumptions used by the actuary were:

| | 2004 | 2003 | 2002 |
|---|-------|-------|-------|
| Rate of increase in salaries | 4.50% | 4.20% | 4.10% |
| Rate of increase in pensions in payment | 3.00% | 2.70% | 2.60% |
| Discount rate | 5.70% | 5.47% | 6.00% |
| Inflation assumption | 3.00% | 2.70% | 2.60% |

The assets in the scheme and the expected long term rate of return were:

| | Rate of return expected at 31 July 2004 | Value at 31 July 2004 £000 | Rate of return expected at 31 July 2003 | Value at 31 July 2003 £000 | Rate of return expected at 31 July 2002 | Value at 31 July 2002 £000 |
|----------|---|-------------------------------|---|-------------------------------|---|-------------------------------|
| Equities | 7.00% | 40,415 | 7.75% | 38,063 | 7.00% | 34,296 |
| Bonds | 5.70% | 12,810 | 5.47% | 8,693 | 6.00% | 9,061 |
| Cash | 4.75% | 1,155 | 4.00% | 2,153 | 4.00% | – |
| | | <u>54,380</u> | | <u>48,909</u> | | <u>43,357</u> |

The following amounts at 31 July 2004 were measured in accordance with the requirements of FRS 17:

| | 2004 £000 | 2003 £000 | 2002 £000 |
|--|-----------------|-----------------|-----------------|
| Total market value of assets | 54,380 | 48,909 | 43,357 |
| Present value of scheme liabilities | (76,516) | (73,455) | (59,978) |
| (Deficit) in the scheme – Net pension liability | (22,136) | (24,546) | (16,621) |

Notes to the Financial Statements (continued)

Note 30 Pension Schemes (continued)

If the previously stated amounts had been recognised in the financial statements, the University's net assets and general reserve at 31 July 2004 would be as follows:

| | 2004 £000 | 2003 £000 | 2002 £000 |
|--|---------------|---------------|---------------|
| Net assets excluding pension liability | 88,348 | 72,270 | 62,869 |
| Pension liability | (22,136) | (24,546) | (16,621) |
| Net assets including pension liability | 66,212 | 47,724 | 46,248 |
| General reserve excluding pension liability | 28,468 | 26,635 | 24,178 |
| Pension reserve | (22,136) | (24,546) | (16,621) |
| General reserve including pension liability | 6,332 | 2,089 | 7,557 |

Additionally, if the pension costs had been recognised in accordance with FRS 17, the following components of the pensions charge would have been recognised in the Income and Expenditure Account and Statement of Recognised Gains and Losses for the year ended 31 July 2004:

| | 2003/04 £000 | 2002/03 £000 |
|--|-----------------|-----------------|
| Analysis of amounts charged to Income and Expenditure Account: | | |
| Current service cost | (2,499) | (2,201) |
| Past service cost | – | – |
| Financing: | | |
| – expected return on pension scheme assets | 3,514 | 2,969 |
| – interest on expected scheme liabilities | (4,050) | (3,650) |
| Net return | (3,035) | (2,882) |
| Analysis of amounts recognised in Statement of Total Recognised Gains and Losses: | | |
| Actual return less expected return on pension scheme assets | (469) | 318 |
| Experience gains and losses arising on scheme liabilities | (615) | 556 |
| Restatement of assets at 31 July 2002 | (616) | 256 |
| Changes in assumptions underlying the present value of scheme liabilities | 3,423 | (8,918) |
| Total actuarial gain / (loss) recognised | 1,723 | (7,788) |

The movement in the University's share of the scheme's deficit during the year is made up as follows:

| | 2004 £000 | 2003 £000 |
|-------------------------------------|-----------------|-----------------|
| Deficit on scheme at 1 August | (24,546) | (16,621) |
| Movement in year: | | |
| – current service cost | (2,499) | (2,201) |
| – contributions | 3,722 | 2,745 |
| – past service costs | – | – |
| – other finance loss | (536) | (681) |
| – actuarial gain/(loss) | 1,723 | (7,788) |
| Deficit on scheme at 31 July | (22,136) | (24,546) |

Note 30 Pension Schemes (continued)

The full actuarial valuation at 31 July 2004 showed a decrease in the deficit from £24,546 to £22,136. There have been no improvements in benefits and the contributions have been increased to 21.35% of pensionable pay during 2003/04. This rate of contribution will be reviewed on 1st August 2004.

The gains and losses for the year ended 31 July 2004 were as follows:

| | 2004 | 2003 | 2002 |
|---|--------|---------|----------|
| Difference between the expected and actual return on scheme assets: | | | |
| Amount (£000) | (469) | 318 | 13,363 |
| Percentage of scheme assets | (0.9%) | 0.7% | 30.8% |
| Experience gains and losses on scheme liabilities: | | | |
| Amount (£000) | (615) | 556 | 50 |
| Percentage of the present value of scheme liabilities | (0.8%) | 0.8% | 0.1% |
| Total amount recognised in the statement of total recognised gains and losses: | | | |
| Amount (£000) | 1,723 | (7,788) | (13,963) |
| Percentage of the present value of scheme liabilities | 2.3% | (10.6%) | (23.3%) |

Note 31 Related Party Transactions

Due to the nature of the University's operations and the 32 members of Council being drawn from local, public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms length and in accordance with the University's financial regulations and normal procurement procedures. No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

During the year the University charged its associated company UKHEP Limited £15,585 for the provision of accounting services. At the year end the balance of £15,585 remained within debtors.

Note 32 Post Balance Sheet Events

There are no post balance sheet events.

Note 33 Access Funds

This memorandum account, showing the receipt, payment and closing balance of Access Funds is included to fulfil the requirements of HEFCE circular 22/95.

| | 2003/04 £000 | 2002/03 £000 |
|--|-----------------|-----------------|
| Income | | |
| HEFCE Grants | 423 | 522 |
| Interest | 2 | 2 |
| | <hr/> 425 | <hr/> 524 |
| Expenditure | | |
| Expenditure in Relation to Eligible Students | 422 | 494 |
| Audit Fees | 1 | 1 |
| | <hr/> 423 | <hr/> 495 |
| Expenditure Met by University | – | – |
| | <hr/> 423 | <hr/> 495 |
| Balance at 31 July | <hr/> <hr/> 2 | <hr/> <hr/> 29 |

HEFCE grants are available solely for students: the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Note 34 Teacher Training Agency Funds

This memorandum account is required to be included by the Teacher Training Agency as per circular 02/CORPS/0336.

| | ITT Training Bursaries 2003/04 £000 | Secondary Shortage Subjects 2003/04 £000 |
|-----------------------------|--|---|
| Cash received | 2,033 | 25 |
| Bursaries paid | 1,908 | 21 |
| Administrative costs | 40 | 3 |
| VAT on administrative costs | 7 | 1 |
| | <hr/> 1,955 | <hr/> 25 |
| Repayable to TTA | 78 | – |
| | <hr/> <hr/> | <hr/> <hr/> |

The University acts as agent for the Teacher Training Agency in the disbursement of these funds, and therefore cash received (other than income towards administrative costs) and bursaries paid are excluded from the Income and Expenditure Account.

Five Year Summary Accounts

Income and Expenditure Account

| | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | £000 | £000 | £000 | £000 | £000 |
| Income | | | | | |
| Funding Council Grants | 39,525 | 40,366 | 43,482 | 44,424 | 45,710 |
| Academic Fees and Support Grants | 25,644 | 27,584 | 31,816 | 36,616 | 39,274 |
| Research Grants and Contracts | 30,836 | 33,123 | 36,044 | 36,970 | 36,233 |
| Other Operating Income | 25,575 | 30,177 | 33,154 | 35,812 | 39,181 |
| Endowment Income and Interest | 1,362 | 1,384 | 1,346 | 1,234 | 1,050 |
| Surplus on Sale of Assets | 137 | – | – | – | 386 |
| Total Income | <u>123,079</u> | <u>132,634</u> | <u>145,842</u> | <u>155,056</u> | <u>161,834</u> |
| Expenditure | | | | | |
| Staff Costs | 73,919 | 79,871 | 84,422 | 90,917 | 98,867 |
| Depreciation | 2,387 | 2,980 | 3,625 | 3,719 | 2,996 |
| Other Operating Expenses | 47,197 | 48,626 | 53,048 | 57,144 | 57,320 |
| Interest Payable | 1,264 | 1,255 | 1,212 | 819 | 790 |
| Total Expenditure | <u>124,767</u> | <u>132,732</u> | <u>142,307</u> | <u>152,599</u> | <u>159,973</u> |
| Transfer to Specific Endowments | – | – | – | – | 28 |
| Surplus/(Deficit) for the year | <u>(1,688)</u> | <u>(98)</u> | <u>3,535</u> | <u>2,457</u> | <u>1,833</u> |

Balance Sheet

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Fixed Assets | 53,530 | 55,489 | 59,900 | 69,586 | 86,970 |
| Endowment Asset Investments | 4,218 | 4,010 | 3,606 | 3,653 | 4,011 |
| Net Current Assets | 9,015 | 9,679 | 8,248 | 8,623 | 2,945 |
| Creditors: Amounts Due After One Year | (11,388) | (11,244) | (8,422) | (8,143) | (4,840) |
| Provisions for Liabilities and Charges | – | (471) | (463) | (1,449) | (738) |
| Total Net Assets | <u>55,375</u> | <u>57,463</u> | <u>62,869</u> | <u>72,270</u> | <u>88,348</u> |
| Represented By | | | | | |
| Deferred Capital Grants | 30,416 | 32,810 | 35,085 | 41,982 | 55,869 |
| Endowments | 4,218 | 4,010 | 3,606 | 3,653 | 4,011 |
| General Reserves | 20,741 | 20,643 | 24,178 | 26,635 | 28,468 |
| Total Funds | <u>55,375</u> | <u>57,463</u> | <u>62,869</u> | <u>72,270</u> | <u>88,348</u> |

Financial Statistics

Sources of Income

% of Total Income

| | 1999/00 | 2000/01 | 2001/02 | 2002/03 | 2003/04 |
|--|---------------|---------------|---------------|---------------|---------------|
| Grants from Funding Councils (HEFCE and TTA) | 32.1% | 30.4% | 29.8% | 28.7% | 28.2% |
| Academic Fees and Support Grants | 20.9% | 20.8% | 21.8% | 23.6% | 24.3% |
| Research Grants and Contracts | 25.1% | 25.0% | 24.7% | 23.8% | 22.4% |
| Residences, Catering and Conferences | 8.7% | 8.5% | 8.6% | 8.5% | 9.6% |
| Other Income | 13.2% | 15.3% | 15.1% | 15.4% | 15.5% |
| Total Income | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Analysis of Expenditure

% of Total Expenditure

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| Staff Costs | 59.3% | 60.3% | 59.3% | 59.6% | 61.8% |
| Depreciation | 1.9% | 2.2% | 2.5% | 2.4% | 1.9% |
| Other Operating Expenses | 37.8% | 36.6% | 37.3% | 37.5% | 35.8% |
| Interest Payable | 1.0% | 0.9% | 0.9% | 0.5% | 0.5% |
| Total Expenditure | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Surplus/(Deficit) for the Year as a % of Total Income | (1.4)% | (0.1)% | 2.4% | 1.6% | 1.1% |

Indicators of Financial Strength

| | | | | | |
|---|----|----|----|----|----|
| Days Ratio of Total General Funds to Total Expenditure <i>To indicate the number of days total expenditure which could be met from general funds</i> | 64 | 59 | 64 | 66 | 67 |
| Days Ratio of Net Current Assets to Total Expenditure <i>Number of days an institution could meet expenditure from net assets</i> | 26 | 27 | 21 | 21 | 7 |
| % Ratio of Long-Term Liabilities to Total General Funds <i>Measures the extent to which an institution is funded by long-term debt</i> | 52 | 52 | 34 | 30 | 17 |

Indicators of Liquidity and Solvency

| | | | | | |
|---|-----|-----|-----|-----|-----|
| % Ratio of Liquid Assets to Current Liabilities <i>Extent to which current liabilities could be met from cash and liquid investments</i> | 75 | 73 | 82 | 82 | 41 |
| Ratio of Current Assets to Current Liabilities <i>Extent to which current liabilities could be met from current assets</i> | 1.4 | 1.4 | 1.3 | 1.3 | 1.1 |
| Debtor Days <i>Days of total income (excluding Funding Council income) represented by debtors</i> | 59 | 60 | 44 | 42 | 64 |