



# Annual Report and Financial Statements 2014-2015



Learning Resources Centre

Learning Resources Centre, new Student accommodation and £50 million Science building

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# Introduction by Richard Beazley

**Chairman of the Board of Governors**



**This has been a good year for the University of Hertfordshire, with two of the components of our 2020 Estates Vision opening, and significant progress being made in the all-important ability of our graduates to get good jobs on graduation.**

The first phase of our new student residence (which opened in September 2014) has been a success. With a design that encourages students to be mutually supportive in small social units, and with accommodation that is safe, comfortable, efficient and of very low environmental impact, they have proved popular with our students. The other new development which opened during the year was the Hutton Hub on the College Lane Campus. This bright, modern facility brings together all the essential student services in one building and has also proved popular with our students.

This year, over 95% of our graduates obtained jobs or were in further study within six months of graduating. This figure sees us now sitting well above the national average in terms of student employability among UK universities, and ranked second only to Cambridge in the east of England region. This is testament to our hardworking students, as well as our attitude and ethos as the UK's leading business-facing university.

2015 saw the publication of the national Research Excellence Framework. While we don't enjoy the same research budget as some other universities, research is important for us and is growing. We were pleased therefore that more than 90% of our research was judged to be of international quality, and 100% of our history research was judged to have outstanding impact (being ranked 5th in the country overall).

We remain very aware of the need for us not only to provide outstanding education for our

students to prepare them for their careers, but also to ensure they have opportunities to develop their latent talents and interests in a safe and comfortable environment which they enjoy. Therefore, we were delighted to see that in the annual National Student Survey the level of satisfaction of our students has risen in all areas.

The next five years will see us continuing to build on our vision to become internationally renowned as the UK's leading business-facing university. We look forward to developing our partnerships with industry, both nationally and globally. Our students benefit greatly from these partnerships, with excellent work placement opportunities and teaching that is informed by the latest industry developments. In turn, industry benefits from the high quality of our graduates and their attributes.

All of this reflects the high calibre and dedication of our staff and the excellent use of resources. As an ambitious, forward-looking, business-facing university, we should all be delighted with what has been achieved, which will no doubt spur us on to even greater achievements in the years to come.

Finally, it has been an honour once again to serve as Chair of the Board of Governors this year, and I would particularly like to thank the rest of the Board for their dedication to the University, for their time, commitment and enthusiasm.

**Richard Beazley**  
November 2015

# Vice-Chancellor's review of the year



**The University has achieved much of what it set out to do in 2014-15, through the dedication and professionalism of its staff, students and governing body.**

I am delighted to be able to report that we have made progress in many areas, with some outstanding results and progress against a number of key measures including employability of students, the National Student Survey and several aspects of the Research Excellence Framework. This has been achieved in the continuing context of reducing government support as the economy generally moves from the longest post-war recession.

In this report, you will read the several case studies which demonstrate our wide variety of work in support of our strategy and furtherance of our public benefit objectives.

Despite the funding pressures, the University is currently in a strong financial position and has made efficiency savings during the last three years which have offset the flat funding received. The Group turnover for the year was £250 million with a surplus of £12.9 million, exceeding our forecast for the year. Further efficiency savings will be sought. However, if flat funding or reductions extend over several years, this will impact on our building programme (which may need to be delayed) and, ultimately, on our ability to offer the range of subjects we currently deliver. In the past year, £39 million of capital expenditure has been incurred on our major projects and we have opened a new student residence and a new student services centre (Hutton Hub). We will also shortly open our new Science Building.

The University launched its new five-year strategic plan during 2014-15 towards becoming 'internationally renowned as the UK's leading business-facing University'. Within the plan, objectives have been set for education, research, international and commercial activity which will substantially enhance our claim to be the UK's

leading business-facing University. We have also set objectives to increase the social, cultural and economic impact that we have on our local community. In that regard we have supported the Local Enterprise Partnership to create a Growth Hub which will stimulate the economy through the support for a substantial number of joint research projects between the University and local businesses. Furthermore, the University has been working in our local town centre in Hatfield to determine the aspirations of local residents towards town centre regeneration, and I'm delighted to be the chair of the Hatfield town centre renewal project.

Looking ahead, we believe that our vision is realistic and achievable despite the many pressures we face. The future is very bright at the University of Hertfordshire and I am looking forward to many areas of advancement with the support of the many wonderful people who are part of our community.

**Professor Quintin McKellar CBE**

November 2015



# Vision and values – new strategic plan 2015-2020

During 2014-15, the University launched its new strategic plan and values for 2015-2020.

Extensive consultation took place with staff, students and other stakeholders during 2014-15 to agree the strands and the objectives. This has meant that the University has a plan which is truly owned by the whole University community. The values are those which were most actively proposed during the consultation process and those which describe our University.

**Our vision is to be ‘internationally renowned as the UK’s leading business-facing university’**

## Our values

The following core values will inform and sustain all of our activities. We aspire to be:

- **Friendly**
- **Ambitious**
- **Collegiate**
- **Enterprising**
- **Student-focused**

The easily remembered acronym (FACES) recognises that many people are involved in our business.

## Our key strategic objectives

We will deliver our vision by:

- Providing expert teaching informed by research, business and the professions.
- Offering workplace engagement and overseas learning opportunities.
- Creating and developing innovative ideas, products and processes.
- Fostering and strengthening research with global partners.
- Developing international partnerships.
- Strengthening the global perspective in the curriculum.
- Developing students with the knowledge, skills and attributes to succeed in business and the professions.
- Enhancing relationships with business and industry.
- Demonstrating and promoting our positive social, cultural and economic impact.
- Attracting and developing outstanding people.
- Strengthening the diversity of our community.
- Consolidating financial sustainability.

## The strategic plan is divided into seven strands

The University championed and created a unique space for itself by leading the way and shaping the next generation of business-facing universities. Our new strategy will ensure that we will continue to be an exemplar in the sector and we will play a leading role in addressing the economic and social challenges facing the UK in increasingly competitive global markets.

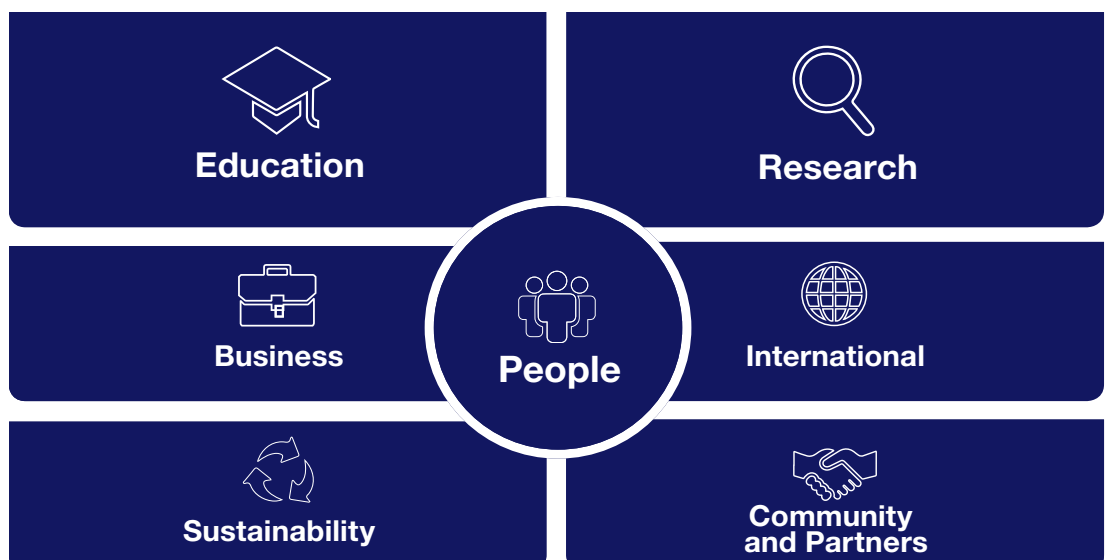
Innovative, creative and enterprising remain as defining characteristics of our University. We will continue to provide flexible and transformational learning and commit to adding value to our partners. We will deliver positive and productive engagements with business, industry and the professions.

The University recognises that this strategy cannot be delivered without our staff and has placed people in the heart of everything we do.

## Key performance indicators for 2015-16

The following key performance indicators have been agreed by the Board of Governors for 2015-16. The University believes these are appropriate in order for it to achieve its vision:

- Teaching evaluated as at least good by students.
- Students undertaking workplace learning.
- Number of exploitable research outputs per year.
- Publications that can be submitted to the Research Excellence Framework (REF) that are jointly authored with international collaborative partners.
- Commercial income.
- Ranked position in Destination of Leavers from Higher Education (DLHE) survey.
- Achievement of an agreed financial surplus.
- Income from overseas activity.
- Level of staff engagement with the strategic plan.



# Corporate structure

Full details of the corporate structure are given in the Statement of Corporate Governance on page 39.

The Vice-Chancellor, as Chief Executive and Academic Head of the University, has responsibility to the Board of Governors for the organisation, direction and management of the University.

## Officers appointed by the Board

Vice-Chancellor

**Professor Quintin McKellar CBE**

Deputy Vice-Chancellor

**Professor Ian Campbell**

Secretary and Registrar

**Sue Grant**

Group Finance Director

**Alistair Moffat**

These positions, together with three Pro Vice-Chancellors, Deans of the 10 academic Schools (listed opposite), Director of Human Resources, Director of Estates, Chief Information Officer, Academic Registrar and the Dean of Students, form the Chief Executive's Group, which is responsible for the day-to-day management and leadership of the University.

## Academic structure

The University's academic provision is delivered by its 10 academic Schools:

- Hertfordshire Business School
- Computer Science
- Creative Arts
- Education
- Engineering and Technology
- Health and Social Work
- Humanities
- Law
- Life and Medical Sciences
- Physics, Astronomy and Mathematics

Our research takes place within three dedicated research institutes:

- Health and Human Sciences covering Agriculture, Environment, Health, Life Sciences, Nursing, Pharmacy, Psychology and Sport
- Science and Technology covering Astrophysics, Atmospheric Science, Computer Science and Engineering
- Social Sciences, Arts and Humanities covering Art and Design, Business, Education, English Literature, Film, History, Language, Law, Management, Music and Philosophy

The University works in partnership with four regional further education colleges through the Hertfordshire Higher Education Consortium (HHEC) and offers distance learning through its UH Online provision.

The University also has a number of franchise arrangements with a variety of institutions spread across the world, including institutions in Malaysia, Singapore, Malta and Canada.

## Public benefit – the University as a charity

The University of Hertfordshire is a Higher Education Corporation and, as such, is an exempt charity under the Charities Act 2011. The University is regulated by the Higher Education Funding Council for England (HEFCE), which is the principal regulator of English higher education institutions that are exempt charities. During 2014-15 the Board of Governors, as Trustee of the University, continued to have due regard to the Charity Commission's guidance on public benefit and its supplementary guidance on the advancement of education.



# Education

**The main business of the University remains the provision of high quality bespoke teaching, tailored to meet the specific needs of individuals and organisations.**

The University offers practice-based, industry-focused courses which give our graduates the skills employers want. These are delivered by experts in their field who provide timely assessment and meaningful feedback to support learning. During 2014-15, the University Schools continued to develop all aspects relating to learning and teaching. Module Feedback Questionnaire (MFQ) results for Semester A and B showed improvements, as did National Student Survey results in all categories compared with our performance last year. With regard to the latter, we are now in the top quartile of Higher Education Institutions for Learning Resources and Personal Development.

The University has remained at the forefront of new academic developments. During the last year, we were the first in the country to offer a Master of Optometry course, and also the first to offer a Paramedic Science degree which incorporates the Health and Care Professions Council registration.

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**The University has a student community of over 24,800 including more than 4,100 international students from 100 different countries**

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**The University increased its overall student satisfaction rating in the latest National Student Survey 2015 to achieve its highest score to date. Overall, 84% are satisfied**

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# Student numbers

The following tables show an analysis of our student profile for 2014-15

## Mode and level of study

<b>Full-time and sandwich</b>	Postgraduate Research	230
	Postgraduate Taught	1,720
	First degree	14,620
	Foundation	640
	Other Undergraduate	150
<b>Total</b>	<b>17,360</b>	

<b>Part-time</b>	Postgraduate Research	280
	Postgraduate Taught	3,430
	First degree	1,450
	Foundation	410
	Other Undergraduate	1,960
<b>Total</b>	<b>7,520</b>	

**Grand Total** **24,880**

## Gender

Female	14,200	57.1%
Male	10,680	42.9%
<b>Total</b>	<b>24,880</b>	<b>100.0%</b>

## Ethnicity

White	12,740	51.2%
Black or Black British	3,960	15.9%
Asian or Asian British	4,610	18.5%
Chinese	1,050	4.2%
Other (including mixed race)	2,010	8.1%
Unknown/information refused	510	2.1%
<b>Total</b>	<b>24,880</b>	<b>100.0%</b>

## Geographic region

England	20,430	82.1%
Wales	150	0.6%
Scotland	70	0.3%
N Ireland	50	0.2%
Guernsey, Jersey and the Isle of Man	20	0.1%
Other EU	820	3.3%
Non EU	3,340	13.4%
<b>Total</b>	<b>24,880</b>	<b>100.0%</b>

## Subject area

Medicine and dentistry	10	0.0%
Subjects allied to medicine	6,180	24.8%
Biological sciences	1,570	6.3%
Veterinary science	0	0.0%
Agriculture and related subjects	20	0.1%
Physical sciences	410	1.6%
Mathematical sciences	260	1.0%
Computer science	1,350	5.4%
Engineering and technology	1,590	6.4%
Architecture, building and planning	50	0.2%
Social studies	960	3.9%
Law	1,880	7.6%
Business and administrative studies	4,350	17.5%
Mass communications and documentation	160	0.6%
Languages	540	2.2%
Historical and philosophical studies	240	1.0%
Creative arts and design	2,570	10.3%
Education	2,470	9.9%
Combined	270	1.1%
<b>Total</b>	<b>24,880</b>	<b>100.0%</b>

## Students from outside the UK - Top 10 countries

China	620	2.5%
Nigeria	550	2.2%
Malaysia	430	1.7%
Pakistan	250	1.0%
India	210	0.8%
Ireland	160	0.6%
Cyprus (European Union)	110	0.4%
Saudi Arabia	110	0.4%
Bangladesh	80	0.3%
Sri Lanka	80	0.3%
<b>Total</b>	<b>2,600</b>	<b>10.5%</b>



# New Master of Optometry course - first of its kind in the country

Collaboration with the College of Optometrists has given the University of Hertfordshire the opportunity to offer a new Master of Optometry course. This course is the first in the country to incorporate the College of Optometrists' Scheme for Registration with the academic assessment for the Master's qualification. Students who successfully complete the course will be awarded a Master of Optometry and will be eligible to register with the General Optical Council to become practising optometrists.

The new course will be delivered in the School of Life and Medical Sciences. It will be based in brand new, specialist-built optometry clinical rooms and laboratories, with state-of-the-art equipment and facilities, including 14 dedicated optometry practice cubicles. The course will have a strong practical element, and will provide extensive opportunities for hospital and community placements in the third and fourth years.

Up to 50 students can enrol on the new course. During its first year, it proved to be very popular, with more than 180 applications.




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**New Master of Optometry - first course to incorporate College of Optometrists' Scheme for Registration from September 2015**

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# New Accident Simulation Centre unveiled

The brand new Centre provides a safe and secure outdoor environment where the students can put their learning into practice and hone their vital practical skills. The facility enables the simulation of road traffic accidents, single- or multi-casualty situations and similar events, and even allows them to practise extricating casualties. It is an excellent and realistic learning tool that will enable students to become familiar with situations they will inevitably face once qualified and working in the field.

The opening event was an opportunity to demonstrate the facility, where students participated in the simulation of casualty extrication and patient care following a serious road traffic accident.



The University's BSc (Hons) Paramedic Science degree programme is the first in the UK to integrate full paramedic training to the Health and Care Professions Council (HCPC) registration standards within a full-time degree. This practical course provides the professional knowledge and clinical assessment skills our students need to become confident paramedics who will make a valuable contribution to the emergency sector.

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**New Accident Simulation Centre offers great opportunities for Paramedic Science students to put their learning into practice**

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# Research

**Whether designing new drugs to fight pancreatic cancer, pioneering research into dementia, tracking asteroids as they orbit earth or championing hygiene in the kitchen, our research makes an incredibly valuable contribution to society.**

This year we were proud to increase the amount of 'world-leading' and 'internationally excellent' research we produce from 46% to 57%.

This result was also particularly impressive because the number of staff submitting research to the Research Excellence Framework had grown by 30%. Overall, the University has risen from 77th to 73rd in The Times league tables, with our research power score increasing from 428 to 500.

Notable successes came in nursing, pharmacy, philosophy and history. In the latter subject, we achieved 5th overall in the sector and top for the impact of our history research.

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**In June, we held our first Innovation Showcase to promote our research projects to business and encourage more industry partnerships**

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**In May, the University of Hertfordshire learnt that it would retain the HE Excellence in Research Award for four more years**

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# History research top for impact in UK



**The Research Excellence Framework assesses the quality and impact of research in UK higher education institutions and is used by UK funding bodies to allocate research funding to universities. It also provides accountability for public investment in research and provides important information about the research performance of UK universities.**

More than 90% of our submitted research was judged to be of international quality.

Our research in history ranks 5th in the country overall, and first for the University Alliance Group, with 85% of our research in history pronounced 'world leading' and 'internationally excellent'. The research was ranked top in the country in terms of impact, with 100% judged to be 'outstanding'.

The two impact case studies submitted for History were *Threads of Feeling: Exhibiting the Foundling Textiles* by Professor John Styles, and *The Old Bailey Online: Bringing Criminal and Legal History into the Present* by Professor Tim Hitchcock.

The *Threads of Feeling* research aimed to explore the history of clothes worn by ordinary people in Georgian Britain and has made a major contribution to our understanding of the origins of modern consumer society. It featured 60 pieces of fabric cut from the clothes of infants who had been abandoned by their impoverished mothers at the Foundling Hospital in the 1740s and 50s. The exhibition was seen by almost 20,000 people in the UK and more than 200,000 in the USA. *Threads of Feeling* continues to be available as a poignant online exhibition.

The *Old Bailey Online* provides a fully searchable digital database of all surviving editions of the *Old Bailey Proceedings* from 1674 to 1913 and of the *Ordinary of Newgate's Accounts* between 1674 and 1772. In addition, it provides digital images, information on the historical and legal background of the *Old Bailey*, descriptions of published materials and maps.

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**History research ranked top in the country for impact**

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# Is a protein drink the answer for childless couples?

**The University has contributed to the discovery of a supplement that has been shown to boost reproduction in fish, frogs, molluscs and nematodes (roundworms). This has led to the development of a 'his and hers' drink for couples struggling to conceive a child.**

A peptide (short protein) was added to the tank water of guppy fish at London Zoo, and after six months they had produced four times as many offspring as the unexposed fish. Similar tests among brown mantella frogs, an endangered species, at Paignton Zoo, led to breeding for the first time in a zoo anywhere in the world. The protein was dissolved in water and misted onto the frogs, who absorbed it through their skin. Similar results have been found among soil nematodes - small roundworms which are good research models for human beings. Among these creatures reproduction increased by about 80%, and occurred earlier.

The research, which was the subject of national media coverage, was led by Dr Keith Davies, senior lecturer at the University of Hertfordshire, and Dr John Hart, CEO of Endocrine Pharmaceuticals Ltd. Dr Hart explains, 'What we have developed is an aphrodisiac which acts by lifting a natural brake on reproduction.' This 'natural brake' is present in a wide range of tested species, from tiger stingrays to freshwater snails, and the team believe it is highly probable that it's present in mammals too.

Human reproduction is controlled in the hypothalamus region at the base of the brain, and the researchers hypothesise that sometimes the 'brake' in this region does not release properly. They are hoping that this discovery will prove to be a breakthrough for couples experiencing difficulties in having a child. Reproduction increased among fish when both males and females were exposed. 'With this in mind,' says Dr Hart, 'we have invented a special formulation for human use first thing in the morning as a "his & hers" drink.'

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**Protein supplement leads to increased reproduction in multiple species. Could it work for humans too?**

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# Robotic rehabilitation for stroke sufferers

**The School of Computer Science has discovered a method to transform ongoing therapy for patients recovering from strokes. The SCRIPT (Supervised Care and Rehabilitation Involving Personal Tele-robotics) project has developed a prototype robotic glove which enables rehabilitation and therapy to be provided at home, and allows tailored therapy programmes to be designed to target ongoing impairments.**

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**Robotic glove targets ongoing impairments in stroke sufferers and allows remotely tailored treatment**

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Over the past three years, the team have developed two prototype robotic arms which facilitate repetitive movements and exercise in the hand and wrist. The glove records performance and sends it to the patient's therapist, who is then able to tailor treatment remotely and arrange appropriate follow-up.

The aim of the venture was to make therapy sessions more positive for stroke patients, and at the same time to provide feedback both to them and to their healthcare professionals. The project is coordinated by Dr Farshid Amirabdollahian, an expert in rehabilitation robotics and assistance and a senior lecturer in the School. He remarks, 'Our goal was to make motivating therapies available to people to practise at home using this system. We tried this system with 30 patients and found that patients indeed practised at home, on average around 100 minutes each week, and some showed clinical improvements in their hand and arm function.'

The project has passed the proof-of-concept stage and the team are now looking at ways to commercialise the glove and bring it into production. The team are considering a follow-up project to improve recovery outcomes.

The €4.6 million venture was partially funded by the European Commission under the 7th Framework Programme in collaboration with R.U. Robots Limited (UK), University of Sheffield (UK), Universiteit Twente (Netherlands), Roessingh Research and Development BV (Netherlands), MOOG BV (Netherlands), San Raffaele S.p.A. (Italy) and User Interface Design GmbH (Germany).



# Business

**The University continues to work in partnership with industry and business. Our courses, research, knowledge exchange and commercial activities are all closely aligned so that we can meet the future demands of employers and society.**

Over the year we have shaped more courses around the needs of those employers, expanding opportunities for work placements, volunteering, exchanges and industry projects. This commitment ensures more of our students are highly employable and coveted by a wide range of organisations.

At the same time we continue to encourage our students' entrepreneurial ambitions through growth in our Incubation Centre, professional mentoring, networking events and competitions. This year we invested £18,000 in local start-ups through flare, our competition for budding entrepreneurs.

Of course we are just as committed to established local businesses as new start-ups. A government grant given to the University this year will fund a new innovation hub, enabling us to continue to support the local business community. We also remain committed to helping businesses through strategic consultancy, research that improves processes and products, and high-quality workforce training and development.

In recognition of our achievements, this year our Business School proudly won a Small Business Charter Award.

**Government grant to fund new Innovation Hub**

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**Annual competition awards £18,000 to local start-up businesses**

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**University receives award for local business support**

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**The Business School was awarded the prestigious Association of MBAs (AMBA) accreditation this year. Along with its Small Business Charter Award, the School is now only one of two UK Business Schools to have achieved three out of the four possible accreditations for a post-92 university**

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**The University has an impressive track record of supporting small businesses; almost 6,000 access our advice, consultancy, training and development programmes every year**

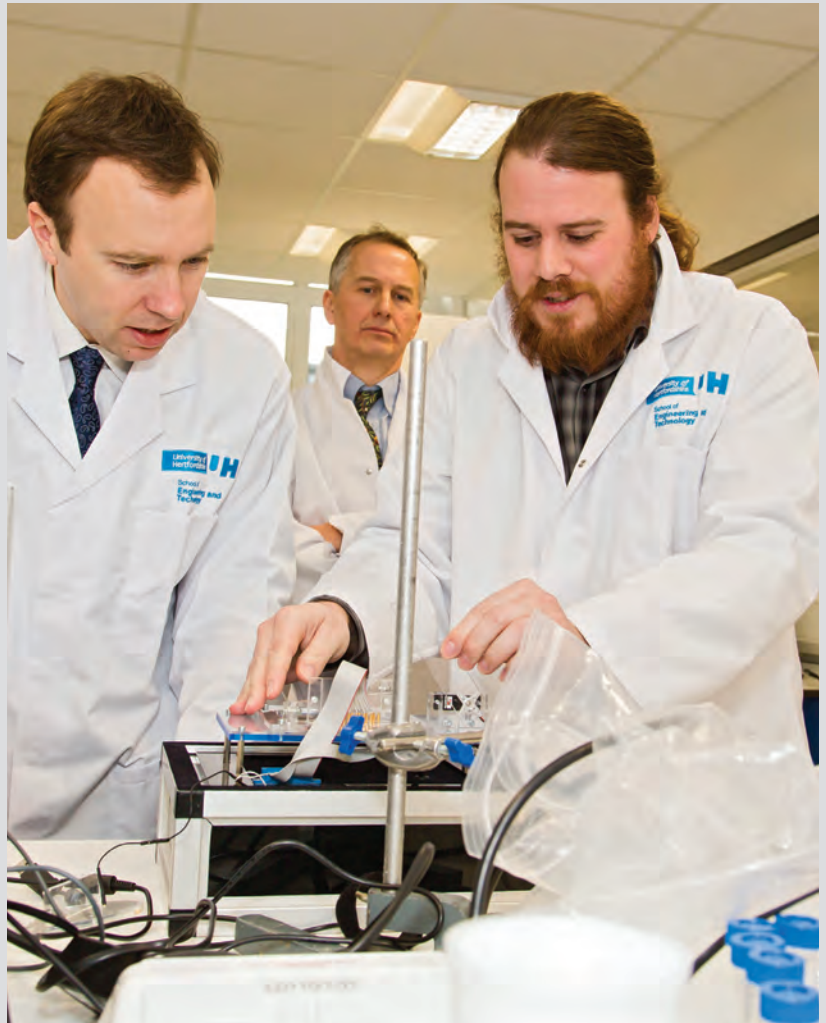
# Government grant to fund new Innovation Hub

In January 2015 it was announced that the University would receive £2.5 million from the government as part of a multimillion-pound funding package for the county of Hertfordshire. The investment, which will fund an Innovation Hub as well as additional research and training facilities, was announced during a visit by the Rt Hon Matthew Hancock MP, the then Minister of State for Business, Energy and Enterprise.

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**UH identified as worthy recipient of government investment for innovation, research and training facilities**

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The county-wide investment of £22.3 million will finance projects to build hundreds of new homes, to create jobs, to offer more business support and to improve skills provision, and was successfully secured by the Hertfordshire Local Enterprise Partnership (LEP). The investment in the University will help to build on the county's reputation for global excellence in science and technology, which the LEP has identified as a key growth sector.

It will enable the University to further develop its resources which will continue to benefit our students, local businesses and the Hertfordshire community. Quintin McKellar, Vice-Chancellor and LEP Board Member, commented, 'The University is an amazing resource for Hertfordshire's business community. This money will fund an Innovation Hub

and a Research Hotel to facilitate collaborations, as well as a doctoral training centre.'

During his visit, Mr Hancock learnt that the microtechnology department has successfully secured major contracts to carry out research into combating terrorism, ash dieback and diseases that affect cereal crops. The new Innovation Hub will facilitate the linking of small and medium-sized businesses with world-class academic and research facilities. Mr Hancock was impressed with the way the University supports growth and job creation within the local community, and commented, 'The University takes high-end research through to commercialisation. This together with a wider package of measures will help to support growth and create jobs.'



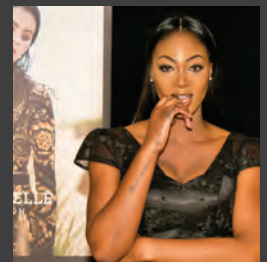
University of Hertfordshire supports and invests in local start-up businesses

# Annual competition awards £18,000 to local start-up businesses

**Our annual business start-up competition, flare, is just one of the ways the University supports budding local businesses.**

This year, 12 finalists were selected to go head to head and pitch their business ideas to the judges. Three winners shared £18,000 to invest in their companies, and all finalists received a year's free membership of the Hertfordshire Chamber of Commerce and office space in our Incubation Centre.

The winners were announced at a special awards dinner held in the Forum Hertfordshire in October 2015. Business graduate Greg McClarnon won the top prize of £8,000 in the Best Growth Business category for his school show and live event photography company, Splaat Media. The Best Business award and £5,000 went to Samuel Dallimore for his company, Health Hut Products Ltd, which makes fresh protein bars. Porscha Mbawu also won £5,000 in the Best Idea category for her luxury womenswear brand, Pernelle Ltd.



Since launching in 2005, flare has awarded almost £140,000 to 28 start-up businesses from more than 1,000 entrants from students and graduates.

**In 2015, Enactus Hertfordshire – part of the global Enactus movement – was set up by student entrepreneurs looking to create a more sustainable world through the power of social enterprise. After just six weeks, the team was invited to the Enactus regional finals and made it through to the grand final**



# University receives award for local business support

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**Hertfordshire Business School receives Small Business Charter Award for support to local businesses and contribution to local economy**

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**The University has been recognised for its outstanding support to local business, with the presentation of a Small Business Charter Award to the Hertfordshire Business School. The award not only reflects our support of businesses and start-ups in the local community, but also our contribution to the local economy. It also opens up more exceptional opportunities for our students to gain practical, hands-on experience in all areas of business and industry.**

The University is delighted that its hard work to support small businesses, start-ups and regional economic growth has been recognised in this way.

The Small Business Charter Awards were established by the Chartered Association of Business Schools, Lord Young and the Department for Business, Innovation and Skills to connect SMEs with the knowledge, facilities and networks offered by world-class business schools. Twenty-seven business schools across the UK have now received the Charter Award, and between them they have supported more than 8,000 small businesses. In addition, they have helped 4,700 students to find work placements in the micro-business and start-up sector. Business support ranges from on-site incubators for start-up businesses to grow and dedicated Small Business Growth and Leadership programmes, to full-time support networks of alumni and local business experts.

Ian McNaught, Executive Director of the Small Business Charter, acknowledged the positive influence the Charter Awarded business schools have in their local communities and in their support for small businesses and start-ups. 'They are key players in their local economies and they are rightly being recognised for that commitment,' he commented. 'The Small Business Charter management board is delighted with the latest awards and upgrades from across the country. Business schools are again showing their impact on SMEs through world-class business expertise, programmes and advice. Each business school went through rigorous assessment to gain their awards and we are very pleased with the standards which have been demonstrated in this round of applications.'

# International

## Although the University is proud to call Hertfordshire home, our reach is undeniably global.

Life on campus is culturally diverse, with more than 10% of students coming from outside the UK, while many of our courses reflect the global nature of business and industry. Opportunities to study abroad and collaborations with like-minded educational and research organisations offer a dynamic, international dimension to study programmes.

As a result, Hertfordshire students are instilled with the attributes, aspirations and cultural understanding to succeed anywhere. Many go on to successful careers in international businesses or even set up their own global companies. One alumnus, for example, has this year launched his own creative business based in London and Toronto, and is now looking to expand more widely in Europe.

And it is not just our students who have an international outlook; our researchers are working with their counterparts in other countries to pool their talents and tackle some of the most urgent issues of our time. One such project sees our scientists tackling climate change through a partnership with NASA, creating new instruments to analyse air particles at higher altitudes than ever before.

**UH Racing impresses at Silverstone and Hockenheim**

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**High-flying scientists in ground-breaking climate research**

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**Owner of international company attributes success to his studies**

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**We are ranked 9th among UK universities under 50 years old, and 71st in the world**

**Source:**  
2015 Times Higher Education 100 under 50

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**The University has a global network of over 210,000 alumni**

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# UH Racing impresses at Silverstone and Hockenheim



**Students from the School of Engineering and Technology have been racing ahead in international competitions this year. They were placed a very impressive 6th at Formula Student Germany at Hockenheim in August 2015, having reached 27th at the British Formula Student competition at Silverstone just a few weeks earlier.**

The student racing team, UH Racing, was required to participate in a number of demanding challenges during the competitions, which involved just under 100 teams from all over the world.

These events were fantastic experiences for the whole of the UH Racing team. Team member Ashley Craig said, 'We are incredibly proud of our performance.' He added, 'We were thrilled that after the many thousands of hours work by up to 25 students, the team finished 6th overall at the

biggest Formula Student event in the world. This was a credit to both the hard work of our talented team of engineers and to the University, which has given us fantastic opportunities, teaching and support to help us get this far.'

The University has an excellent record in the field of motorsport. There is currently a University of Hertfordshire graduate working in every Formula 1 team. The UH Racing team was founded in 1997 and has been competing in the British IMechE Formula Student event since its launch in 1998. In June they launched the UH18, their most advanced single-seater car, at an event where Formula 1 driver, team owner and Le Mans winner Jackie Oliver was the guest speaker.

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## Impressive performance by UH Racing at international Formula Student competitions

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Photographer: James Ross, NASA

# High-flying scientists in ground-breaking climate research

## UH scientists enable exciting new discoveries in climate research

**Scientists at the University are breaking new ground in the field of climate research. They have designed and built a new instrument that will provide details of microscopic airborne particles in the highest levels of the atmosphere – information that it has never before been possible to obtain.**

The Aerosol Ice Interface Transition Spectrometer (AIITS) has been built specifically to fly on NASA's Global Hawk unmanned aircraft, enabling it to detect and analyse particles at altitudes twice as high as those reached by commercial aeroplanes.

The instrument allows minute airborne ice crystals, dust particles, water droplets and biological particles to pass through a laser beam. A system of lenses and highly sensitive cameras then captures details of the size, shape and structure of each particle as it scatters the light in a complex pattern. These patterns are similar to thumbprints and can be analysed to classify and identify the particles.

Based in California, NASA's Global Hawk is an unmanned aircraft capable of flying continuously for 20 hours or more at altitudes of up to 65,000 feet. In March, the Global Hawk flew AIITS several thousand miles over the Pacific Ocean to gather data for the very first time. This flight is expected to provide huge amounts of data and new knowledge about our earth's upper atmosphere.

AIITS has been developed by the University's Centre for Atmospheric and Instrumentation Research (CAIR) in collaboration with the University of Manchester. Professor Paul Kaye from CAIR commented, 'This is about as close to ground-breaking science that we can get in the atmospheric physics field and it is also the first time that UK-built instruments have been flown on this amazing aircraft.'

Dr Chris Stopford, one of the designers of AIITS, remarked, 'We're gathering data from particles no-one has been able to acquire before – it's tremendously exciting from both scientific and personal perspectives.'

# Owner of international company attributes success to his studies

**Our former students extend to all four corners of the globe and are making a difference in many different fields and industries all over the world.**



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## **Alumnus runs his own global company just three years after graduating**

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One such alumnus is Steven Barnett. Steven graduated from the University in 2012 with a Marketing with Advertising degree. He was delighted when his degree opened the door to a job with Postmedia Network Inc in Canada as a Digital Campaign Account Manager. He then progressed quickly to a position with global advertising network WPP, working with a number of prestigious global firms.

Soon afterwards, Steven decided to put his experience and knowledge to the ultimate test and started up his own creative firm, LONDON notions. Based in Toronto and London, Steven is looking to expand the company further into the European market, and a number of Hertfordshire alumni are working with him on this project.

Our strong international connections were one of the key reasons behind Steven's choice to study at the University. He is in no doubt that the knowledge and experience he gained while he was with us were crucial in enabling him to progress so quickly within his chosen field. 'My degree certainly helped me get my foot on the ladder within my chosen industry,' he said. 'I feel that my degree has contributed to my ability to think conceptually, ask questions and develop a point of view. Working collaboratively and individually to create engaging dialogue is precisely what the advertising industry necessitates, and I fundamentally believe that this working approach was crafted whilst meeting assignment timelines, contributing within group projects and, of course, all-nighters in the Learning Resources Centre.'

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**With students from more than 100 countries and an ever-expanding overseas alumni network, our vibrant community promotes a high level of multicultural understanding**

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# Sustainability

**We strive to manage our finances in a business-like way, so that we can give ourselves choices over how to continuously improve and transform the way our students live and learn.**

The University has achieved financial surpluses in excess of £10 million in each of the past five years. In 2013, we raised a further £50 million through the granting of a long lease over the residential area at the College Lane Campus. We have therefore been able to use such funds to invest in buildings, research and equipment for staff and students. Our forward plan is to maintain surpluses at this level to be able to continue such investments.

We have not increased external borrowing since 2009 and indeed have repaid over £10 million to lenders in that time, which reduces our gearing and our interest burden. The proportion of external borrowing to income has reduced to below 30%.

During 2014-15, continued significant investment was made in the University estate with the completion and the opening of new accommodation and a number of facilities on College Lane as part of the University's Estates 2020 Vision.

Investment in the  
future of our students page  
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**We have won awards from the People & Planet Green League and HEI Sector Green Gown Awards**

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**The University actively managed biodiversity across our campuses to enhance bat, bird and insect species through the planting of wildflower areas and managing on-site woodland habitats**

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**We are recycling more than 80% of our waste, with nil going to landfill**

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# Investment in the future of our students

**Our focus is on continual improvements, and we are always looking to the future. Upwards of £400 million is being invested in stunning new buildings and major refurbishments to enable us to provide even more outstanding facilities and equipment, over a period of 10 years or so.**

Recent developments include the £10 million Hutton Hub, which opened in January 2015. Now all the essential student services – including the Students' Union, the Student Centre, the Campus Pharmacy, the Counselling Centre, and even a bank – are located in one place, right next to the social facilities in the Forum Hertfordshire.

One of the biggest recent projects is the £190 million investment in student accommodation at the College Lane Campus, the final phase of which will open in 2016. Emphasis here has been on minimal impact to the environment and on sustainable living, while providing really comfortable accommodation that provides everything you would want and expect in the 21st century. The development includes social common rooms, informal social spaces and state-of-the-art sports facilities.



**New £5 million  
Chapman Lounge**



**New £10 million  
Hutton Hub**

## **The 2020 Estates Vision, which was approved in 2011, is a £200 million investment programme to update and refresh the campuses, creating an outstanding, state-of-the-art environment and community for students and staff for the future**

The brand new £50 million Science Building will be opening very soon. This new building has centralised all of the science teaching into one purpose-built cutting-edge facility that will house generic and specialist laboratories, and also offers attractive spaces for group work and socialising between lectures.

The £5 million Chapman Lounge and reception is another recent investment of which we are very proud. The combination of the latest high-tech audio-visual equipment with relaxed seating and a healthy-eating café makes it very popular with students, staff and visitors. Another £2 million investment has transformed a previously underused area at the de Havilland Campus into a thriving central hub. Informal seating and IT facilities make this a delightful place for group study, and it is the perfect venue for numerous prestigious events.

And that's not all! We have more exciting plans for future projects, including a £50 million investment in teaching facilities, an £18 million refurbishment of the Main Building at the College Lane Campus and a £5 million social venue at the de Havilland Campus.



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**Achieving EcoCampus Platinum status and the ISO 14001 standard recognises our pioneering approach to environmental protection and sustainability**

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**The new student accommodation represents a first in terms of sustainability; it is set to achieve 'true' zero carbon accreditation and meet BREEAM\* outstanding status**

\*Building Research Establishment Environmental Assessment Methodology

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**Carrying more than 7 million passengers a year, UNO is Hertfordshire's second largest bus company, and one of the UK's largest independent operators**

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# Community

**The University has an active and very significant role in supporting its communities, continually seeking out new opportunities for partnership and investment.**

We regularly open our doors to the public. Hertfordshire Sports Village is a public leisure facility and our Learning Resources Centres receive students from other universities and local schools. Via UH Arts, we also provide a wide range of cultural activities and events open to staff, students and the wider community.

We are very keen to ensure our students have a positive relationship with local people, so our volunteer Resident Reps dedicate many hours to supporting schools and advising students who live off campus to act responsibly.

During this year we continued our partnership with Santander, which enables us to offer grants, awards and other activities for our students and the local community. We also celebrated the success of the Active Students Initiative, which won a Guardian University Award.

**University launches Hub to support small businesses**

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**Active Students initiative wins Guardian award**

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**Rezzi reps' promote community spirit**

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**UH contribution to UK business recognised by Santander relationship**

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**Our students got involved in 1,130 volunteer opportunities**

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**Each year around 200 students volunteer to work as University ambassadors at widening participation events on and off campus**

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# University launches Hub to support small businesses

**In March 2015, the University announced the establishment of the Hertfordshire Growth Hub, which provides specialist advice, information and support to help small businesses reach their growth potential.**

The Hub is jointly funded by the University, Hertfordshire Local Enterprise Partnership and the Department for Business, Innovation and Skills.

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**The Hub is part of a £221.5 million Government 'Growth Deal' investment to deliver 15,000 new jobs, 20,000 new homes and improve business support and skills provision**

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Small- and medium-sized enterprises account for 90% of all businesses in Hertfordshire and just under half of all jobs. However, many of those firms struggle to grow to the next level and are often unsure where to find help.

The Hertfordshire Growth Hub is the 25th such hub in the country; the goal is to have 39 by March 2016.

Services provided by the Hub include:

- one-to-one advice from experts to identify barriers to growth.
- help to access business growth finance, skills support, sales and R&D advice.
- management training.
- access to high-calibre graduates and cutting edge research.
- events and training tailored to the high-growth business development market.
- access to a range of publicly funded business growth support services.

# Active Students initiative wins Guardian award

**In March 2015, the University's Active Students initiative was presented with a prestigious Guardian University Award, recognising best practice, achievement and innovation.**

The Awards reward institutions that deliver projects which exceed the expectations of their students and staff. Active Students won the Student Experience category – for innovative projects that have positively enhanced students' university experience.

Active Students began in 2011 as a three-year project commissioned by Sport England. It was delivered by the Herts Sports Partnership, which ran the initiative with – and received additional funding from – the University, Hertfordshire Sports Village, the Royal Veterinary College and the Hertfordshire Students' Union.

The idea was to improve students' physical and mental health by increasing participation in sport. Active Students provides a wide variety of free, convenient sports sessions with a fun, social element. This includes over 60 hours of activity, sport and dance sessions, attracting over 900 student visits per week and spanning everything from skiing to canoeing.

The initiative was praised for providing opportunities for all students, including those who were inactive or only occasionally active before. Where previously students could only access more competitive sports through the University's Athletic Union, Active Students gave them the chance to try all kinds of activities without pressure to perform.

The result has seen a significant increase in students taking part in sports. As well as helping them make friends, gain confidence and manage stress, it has, in turn, boosted memberships of both the student gym and Athletic Union.

Active Students is now funded by the University, with ongoing support from its project officer and 12 student activators.

Professor Janet Beer, Vice-Chancellor, University of Liverpool and Guardian University Awards judge said our entry was a: 'Fantastic initiative that demonstrates a really good partnership between all kinds of organisations including more than one university, and the numbers getting engaged in sport and ethnic minority women in particular are really just inspiring.'

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**More than 105  
different sports  
clubs use  
Hertfordshire  
Sports Village  
facilities**

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# Rezzi Reps' promote community spirit



## Reps offer advice on staying safe and community integration

Since 2010, a group of volunteer students have been helping their peers settle into their new off-campus homes and building relations with the local community.

Resident Reps – or Rezzi Reps as they're widely known – were set up by the Office of the Dean of Students and are passionate about living in the area and contributing to their town in a positive way.

This year, the Reps visited all 2,000 off-campus houses to advise students on crime prevention, staying safe and being considerate neighbours. They also gave lots of practical advice on how the new students can get the most out of their time living in the area.

The dedicated Reps also take part in a wide variety of local projects throughout the year, including monthly litter picks, helping to run the South Hatfield Summer Fete and working with schools. In the summer holidays, they gave up almost 400 hours of their time to mentor more than a thousand Hatfield and Welwyn Year 6 pupils as part of a Community Safety Partnership scheme.



# UH contribution to UK business recognised by Santander relationship

University of Hertfordshire and Santander are delighted to be continuing their partnership for a further three years



**The University will be continuing its partnership with Santander for a further three years. The relationship, which began in 2011, means that the University and its students will continue to benefit from funding for a wide range of projects and internships.**

Through its Santander Universities UK division, Santander has to date funded a number of scholarships, travel grants, awards and various entrepreneurial activities at the University. And as a result of this relationship our students have benefited from 60 part-funded internships with small- and medium-sized enterprises. Many of these students have gone onto permanent employment with those organisations.

The University welcomed Steve Pateman, Head of UK Banking, to the University in May 2015, when the agreement for the extended partnership was signed. He also delivered a guest lecture for staff and students on 'Issues and Challenges Facing Aspiring Entrepreneurs and UK Businesses'.

Santander has been partnering with universities for more than 18 years through its global initiative, Santander Universities. It currently enjoys a relationship with nearly 1,200 academic institutions in Europe, America and Asia. Santander Universities UK was started in 2007 and the organisation is now collaborating with 78 British universities and higher education institutions.

During his visit, Steve acknowledged the vital contribution that universities offer to the UK's future entrepreneurs: 'The education provided by universities to our future entrepreneurs is vital so that they can learn from practice as well as theory. These entrepreneurs will eventually become the business leaders of the future and they will be key to maintaining a stable and robust economy. At Santander we support entrepreneurs through many different activities and it's very encouraging to see how much students benefit from this support.'



# People

**The University values its staff and promotes an inclusive ethos of fairness, courtesy and respect which encourages differences to be shared, explored and celebrated.**

During 2014-15, the University received two awards in recognition of its commitment to equality.

The University's commitment to advancing the careers of women in Science, Technology, Engineering, Maths and Medicine (STEMM) meant it was awarded the bronze level Athena SWAN award. Four Schools also acquired the individual departmental bronze awards which provide a starting point for advancement in the Athena SWAN rankings.

Our commitment to racial equality was also recognised, with the award of the brand new Race Equality Charter Mark.

Similarly in May 2015, Vitae and the European Commission recognised our work in supporting our researchers and awarded the HR Excellence in Research Award for a further four years.

**UH commitment to women in STEMM acknowledged by national award**

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**Hertfordshire selected to receive new Race Equality Charter Mark**

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# UH commitment to women in STEMM acknowledged by national award

**The University was awarded Athena SWAN Bronze Institutional status, recognising its support and commitment to advancing the careers of women in the STEMM areas (Science, Technology, Engineering, Maths and Medicine).**

The assessment process for the award included examination of the effectiveness of promoting equality of opportunities, the identification of areas for improvement and the opportunity to describe how female staff at the University are supported at key points in their career. Among the initiatives that contributed to this success are the Women in STEMM network and the University Promotion Workshops.

The Women in STEMM network was launched in April 2014 and offers support to women in STEMM through the provision of discussion forums and networking and mentoring opportunities. It also hosts a variety of events to enhance their careers and celebrate their achievements. The University Promotion Workshops aim to increase the success of female STEMM staff in their applications for promotion.

Four of the University's STEMM schools were also awarded Bronze status: the Schools of Life and Medical Sciences; the School of Physics, Astronomy and Mathematics; the School of Health and Social Work; and the School of Computer Science.

The Equality Challenge Unit (ECU) established the Athena SWAN Charter in 2005 to celebrate good practice and to acknowledge commitment to advancing the careers of women in the STEMM areas in higher education and research. Each award lasts for three years.




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**University of Hertfordshire awarded Athena SWAN Charter Bronze Institutional status in recognition of commitment to women in STEMM**

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**Athena  
SWAN  
Bronze Award**



# Hertfordshire selected to receive new Race Equality Charter Mark

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**The University is one of only eight higher education establishments selected to receive brand new Race Equality Charter Mark**

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The University's commitment to racial equality has been recognised with the award of a brand new Race Equality Charter Mark. The Charter, which was launched by the Equality Challenge Unit (ECU) at the beginning of the 2014–15 academic year, is given to higher education institutions that are recognised to be committed to the advancement of racial equality.

Twenty-one higher education institutions participated in this pilot of the Race Equality Charter, and the recipients were announced in August. The University of Hertfordshire was selected as one of only eight to receive the Charter at Bronze level.

By becoming a member of the Race Equality Charter we are committing to doing all we can to tackle inequality and ensure that staff and students from all ethnic backgrounds receive equal opportunities.

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**The University of Hertfordshire is one of the region's largest employers with over 2,900 staff**

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# Financial review and risks

## The financial statements

The financial statements presented by the Board comprise the consolidated results of the University and its subsidiary companies and joint ventures (the Group). The Group companies undertake activities which, for legal or commercial reasons, are more appropriately channelled through a limited company. These subsidiaries and their activities are listed in note 14. Where possible subsidiary companies pay their taxable profits to the University under the Gift Aid scheme.

## Results for the year

The Group made a surplus of £12.9 million during 2014-15, which was in excess of its long-term target. Income from HEFCE again reduced substantially although tuition fee income rose, mainly due to successful student recruitment. Control over costs has remained effective in the light of reduced public funding and the £9,000 fee cap for UK and EU undergraduate students, which has remained fixed since 2012.

As a result of a review of the Group's estate, one of the buildings owned by Polyfield Property Limited, a subsidiary company, was found to have suffered a permanent diminution in value of £6 million. This has been charged to the surplus for the year and is shown as accelerated depreciation (see note 12). This charge has been partly offset by the release of the deferred capital grant which part funded the original purchase of this building. The net impact on the surplus for the year is a charge of £4.8 million.

Following the announcement by the Government of substantial reductions in public funding, the Group embarked on several initiatives to reduce non-staff costs through enhanced procurement activity, re-specification of its requirements and delivery of several measures to eliminate waste. Investment in financial management training and awareness has also enhanced the decision-making abilities of senior management.

The financial performance of the subsidiary companies in 2014-15 showed a deterioration over the previous year, particularly in Exemplar Holdings Limited and Polyfield Property Limited, due to the impairment by £6 million of the Biopark building in Welwyn Garden City. Universitybus

Limited and UH Ventures Limited continued to trade profitably, so raising funds for investment.

The figures below demonstrate the impact of the adjustments required under FRS 17 (Retirement Benefits). These adjustments increased the Group surplus for the year ended 31 July 2015 by £3.9 million (2014: £5.7 million).

	2015 After FRS 17 adjustment £ million	2015 Before FRS 17 adjustment £ million	2014 After FRS 17 adjustment £ million	2014 Before FRS 17 adjustment £ million
Income	250.9	248.9	238.6	237.0
Expenditure	(238.2)	(240.1)	(222.5)	(226.6)
Tax and joint venture profit	0.2	0.2	(0.1)	(0.1)
Surplus before exceptional items	12.9	9.0	16.0	10.3
Exceptional items	0.0	0.0	(1.3)	(1.3)
Surplus	12.9	9.0	14.7	9.0

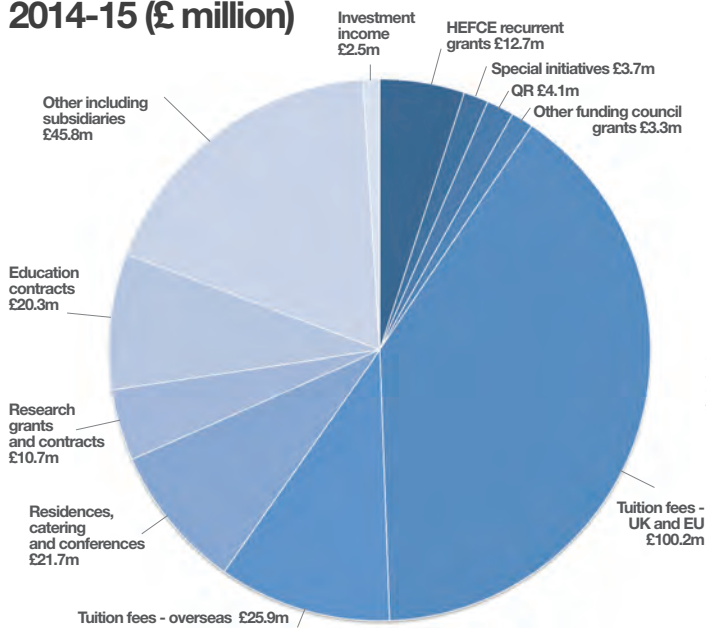
The financial standing of the local government pension scheme, of which most non-academic staff are members, has slightly worsened and is shown as a liability on the balance sheet of £18.6 million. This is primarily due to reductions in corporate bond yields which increase liabilities. Full details of the FRS 17 adjustments and scheme liability are shown in note 33.

The Group monitors its financial performance against the key financial metrics as defined and required by HEFCE, and the results are as follows for 2014-15.

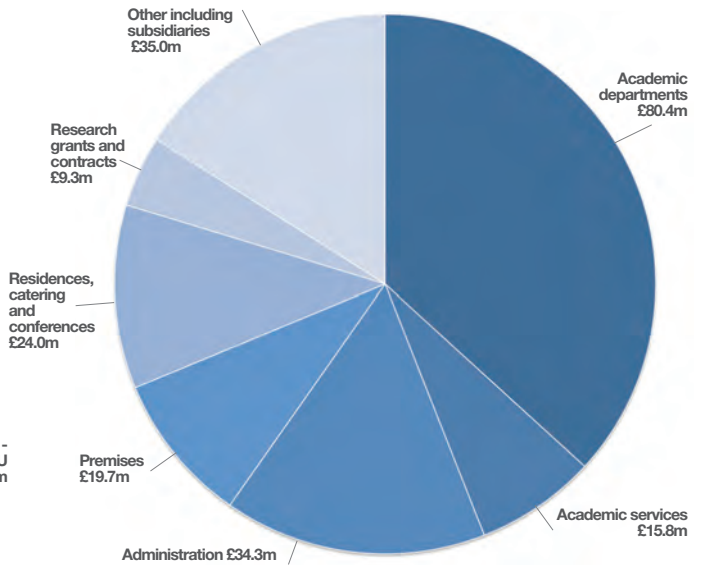
	Actual 2014-15	Sector mean 2013-14
Historical cost surplus to income	5.1%	5.0%
Liquidity	114 days	122 days
Borrowing to income	29.8%	26.2%
Reserves	84.0%	64.4%
Cash flow	13.0%	8.4%
Staff costs to income	50.4%	52.6%
EBITDA	12.0%	9.0%

The Group considers that it is in good financial health and HEFCE consider that it is not at higher risk.

### Analysis of Group income 2014-15 (£ million)



### Analysis of Group expenditure 2014-15 (£ million)



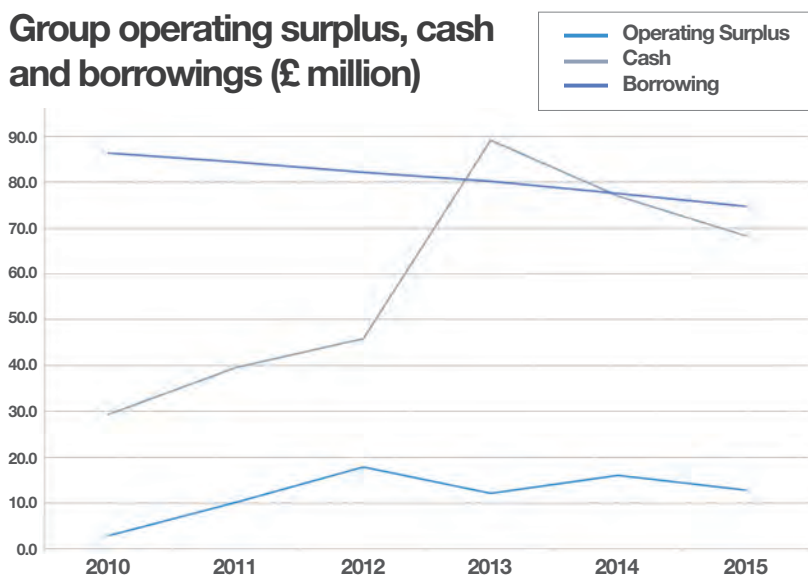
### Capital projects

£39 million was spent during 2014-15 on capital projects, the majority of which is to improve facilities for staff and students on the College Lane Campus as part of the Estates 2020 Vision. Over £10 million was invested in other facilities and equipment for both teaching and research.

### Cash flow

The cash balance (including short-term deposits) balance of £68.3 million remains healthy and is adequate for future investment commitments. The reduction in cash of £8.6 million during the year is largely due to the capital expenditure outlined above. External debt of £2 million has also been repaid. An analysis of Group cash balances versus borrowings over the last six years is shown below.

### Group operating surplus, cash and borrowings (£ million)



### Investment policy and performance

The investment policy of the University provides that deposits are made on the basis of the long-term credit rating assigned by the Fitch global rating agency to the financial institution with which the proposed investment is to

be made. Deposit limits with one financial institution range from £1 million to £10 million depending on the rating.

### Changes to financial reporting

For 2015-16 the financial statements will be prepared under FRS 102 (The Financial Reporting Standard applicable in the UK and Republic of Ireland) and the Statement of Recommended Practice - Accounting for Further and Higher Education (2014). This will impact on the presentation of the financial statements. Other changes to the Group's balance sheet include the reclassification of deferred capital grants to creditors, recognition of an asset and liability in relation to the financing arrangements of certain residences and accounting for employee related benefits such as accrued holiday pay. The financial statements for 2015-16 will be reported under the new regulations and the 2014-15 figures will be restated on the same basis.

### Strategic risks

During 2014-15 the University was subject to the HEFCE Memorandum of Assurance and Accountability. It also adheres to the Council of University Chairs (CUC) Higher Education Code of Governance 2009. Having received the new guidance from CUC the University is completing an analysis of the impacts of the 2014 code for implementation in 2015-16. As such the governing body must ensure institutional financial health including adopting effective systems of control and risk management which promote value for money, meet mandatory audit requirements, and produce accurate and quality assured institutional data.

In order to ensure that the strategy and its key performance indicators can be achieved the Board also identifies and closely monitors business risks.

The top strategic risks for the Group and measures taken to mitigate them are:

Risk	Mitigation
<b>Poor student recruitment</b>	<ul style="list-style-type: none"> <li>• Engagement with national bodies to monitor and influence developments.</li> <li>• Expert and knowledgeable teams who closely monitor the situation.</li> <li>• Excellent recruitment systems, plans and campaigns.</li> <li>• Use of recruitment agents in country to increase pipeline.</li> <li>• Ensure the brand is well known.</li> <li>• Regular analysis of portfolio and market position.</li> <li>• Agreement of realistic targets which influence resourcing decisions.</li> </ul>
<b>Budget not achieved</b>	<ul style="list-style-type: none"> <li>• Financial position closely monitored; forecasting updated quarterly; actions taken in year as appropriate.</li> <li>• Financial management delegated to accountable senior staff.</li> </ul>
<b>Poor Outcome Review by the Quality Assurance Agency for Higher Education</b>	<ul style="list-style-type: none"> <li>• Significant planning to ensure a good self-assessment submission.</li> <li>• Mock assessment.</li> <li>• Briefings to be given to all staff involved in the visit.</li> </ul>
<b>Implementation of research strategy and engagement from the academic community</b>	<ul style="list-style-type: none"> <li>• Consensus achieved amongst academic community.</li> <li>• Themes identified.</li> <li>• Buy in to strategy and values.</li> <li>• Included in academic staff appraisals</li> <li>• Engagement with research bidding to secure funding.</li> </ul>
<b>Unable to maintain a high level of graduate employability</b>	<ul style="list-style-type: none"> <li>• Continue with current strategies to ensure graduates are employable. Close monitoring of graduates to ensure they are engaged during their studies and on graduation.</li> <li>• Expert knowledge of the employability arena who closely monitor the situation.</li> <li>• Engagement with national bodies to monitor and influence government policy.</li> </ul>
<b>Failure to increase commercial income and loss of major contracts</b>	<ul style="list-style-type: none"> <li>• Focus on commercial income and close monitoring of budgets.</li> <li>• Engagement with national bodies to monitor and influence developments.</li> <li>• Specialised business development staff.</li> <li>• Non-executive directors within subsidiaries.</li> <li>• Campaigns to ensure that our portfolio of activities is up to date and readily available.</li> <li>• Interact with businesses.</li> </ul>
<b>Loss of key staff and poor succession planning</b>	<ul style="list-style-type: none"> <li>• Identification of single sources of failure and key individuals.</li> <li>• Development of an Equality, Diversity and Inclusion (EDI) strategy; living the University of Hertfordshire values, Athena SWAN and the Race Equality Charter Mark.</li> <li>• Leadership development plan</li> </ul>
<b>Major accident or incident</b>	<ul style="list-style-type: none"> <li>• Actions taken by office of the Vice-Chancellor and directors to ensure compliance, especially with regard to health and safety.</li> <li>• Regular audits and monitoring.</li> <li>• Mock rehearsals of emergency planning protocols.</li> </ul>

Members of the executive team provide regular briefings to the Audit Committee and the Board allowing Governors to monitor the assessment, mitigation and responses to these risks. Further details on the University's risk management procedures and policies are set out in the statement of corporate governance.

## Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor of the University was proposed at the meeting of the Audit Committee of the Board of Governors.

# Statement of corporate governance

The following statement is provided to enable readers of the financial statements of the University of Hertfordshire to gain a better understanding of the governance and legal structure of the University.

## Legal status

The University of Hertfordshire is an independent corporation, established as a Higher Education Corporation under the provisions of the Education Reform Act 1988 and the Further and Higher Education Act 1992. It is an exempt charity as defined under the Charities Act 2011 and is regulated by the Higher Education Funding Council for England (HEFCE).

The University conducts its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with the guidance to institutions of higher education provided by the Committee of University Chairs (CUC). The Board is satisfied that it is in compliance with the HE Code of Governance published by CUC in December 2009.

Its objects, powers and framework of governance are set in the Articles of Government. Amendments to these Articles must be approved by the Privy Council.

## Governance structure

The Articles require the University to constitute a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

## Board of Governors

The Board of Governors is the overall governing body, responsible for the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction. The Board has a majority of independent members, chosen in line with strict criteria contained in the legislation. It is customary for the Chairman of the Board to be elected from the independent members. There is also provision

for the appointment of co-opted members, some of whom may be members of the staff of the University, and for representatives of the Academic Board and of the student body. No members of the Board, apart from staff members, receive any reimbursement for the work they do for the Board, although they are able to claim expenses incurred in the course of undertaking their duties. Meetings of the Board are held nine times a year and average attendance during 2014-15 was 76%.

Members of the Board of Governors are listed on page 83. The University maintains a Register of Interests of members of the Board of Governors, the Boards of Directors of the subsidiary companies and of members of the Office of the Vice-Chancellor, which may be consulted by arrangement with the Secretary and Registrar.

## Chief Executive

The Vice-Chancellor is the head of the University and has responsibility to the Board for the organisation, direction and management of the University. Under the terms of the formal memorandum of assurance and accountability between the University and HEFCE, the Vice-Chancellor is the designated accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

## Academic Board

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University. It is particularly concerned with issues relating to the teaching and research work of the University. The Board is chaired by the Vice-Chancellor in his capacity as Head of the Institution.

## Committees

Certain matters such as the approval of the strategic plan, the annual budget, major investments and the sale and purchase of land are reserved matters for the Board. However, much of its detailed work is handled initially by committee.

## Finance Committee

The Finance Committee is responsible for the financial management and regulation of the Group. It also has oversight of the management, financial management and progress of significant capital projects. The Committee normally meets four times during each academic year.

## Employment Remunerations, Governance and Nominations (ERGN) Committee

The ERGN Committee is responsible to the Board for the University's overarching HR policy framework, its component policies and changes or additions, and determines and reviews the remuneration and conditions of appointees of the Board. It sets the framework of pay and conditions of designated senior managers, whose detailed pay and conditions are determined by the Vice-Chancellor, and also considers and oversees all matters relating to the good governance of the Board. Its role is distinct from that of the Audit Committee which is responsible to the Board for compliance. The Committee is established by the Board to act as the Appointments Committee in respect of all appointments made by the Board of Governors, except that final responsibility for the appointment of the Vice-Chancellor rests with the Board itself. The Committee meets three times per year.

## Audit Committee

The Audit Committee normally meets four times each year, including a meeting with the external auditors to discuss audit findings. The committee considers the detailed internal audit report findings prepared by the University's internal audit service, reviews the effectiveness of the systems of internal controls and monitors adherence with regulatory requirements. It reviews the annual financial statements together with the accounting policies. It reviews the system and processes in respect of the preparation and submission of statutory returns to HEFCE and the Higher Education Statistics Agency (HESA).

Other than the Audit Committee, whose composition includes a staff governor nominated by the Board of Governors, these committees are composed of independent and external co-opted members of the Board. The decisions of all these committees are reported formally to the Board.

The Board of Governors conducts regular effectiveness reviews of itself and its committees. These reviews include an analysis of attendance, work undertaken and the views of members so that changes can be introduced as appropriate during the next cycle. As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos. Members of the Office of the Vice-Chancellor, currently the Deputy Vice-Chancellor, the Group Finance Director and the Secretary and Registrar, all contribute in various ways to this aspect of the work. However, the ultimate responsibility to the Board rests with the Vice-Chancellor.

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

## Going concern

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future, and for this reason the Board consider that the accounts of the Group should be prepared on a going concern basis. The Group has made surpluses in each of the past five years and has cash reserves at a high level. The budget for 2015-16 is also indicating the achievement of a surplus and the medium and long-term cash forecasts demonstrate financial sustainability. In each of the past six years, more than six applications were made for each place for UK and EU based undergraduates. Investments in fixed assets are carefully reviewed prior to approval. The Board only undertakes such investments with the knowledge that the Group will remain solvent, and are likely to add value as a result of the investment. Although no new external borrowing is likely to be required in the near-term, the Board is confident that funding would be available from its lenders should the need arise.



# Statement of internal control

The Board of Governors acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated by the University of Hertfordshire Group. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board.
- regular reviews by the Board of periodic and annual financial reports which indicate financial performance against budgets and forecasts.
- setting targets to measure financial and other performance using KPIs as appropriate.
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines where appropriate.

The Board has established the processes for the identification, evaluation and management of risks the University faces. The Board has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible. This is in accordance with the responsibilities assigned to the governing body in Instrument and Articles of Government and the Memorandum of Assurance and Accountability with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

The Board has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established.

- The Board meets at regular intervals to consider performance reports, operational plans and the strategic direction of the University.
- The Board receives periodic reports from the Chairman of the Audit Committee concerning internal control and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Audit Committee provides an oversight of risk management and receives regular reports from the internal audit service, which includes the internal audit service's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
- A programme of risk awareness training has been completed and a system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- An organisation-wide risk register is maintained.
- Procurement procedures are in place that promote economy, efficiency and ensure value for money.
- Effective review processes are in place to provide assurance over the quality and completeness of data management.

# Responsibilities of the Board of Governors

The Board of Governors is responsible for keeping adequate accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and for ensuring that the financial statements are prepared in accordance with the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between HEFCE and the Board of Governors of the University of Hertfordshire, the Board of Governors, through its designated accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Hertfordshire and Group and of the surplus or deficit and cash flows for that year. At the University of Hertfordshire the designated accountable officer has been identified as the Vice-Chancellor.

In preparing those financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent and state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from HEFCE and other funding bodies are used only for the purposes for which they have been given and in accordance with conditions which the funding bodies may from time to time prescribe, for

example, in the HEFCE Memorandum of Assurance and Accountability.

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

In so far as each of the Governors is aware:

- there is no relevant audit information of which the University's auditors are unaware.
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board of Governors are responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Governors:

**Professor Q A McKellar**

Vice-Chancellor

**Mr R Beazley**

Chairman of the Board of Governors

Date: 19 November 2015

# Financial Statements

# Report of the independent auditor to the Board of Governors of the University of Hertfordshire

We have audited the financial statements of the University of Hertfordshire (the 'University') for the year ended 31 July 2015 which comprise the consolidated income and expenditure account, the statement of Group historical cost surpluses and deficits, the statement of Group total recognised gains and losses, the balance sheets, the consolidated cash flow statement, the statement of principal accounting policies and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Governing Body, as a body, in accordance with the University's articles of government. Our audit work has been undertaken so that we might state to the University's Governing Body 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 University and the University's Governing Body 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 Governing Body's Responsibilities Statement set out on page 42, the Governing Body is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the University's affairs as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

## Opinion on other matters prescribed by HEFCE's Memorandum of assurance and accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of assurance and accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

Date: 19 November 2015

## Consolidated income and expenditure account

### Year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
<b>Income</b>			
Funding body grants	1	23,716	35,059
Tuition fees and education contracts	2	146,415	128,789
Research grants and contracts	3	10,736	11,762
Other income	4	69,976	63,400
Endowment and investment income	5	2,546	2,412
<b>Total income: Group and joint ventures</b>		<b>253,389</b>	<b>241,422</b>
Less: share of income from joint ventures		(2,458)	(2,789)
<b>Group income</b>		<b>250,931</b>	<b>238,633</b>
<b>Expenditure</b>			
Staff costs	6	126,528	124,467
Other operating expenses	8	89,389	82,742
Depreciation	8	19,718	12,607
Interest and other finance costs	9	2,619	2,727
<b>Total expenditure</b>	8	<b>238,254</b>	<b>222,543</b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>12,677</b>	<b>16,090</b>
Share of operating profit/(loss) in joint ventures		157	(72)
Taxation	10	86	(69)
<b>Surplus after depreciation of assets at valuation and tax and before exceptional items</b>		<b>12,920</b>	<b>15,949</b>
<b>Exceptional item: continuing operations</b>			
Surplus on disposal of fixed assets		10	28
Loss on revaluation of investment property		-	(1,377)
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>12,930</b>	<b>14,600</b>
Deficit for the year transferred to accumulated income in endowment funds		(32)	(32)
<b>Surplus for the year retained within general reserves</b>		<b>12,898</b>	<b>14,568</b>

All results are from continuing operations.

The notes on pages 54 to 82 form an integral part of these financial statements.

## Statement of Group historical cost surpluses and deficits

	Notes	2015 £'000	2014 £'000
Surplus after depreciation of tangible fixed assets at valuation and before tax		12,677	16,090
Share of operating profit/(loss) in joint ventures		157	(72)
Exceptional items		10	(1,349)
<b>Surplus on continuing operations before taxation</b>		<b>12,844</b>	<b>16,669</b>
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	25	342	282
<b>Historical cost surplus for the year before taxation</b>		<b>13,186</b>	<b>14,951</b>
<b>Historical cost surplus for the year after taxation</b>		<b>13,272</b>	<b>14,882</b>

## Statement of Group total recognised gains and losses

	Notes	2015 £'000	2014 £'000
<b>Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax</b>		<b>12,930</b>	<b>14,600</b>
Appreciation of endowment asset investments	24	148	53
New endowments	24	1	46
Transfer from endowments to income	24	-	14
Deferred tax on pension scheme		-	148
Actuarial loss relating to pension scheme	33	(7,623)	(21,439)
<b>Total recognised gains/(losses) for the year</b>		<b>5,456</b>	<b>(6,578)</b>
<b>Reconciliation of group reserves and endowments</b>			
Opening reserves and endowments		202,869	209,447
Total recognised gains/(losses) for the year		5,456	(6,578)
<b>Closing reserves and endowments</b>		<b>208,325</b>	<b>202,869</b>

## Balance sheets as at 31 July 2015

	Notes	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
<b>Fixed assets</b>					
Intangible assets	13	1,157	-	1,445	-
Tangible assets	12	298,593	241,543	279,241	214,335
Investments	14	7,279	69,163	7,203	72,941
Investment in joint ventures:					
Share of gross assets		1,041	-	874	-
Share of gross liabilities		(740)	-	(799)	-
		<b>307,330</b>	<b>310,706</b>	287,964	287,276
<b>Endowment assets</b>	15	<b>2,624</b>	<b>690</b>	2,443	673
<b>Current assets</b>					
Stock and work in progress	16	411	184	532	348
Debtors - within one year	17	17,070	17,507	16,932	16,239
- more than one year	17	720	26	880	305
Short-term deposits		57,563	56,897	66,916	66,305
Cash at bank and in hand		10,746	8,156	10,048	7,569
		<b>86,510</b>	<b>82,770</b>	95,308	90,766
Creditors: amounts falling due within one year	19	(59,465)	(57,641)	(51,886)	(49,267)
<b>Net current assets</b>		<b>27,045</b>	<b>25,129</b>	43,422	41,499
<b>Total assets less current liabilities</b>		<b>336,999</b>	<b>336,525</b>	333,829	329,448
Creditors: amounts falling due after more than one year	20	(71,794)	(59,659)	(74,719)	(61,551)
Provisions for liabilities	22	(964)	(842)	(1,419)	(1,272)
<b>Total net assets excluding pension liability</b>		<b>264,241</b>	<b>276,024</b>	257,691	266,625
Pension scheme liability	33	(18,584)	(19,877)	(14,724)	(16,086)
<b>Total net assets including pension liability</b>		<b>245,657</b>	<b>256,147</b>	242,967	250,539

## Balance sheets as at 31 July 2015

	Notes	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
<b>Deferred capital grants</b>	23	<b>37,332</b>	<b>37,283</b>	40,098	39,996
<b>Endowments - permanent</b>	24	<b>2,624</b>	<b>690</b>	2,443	673
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	25	<b>207,260</b>	<b>222,166</b>	197,783	209,729
Pension reserve	25	<b>(18,584)</b>	<b>(19,877)</b>	(14,724)	(16,086)
<b>Income and expenditure reserve including pension reserve</b>		<b>188,676</b>	<b>202,289</b>	183,059	193,643
Revaluation reserve	25	<b>17,025</b>	<b>15,885</b>	17,367	16,227
<b>Total reserves</b>		<b>205,701</b>	<b>218,174</b>	200,426	209,870
<b>Total funds</b>		<b>245,657</b>	<b>256,147</b>	242,967	250,539

The Financial Statements were approved by the Board of Governors and authorised for issue on 19 November 2015 and signed on its behalf by:

**Mr R Beazley**  
Chairman

**Professor Q A McKellar**  
Vice-Chancellor

**Mr A Moffat**  
Group Finance Director



## Consolidated cash flow statement

### Year ended 31 July 2015

	Notes	2015 £'000	2014 £'000
Cash inflow from operating activities	26	<b>30,270</b>	20,326
Return on investments and servicing of finance	27	<b>(1,989)</b>	(1,790)
Taxation – UK corporation tax received		<b>29</b>	3
Capital expenditure and financial investment	28	<b>(34,303)</b>	(27,361)
Acquisitions and disposals	29	<b>50</b>	(950)
<b>Cash outflow before use of liquid resources and financing</b>		<b>(5,943)</b>	(9,772)
Management of liquid resources	30	<b>9,353</b>	10,092
Financing	31	<b>(2,719)</b>	(2,585)
<b>Increase/(decrease) in cash for the year</b>		<b>691</b>	(2,265)

	Notes	2015 £'000	2014 £'000
<b>Reconciliation of net cash flow to movement in net debt</b>			
Increase/(decrease) in cash for the year		<b>691</b>	(2,265)
Cash used to decrease liquid resources	30	<b>(9,353)</b>	(10,092)
Loans repaid		<b>2,839</b>	2,585
<b>Change in net debt</b>	32	<b>(5,823)</b>	(9,772)
Opening net funds at 1 August	32	<b>283</b>	10,055
<b>Closing net (debt)/funds at 31 July</b>	32	<b>(5,540)</b>	283

# Statement of principal accounting policies

## Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable United Kingdom Accounting Standards.

The accounting policies are unchanged compared with the prior year and have been applied consistently in dealing with items considered material in the financial statements.

## Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings.

## Going concern

The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future and for this reason the Board consider that the accounts of the Group should be prepared on a going concern basis.

## Basis of consolidation

The consolidated financial statements include those of the University and its subsidiary undertakings for the year ended 31 July 2015. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated fully on consolidation.

In accordance with FRS 2 (Accounting for Subsidiary Undertakings), the consolidated financial statements do not include those of the University of Hertfordshire Students' Union, as it is a separate organisation in which the University has no control or significant influence over policy decisions.

## Joint ventures

Investments in joint ventures and associated undertakings are carried in the consolidated balance sheet at the Group's share of their net assets/liabilities at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of amortisation. Under the gross equity method the income and expenditure account also shows the Group's share of the joint venture's turnover and the balance sheet shows the gross assets and liabilities in amplification of the net investment in joint ventures. Where gross assets are greater than gross liabilities this is shown in fixed asset investments; where gross liabilities are greater than gross assets the balance is shown in provisions.

## Recognition of income

Recurrent grants received from the Higher Education Funding Council for England and the National College for Teaching and Leadership are recognised in the period to which they relate.

Tuition fee income is credited to the income and expenditure account over the period in which the students are studying and is shown net of discount. Bursaries and scholarships are accounted for as expenditure in accordance with the SORP.

Income from research grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities. Any future predicted losses on individual long-term contracts are recognised immediately.

Non-recurrent grants from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied or the terms of the contract have been satisfied.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred for specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment, is transferred from the income and expenditure account to restricted endowments. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

## Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. Where a commitment has been entered into prior to 31 July and not expended, a provision is made for work started prior to the balance sheet date.

# Statement of principal accounting policies

## Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the year-end rates and the resulting surplus or deficit transferred to the income and expenditure account.

## Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the institution where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

## 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 as such within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 of the Corporation Taxes Act 2009 and sections 471 and 478-488 of the Corporation Taxes Act 2010 (formerly enacted in section 505 of the Income and Corporation 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.

The University's subsidiary and joint venture companies (excluding UH Trust) are subject to corporation tax and VAT in the same way as any commercial organisation. UH Trust is exempt from corporation tax on its charitable activities but receives no similar exemption in respect of Value Added Tax.

## Deferred tax

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

## Derivative financial instruments

The Group uses derivative financial instruments designated as hedging to reduce exposure to changes in fuel prices to acceptable levels. No more than 75% of future estimated annual

consumption is contracted. Any resulting gains or losses on these contracts are recognised in the income and expenditure account as they arise.

## Goodwill

Goodwill represents the difference between the cost of an acquired operation and the aggregate of the fair values of that operation's identifiable assets and liabilities. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Where goodwill is regarded as having limited useful economic life, it is amortised over that life up to a maximum of 20 years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

## Intangible fixed assets

Purchased patents, licences and other similar rights over assets are recognised on the balance sheet by capitalising the purchase cost and amortising over the useful economic life based on each individual contract up to a maximum of 20 years.

## Tangible fixed assets

### (a) Land and buildings

Land and buildings, other than investment properties, are stated at cost. On adoption of FRS 15 (Tangible Fixed Assets), the institution followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment on an annual basis in accordance with FRS 11 (Impairment of Fixed Assets and Goodwill). Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the income and expenditure account unless it reverses previous revaluations which are dealt with through the revaluation reserve.

Investment properties are stated at market value with an annual revaluation and are not depreciated.

Depreciation on buildings is provided on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	30 - 50 years
Refurbishments	3 - 50 years

## Statement of principal accounting policies

Leasehold land and buildings are amortised over the life of the lease up to a maximum of 50 years. Freehold land is not depreciated.

Assets in the course of construction represent those assets which have not yet been brought into use. These assets are transferred to the relevant category of asset and depreciated from the date they are substantially complete at the appropriate rate for that category.

Finance costs are capitalised where they can be directly attributable to the construction of tangible fixed assets and only for the period of construction.

Donated assets are included within the relevant heading within tangible fixed assets with a corresponding amount shown as a deferred capital grant amortised over the useful economic life of the asset to match depreciation. Donated assets are valued at comparable market value at the time of the donation.

### (b) Equipment

Capitalised equipment is stated at cost and depreciated over its useful life on a straight line basis as follows:

Plant and machinery	2 - 15 years
Fixtures, fittings and equipment	3 - 15 years

### Leases

Leasing agreements that transfer substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets.

### Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value.

Endowment asset investments are included in the balance sheet at market value. Gains and losses on revaluations of endowment assets are recognised in the statement of total recognised gains and losses.

Current asset investments are included at the lower of cost and net realisable value.

Investments in subsidiary undertakings are stated at cost less provision for impairment.

Where trade and net assets have been transferred from subsidiaries to the University as the parent, the value of the transferred net assets has been recorded as an investment to reflect the fact that the value of the remaining business has been retained by the University.

### Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes staff time, direct materials and attributable overheads. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

### Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They consist of term deposits held as part of the institution's treasury management activities. They exclude any such assets held as endowment asset investments.

### Charitable donations

#### a) Unrestricted donations

Charitable donations are recognised in the accounts under other operating income when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

#### b) Endowment funds

Where the charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are two main types:

1) Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.

## Statement of principal accounting policies

2) Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

### Provisions

Provisions are recognised when the institution 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.

### Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. These defined benefit schemes are externally funded and contracted out of the State Second Pension.

It is not possible to identify the University's share of the underlying assets and liabilities in the TPS and USS schemes and hence, using the exemption under FRS 17 (Retirement Benefits), contributions to the schemes are accounted for as if they were defined contribution schemes. The employer contributions payable to the schemes are charged as expenditure in the period in which they relate to.

The Group is able to identify its share of the underlying assets and liabilities of the LGPS and thus fully adopts FRS 17. The LGPS pension scheme figures include the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Staff employed by the subsidiary companies are either members of the LGPS or of defined contribution schemes, the costs of which are charged to the income and expenditure account as incurred.

# Notes to the accounts

## 1. Funding body grants

		Higher Education Funding Council for England	National College for Teaching and Leadership	2015 Total funding body grants	2014 Total funding body grants
	Notes	£'000	£'000	£'000	£'000
Recurrent grants		16,753	498	17,251	27,307
Selective initiatives		3,660	-	3,660	5,099
Release of deferred capital grants:					
Buildings	23	2,246	-	2,246	2,093
Equipment	23	559	-	559	560
		<b>23,218</b>	<b>498</b>	<b>23,716</b>	<b>35,059</b>

## 2. Tuition fees and education contracts

		2015 £'000	2014 £'000
UK higher education students		95,673	78,659
European Union (EU) (excluding UK) students		4,526	4,040
Non-EU students		25,924	25,655
Total fees paid by or on behalf of individual students		<b>126,123</b>	<b>108,354</b>
Education contracts		20,292	20,435
		<b>146,415</b>	<b>128,789</b>

## 3. Research grants and contracts

		2015 £'000	2014 £'000
Research Councils		1,576	1,498
UK-based charities		404	622
European Commission		2,345	2,693
Other grants and contracts		6,411	6,949
		<b>10,736</b>	<b>11,762</b>

## 4. Other income

		2015 £'000	2014 £'000
Residences, catering and conferences		21,691	19,326
Other services rendered		36,837	33,597
Release of capital grant		1,864	631
Other income		9,584	9,846
		<b>69,976</b>	<b>63,400</b>

## Notes to the accounts

### 5. Endowment and investment income

	Notes	2015 £'000	2014 £'000
Income from permanent endowments		58	59
Net return on pension scheme	33	1,899	1,565
Interest receivable		589	788
		<b>2,546</b>	<b>2,412</b>

### 6. Staff costs

The average weekly number of full time equivalent (FTE) employees (including senior post-holders) during the year was made up as follows:	2015 Numbers	2014 Numbers
Academic	872	875
Research	114	120
Professional	934	967
Technical	107	106
Other	513	507
	<b>2,540</b>	<b>2,575</b>

The aggregate payroll costs of these employees were as follows:	2015 £'000	2014 £'000
Academic	59,728	59,391
Research	5,647	5,829
Professional	38,506	36,103
Technical	3,769	3,880
Other	18,878	19,264
	<b>126,528</b>	<b>124,467</b>

Staff costs:	2015 £'000	2014 £'000
Wages and salaries	103,771	103,845
Social security costs	8,607	8,653
Employer pension contributions	15,543	15,309
FRS 17 adjustments	(1,864)	(4,155)
Restructuring costs	471	815
	<b>126,528</b>	<b>124,467</b>

## Notes to the accounts

### 6. Staff costs (continued)

	2015 £'000	2014 £'000
Employment costs for staff on permanent contracts	114,693	110,389
Employment costs for staff on short-term contracts	11,835	14,078
	<b>126,528</b>	124,467

Remuneration of higher paid staff other than the Vice-Chancellor, excluding employer's pension and national insurance contributions but including benefits, fall within the following bands:

	2015 Number	2014 Number
£100,000 - £110,000	2	4
£110,001 - £120,000	1	6
£120,001 - £130,000	4	3
£130,001 - £140,000	1	-
£140,001 - £150,000	1	-
£180,001 - £190,000	1	1
	<b>10</b>	14

The members of the Board of Governors received no remuneration during the year (2014: £nil) and £2,000 (2014: £1,000) for the reimbursement of travel and subsistence expenses incurred in the course of their duties.

### 7. Emoluments of the Vice-Chancellor

	2015 £'000	2014 £'000
Salary	250	243
Performance-related bonus	35	26
Benefits in kind	1	1
	<b>286</b>	270
Pension contributions	40	39
	<b>326</b>	309

The University's pension contributions are paid at the same rate for the Vice-Chancellor as for other staff.

The University granted a loan of £300,000 to the Vice-Chancellor as part of his relocation package. This loan is subject to the interest rate determined by Her Majesty's Revenue and Customs ('the Official Rate'). Interest paid on the loan in the year to 31 July 2015 amounted to £1,000 (2014: £12,000) and the balance of the loan outstanding at that date was £50,000.



## Notes to the accounts

### 8. Analysis of expenditure by activity

				2015	2014
	Staff costs	Other operating expenses	Interest payable	Total	Total
	£'000	£'000	£'000	£'000	£'000
Academic departments	64,753	15,669	-	80,422	81,541
Academic services	9,702	6,072	-	15,774	15,132
Administration*	23,203	11,182	-	34,385	31,519
Premises	2,458	15,318	1,897	19,673	19,625
Residences, catering and conferences	2,974	20,995	-	23,969	21,763
Research grants and contracts	5,810	3,460	-	9,270	9,217
Other expenses	17,628	16,693	722	35,043	31,139
	126,528	89,389	2,619	218,536	209,936
Depreciation				19,718	12,607
				238,254	222,543

The depreciation charge has been funded by:

		2015	2014
	Notes	£'000	£'000
Deferred capital grants released	23	4,669	3,283
Revaluation reserve released to fund current year depreciation	25	342	282
General income		14,707	9,042
		19,718	12,607

\*Administration expenses include remuneration for internal audit services (paid to an external provider) of £28,000 (2014: £20,000) and external auditors remuneration of £137,000 (2014: £94,000). The external auditors remuneration includes £38,000 borne by the University (2014: £44,000), £41,000 for the subsidiary companies (2014: £45,000) and £58,000 in respect of non-audit work (2014: £5,000). These amounts include irrecoverable VAT of £13,000. Internal audit work is primarily undertaken by an internal department, supported by external advisors as required.

### 9. Interest payable and other finance costs

	2015	2014
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within five years	42	64
Repayable wholly or partly in more than five years	1,897	1,953
Finance leases	678	709
Other interest payable	2	1
	2,619	2,727

## Notes to the accounts

### 10. Taxation

	2015 £'000	2014 £'000
UK corporation tax on surplus for the year	30	39
Adjustment in respect of prior years	-	(2)
<b>Current tax charge for the year</b>	<b>30</b>	<b>37</b>
Deferred tax	(116)	32
<b>Tax (credit)/charge on surplus on ordinary activities</b>	<b>(86)</b>	<b>69</b>

Current tax reconciliation:

<b>Surplus on ordinary activities before tax</b>	<b>12,844</b>	14,674
Surplus on ordinary activities multiplied by standard rate in the UK (20.67%) (2014: 22.33%)	2,654	3,276
Effects of:		
Depreciation for the period in excess of capital allowances	(54)	(156)
Non-taxable income/expenditure	(1,896)	(1,817)
Expenses not deductible for tax purposes	108	44
Tax losses	(109)	(75)
Gift Aid in respect of prior years	-	(12)
Tax losses not utilised	129	78
Other timing differences	(3)	(18)
Tax at marginal rate	-	(3)
Adjustments in respect of prior years	-	(2)
Timing differences relating to pension liability	(799)	(1,278)
<b>Current tax charge for the year</b>	<b>30</b>	<b>37</b>

The above taxation charge relates to the profits of a number of the subsidiary and joint venture companies.

### 11. Surplus on continuing operations for the period for the University

The University's income and expenditure is not separately presented. The University made a surplus on continuing operations for the period after depreciation of tangible fixed assets, disposal of fixed assets and taxation of £15,647,000 (2014: £14,944,000). This surplus includes a loss on disposal of fixed assets of £12,000 (2014: £30,000), diminution in value of investments of £3,778,000 (2014: £nil) and diminution in value of investment properties of £nil (2014: £1,377,000). The impact of the FRS 17 adjustment on the University's surplus is a credit of £3,544,000 (2014: £5,724,000).

## Notes to the accounts

### 12. Tangible assets

Group	Land and buildings						Total £'000
	Freehold £'000	Long leasehold £'000	Investment property £'000	Assets in the course of construction £'000	Fixtures fittings and equipment £'000	Plant and machinery £'000	
<b>Cost or valuation</b>							
At 1 August 2014	275,458	19,073	12,556	29,523	46,645	11,429	394,684
Additions at cost	2,932	-	-	27,378	7,198	1,594	39,102
Transfers between accounts	19,080	-	-	(19,716)	636	-	-
Less disposals in year	(77)	-	-	-	-	(398)	(475)
<b>At 31 July 2015</b>	<b>297,393</b>	<b>19,073</b>	<b>12,556</b>	<b>37,185</b>	<b>54,479</b>	<b>12,625</b>	<b>433,311</b>
<b>Depreciation</b>							
At 1 August 2014	80,126	5,600	-	-	24,258	5,459	115,443
Charge for the year	12,785	306	-	-	5,795	832	19,718
Less disposals in year	(63)	-	-	-	-	(380)	(443)
<b>At 31 July 2015</b>	<b>92,848</b>	<b>5,906</b>	<b>-</b>	<b>-</b>	<b>30,053</b>	<b>5,911</b>	<b>134,718</b>
<b>Net book value at</b>							
<b>31 July 2015</b>	<b>204,545</b>	<b>13,167</b>	<b>12,556</b>	<b>37,185</b>	<b>24,426</b>	<b>6,714</b>	<b>298,593</b>
At 31 July 2014	195,332	13,473	12,556	29,523	22,387	5,970	279,241
Funded by:							
Inherited	20,854	-	-	-	-	-	20,854
Financed by capital grant	34,239	-	-	-	3,916	1,065	39,220
Other	149,452	13,167	12,556	37,185	20,510	5,649	238,519
<b>Net book value at</b>	<b>204,545</b>	<b>13,167</b>	<b>12,556</b>	<b>37,185</b>	<b>24,426</b>	<b>6,714</b>	<b>298,593</b>
<b>31 July 2015</b>							

## Notes to the accounts

### 12. Tangible assets (continued)

University	Land and buildings					Total £'000
	Freehold £'000	Investment property £'000	Assets in the course of construction £'000	Fixtures fittings and equipment £'000	Plant and machinery £'000	
<b>Cost or valuation</b>						
At 1 August 2014	213,434	12,556	29,358	44,302	2,428	302,078
Additions at cost	3,366	-	27,286	7,136	642	38,430
Transfers between accounts	19,080	-	(19,475)	395	-	-
Less disposals in year	(77)	-	-	-	-	(77)
<b>At 31 July 2015</b>	<b>235,803</b>	<b>12,556</b>	<b>37,169</b>	<b>51,833</b>	<b>3,070</b>	<b>340,431</b>
<b>Depreciation</b>						
At 1 August 2014	64,060	-	-	23,370	313	87,743
Charge for the year	5,413	-	-	5,600	195	11,208
Less disposals in year	(63)	-	-	-	-	(63)
<b>At 31 July 2015</b>	<b>69,410</b>	<b>-</b>	<b>-</b>	<b>28,970</b>	<b>508</b>	<b>98,888</b>
<b>Net book value at 31 July 2015</b>	<b>166,393</b>	<b>12,556</b>	<b>37,169</b>	<b>22,863</b>	<b>2,562</b>	<b>241,543</b>
At 31 July 2014	149,374	12,556	29,358	20,932	2,115	214,335
Funded by:						
Inherited	20,854	-	-	-	-	20,854
Financed by capital grant	34,239	-	-	3,916	750	38,905
Other	111,300	12,556	37,169	18,947	1,812	181,784
<b>Net book value at 31 July 2015</b>	<b>166,393</b>	<b>12,556</b>	<b>37,169</b>	<b>22,863</b>	<b>2,562</b>	<b>241,543</b>

The net book value of assets held under finance leases as at 31 July was:

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Buildings	11,621	-	11,927	-
Plant and machinery	716	-	795	-
	<b>12,337</b>	<b>-</b>	<b>12,722</b>	<b>-</b>

## Notes to the accounts

### 12. Tangible assets (continued)

The depreciation charge for the year was:

	<b>2015 Group</b>	<b>2015 University</b>	2014 Group	2014 University
	<b>£'000</b>	<b>£'000</b>	£'000	£'000
Buildings	<b>306</b>	-	306	-
Plant and machinery	<b>79</b>	-	79	-
	<b>385</b>	-	385	-

Buildings with a cost of £82.8 million have been partly funded from Treasury sources. Should these particular buildings be sold, the University would either have to surrender part of the proceeds to the Treasury or use them in accordance with the HEFCE Memorandum of Assurance and Accountability.

The amount of finance costs capitalised in the year amounts to £nil (2014: £nil). The accumulated amount of capitalised finance costs is £1.8 million which is included in freehold land and buildings. There were no assets constructed during the year financed by loan capital.

During the year ended 31 July 2015 a review was undertaken of the value of the estate belonging to the University and its subsidiary companies. The review considered the current value in use of all buildings and was conducted by the Director of Estates. In light of further information set out in a condition and suitability survey prepared by the University's team of external advisers, the review concluded that one of the University Group's properties had suffered a permanent diminution in value, reflecting the current state of the premises and with consideration of possible future options that are available with regard to the premises and the site. The impairment has resulted in a charge of accelerated depreciation to the Group income and expenditure account of £6 million. All other properties were still suitable for current activities and no impairment was required.

The major site at Hatfield, east of College Lane, is subject to a deed of gift and conveyance dated 12 December 1946 for the purposes of education to the charity called Hatfield Polytechnic. The charity is part of the assets transferred from Hertfordshire County Council and trusteeship now rests with the Board of Governors of the University. Any proposed change in use or ownership is subject to the agreement of HEFCE.

It is a condition of funding, imposed by the Secretary of State and the Treasury, that no transaction involving either the acquisition of land and buildings to be maintained with the aid of funding from HEFCE or the disposal of land and buildings purchased with the aid of public funds, shall be entered into without the prior approval of the Council.

During 1999 the University entered into a Private Finance Initiative scheme with a contractor for the construction of residential and sports facilities, and for the facilities management of those premises for a period of thirty years. Construction was completed in September 2003 and under the terms of the scheme the contractor raised the finance for the construction of buildings.

Having reviewed the arrangement on completion, the University deemed that the risk and reward associated with the sports facilities rested with Polyfield Property Limited, and that associated with the residences remained with the PFI contractor. As a result the buildings comprising the Sports Village have been subsequently let on a long lease to Polyfield Property Limited. The transactions for the sports facilities have been reflected in the accounts for the University Group and Polyfield Property Limited as a fixed asset under land and buildings at a net book value of £11.6 million with a consequential, and matching, finance lease as a long-term creditor. At the end of the lease period, ownership of the Sports Village will revert to Polyfield Property Limited.

## Notes to the accounts

### 12. Tangible assets (continued)

The buildings comprising the residences on the de Havilland campus do not appear in the Group's balance sheet. The agreement with the PFI provider sets out an annual rental and facilities management charge in respect of these properties which the University is contracted to pay on a monthly basis for the period of the agreement. These costs are benchmarked periodically and subject to variations to base contract dependent on changes in the University's requirements. During the current year the total charge paid to the PFI provider in respect of the residences was £7,519,000 (2014: £7,345,000), and this sum increases annually by a predetermined rate which incorporates both RPI as set by the Office of National Statistics and LPI (subject to a 5% increase cap). These costs are accounted for within other operating expenses. At the end of the contract period, ownership of the residential properties will revert to the University.

In May 2013 the University disposed of its remaining residential accommodation on the College Lane campus to ULiving@Hertfordshire plc, a third party property developer and operator under a contract to demolish the existing accommodation and construct 3,000 student bedrooms over a three year period. ULiving@Hertfordshire plc will then operate the residential accommodation until 2063, at which point the facilities will revert back to University ownership. The University does not recognise an asset in its financial statements as the majority of the risk and rewards lie with ULiving@Hertfordshire plc.

### Investment properties

The value of investment properties at 31 July 2015 was assessed by the Director of Estates and the carrying value is still considered to be a reasonable estimate of the market value at that date.

### 13. Intangible assets

Group	Goodwill £'000	Other £'000	Total £'000
At 1 August 2014	1,405	40	1,445
Impairment	(200)	-	(200)
Amortisation	(86)	(2)	(88)
<b>At 31 July 2015</b>	<b>1,119</b>	<b>38</b>	<b>1,157</b>

During the year goodwill of £200,000 was written down to nil. The remaining goodwill is being amortised over a period of 20 years. Other intangibles comprise a patent that was purchased in 2013 and which is being amortised over 20 years.

There are no intangible assets on the University balance sheet.

### 14. Investments

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Balance at 1 August	7,203	72,941	7,360	73,024
Additions	76	-	127	-
Disposals	-	-	-	(83)
Impairments	-	(3,778)	(284)	-
	<b>7,279</b>	<b>69,163</b>	7,203	72,941
Representing:				
Subsidiary undertakings	-	62,920	-	66,698
Other	7,279	6,243	7,203	6,243
	<b>7,279</b>	<b>69,163</b>	7,203	72,941

## Notes to the accounts

### 14. Investments (continued)

The carrying value of the University's investments in subsidiary undertakings was impaired during the year following a reduction in the subsidiary's net assets as a result of the impairment of one its buildings (see note 12).

The impairments in 2014 were in respect of trading losses made in companies which have ceased to trade completely or where events or changes in circumstances indicated the carrying value of any investments may not be recoverable.

Where the trade and net assets have been transferred within the Group, no impairment has been made to reflect the value of the remaining businesses within the Group.

The University's subsidiaries (all of which are registered in England and Wales) and its percentage shareholding in each are as follows:

Company	Nature of business	% Shareholding	Number of shares
UH Holdings Limited	Holding company	100%	69,081,211
Student Forum Limited	Dormant	100%	Limited by guarantee
UH Trust	Charity	100%	Limited by guarantee

The University consolidates the results of its linked charities, UH Trust and the University of Hertfordshire Charitable Trust, on the basis that it exercises dominant influence.

The subsidiary companies of UH Holdings Limited are all registered in England and Wales except UH Global Education (Asia-Pacific) Sdn Bhd. and Corporate Fit Science Limited which are registered in Malaysia and Scotland respectively. Its percentage shareholding in each is as follows:

Company	Nature of business	% Shareholding	Number of shares
UH Ventures Limited	Training, consultancy and conference services	100%	2
Universitybus Limited	Transport services	100%	2
Exemplas Holdings Limited	Business advice and support	100%	100
Polyfield Property Limited	Provision of property services and sports facilities	100%	75,099,854
UH Global Education (Asia-Pacific) Sdn Bhd	Overseas student recruitment	100%	2
EValu8 Transport Innovations Limited	Installation of electric vehicle posts, research and consultancy	100%	Limited by guarantee
Corporate Fit Science Limited	Dormant	100%	60,000
Cimtech Limited	Dormant	100%	2 (and 3 redeemable preference shares)
Fit Corporation Limited	Dormant	100%	1,000
Unisecure Limited	Dormant	100%	3
UH Recordings Limited	Dormant	100%	2

## Notes to the accounts

### 14. Investments (continued)

During the year UH Holdings Limited purchased a further 100,000 'A' ordinary shares in University Campus St Albans Limited to bring its overall shareholding to 200,000 'A' ordinary shares of £1 and 51 'B' ordinary shares. The company's principal activity is the delivery of flexible degree level education and is a joint venture between the University of Hertfordshire and Oaklands College Further Education Corporation.

Universitybus Limited owns 49,999 'A' ordinary shares in Uno Buses (Northampton) Limited, a joint venture that operates bus services in the Northampton area. The remaining 50,001 'B' ordinary shares are held by the University of Northampton.

The Group's share of the results for both University Campus St Albans Limited and Uno Buses (Northampton) Limited are shown in the consolidated income and expenditure account and its share of the gross assets and liabilities are shown on the consolidated balance sheet.

The subsidiary companies of Exemplas Holdings Limited (all of which are registered in England and Wales) and its percentage shareholding in each are as follows:

Company	Nature of business	% Shareholding	Number of shares
Exemplas Limited	Provision of services to business	100%	2
Bio Park Hertfordshire Limited	Provision of facilities management	100%	2
Metropolitan Enterprises Limited	Provision of services to business	100%	99
Exemplas Trade Services Limited	Provision of services to business	100%	2
Film Link Limited	Dormant	100%	2
The London Brokerage Limited	Dormant	100%	2
Training Skills Academy Group Limited	Dormant	100%	100
East of England Business Links Limited	Dormant	100%	Limited by guarantee
East of England Trade Limited	Dormant	100%	1
Polyfield Services Limited	Dormant	100%	14
Hertfordshire Business Centre Serviced Limited	Dormant	100%	2

All of the above subsidiaries are consolidated in the Group accounts.

In addition Exemplas Holdings Limited has a 50% shareholding in Enterprise Growth Solutions Limited. The Group's share of the company's results are shown in the consolidated income and expenditure account and its share of the gross assets and liabilities are shown on the consolidated balance sheet.

### 15. Endowment assets

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Balance at 1 August	2,443	673	2,298	660
Less endowments reclassified from income funds	-	-	14	-
New endowments invested	40	-	52	-
(Decrease)/increase in cash balances held for endowment funds	(7)	8	26	8
Increase in market value of investments	148	9	53	5
<b>Balance at 31 July</b>	<b>2,624</b>	<b>690</b>	<b>2,443</b>	<b>673</b>
Represented by:				
Securities	1,759	87	1,571	78
Cash at bank held for endowment funds	865	603	872	595
	<b>2,624</b>	<b>690</b>	<b>2,443</b>	<b>673</b>



## Notes to the accounts

### 16. Stock and work in progress

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Stock and work in progress	411	184	532	348

### 17. Debtors

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Amounts falling due within one year:				
Trade debtors	7,536	6,116	7,900	5,466
Other debtors	286	75	614	476
Corporation tax	70	-	32	-
Amounts due from subsidiaries	-	5,624	-	5,465
Amounts due from related undertakings	227	29	66	-
Prepayments and accrued income	8,951	5,663	8,320	4,832
	<b>17,070</b>	<b>17,507</b>	16,932	16,239
Amounts falling due after more than one year:				
Amounts due from subsidiaries	-	26	-	305
Other debtors	720	-	880	-
	<b>17,790</b>	<b>17,533</b>	17,812	16,544

The Group debtor due after more than one year relates to a loan made by Bio Park Hertfordshire Limited to AI Networks Limited (formerly Bio Park Interactive Limited) for £1 million in July 2014 for the purchase of assets. The loan is repayable over five years and interest at a rate of 5% is payable monthly on the outstanding loan balance. As security, Bio Park Hertfordshire Limited has first fixed charge and ownership of the goods in the event of any default in payment of the loan. The balance at 31 July 2015 was £880,000 (2014: £1,000,000).

### 18. Deferred tax

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Other timing differences	71	-	(32)	-
Deferred tax on pension scheme	(1)	-	(14)	-
	<b>70</b>	<b>-</b>	(46)	-

The above deferred tax asset/(liability) relates to Exemplas Holdings Limited and its subsidiary companies.

## Notes to the accounts

### 18. Deferred tax (continued)

A deferred tax liability arises for the University, Universitybus Limited and Exemplas Holdings Limited in respect of the FRS 17 pension scheme asset. The deferred tax liability in respect of the University and Universitybus Limited are not expected to crystallise and have therefore not been recognised. This is due to the charitable status of the University and the fact that Universitybus Limited Gift Aids all of its taxable profits to the University. A deferred tax liability of £1,000 arising on the net pension asset in Exemplas Holdings Limited has been recognised.

A deferred tax asset of £847,000 (2014: £130,000) in relation to tax losses has not been recognised due to uncertainty as to the extent and timing of relief. Management will continue to assess this situation on an annual basis and update their estimate as appropriate.

### 19. Creditors: amounts falling due within one year

	Notes	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Bank loan and overdraft	21a	2,296	1,888	2,242	1,854
Obligation under finance lease	21b	624	-	592	-
Payments received on account		11,583	11,583	11,683	11,614
Research and other commercial activity payments received in advance		5,592	5,452	4,537	4,420
Trade creditors		11,200	9,386	11,346	9,702
Other creditors		3,238	2,943	3,185	2,875
Amounts due to subsidiaries		-	8,895	-	8,370
Amounts due to related undertakings		58	-	81	-
Deferred tax		-	-	46	-
Other taxation and social security		2,572	2,143	2,639	2,008
Accruals and deferred income		21,298	14,347	15,332	8,221
Deferred revenue grants		1,004	1,004	203	203
		<b>59,465</b>	<b>57,641</b>	51,886	49,267

### 20. Creditors: amounts falling due after more than one year

	Notes	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Bank loan and overdraft	21a	59,977	59,659	62,278	61,551
Obligation under finance leases	21b	11,817	-	12,441	-
		<b>71,794</b>	<b>59,659</b>	74,719	61,551

## Notes to the accounts

### 21. Borrowings

#### a. Bank loans and overdrafts and other loans

	2015 Group	2015 University	2014 Group	2014 University
	£'000	£'000	£'000	£'000
Bank loans and overdrafts are repayable as follows:				
In one year or less	2,296	1,888	2,242	1,854
Between one and two years	2,238	1,920	2,291	1,883
Between two and five years	6,096	6,096	6,198	5,879
In five years or more	51,643	51,643	53,789	53,789
	<b>62,273</b>	<b>61,547</b>	64,520	63,405

The outstanding bank loans as at 31 July 2015 are a 25-year term loan facility for £11 million, a 34-year revolving term facility for £40 million, a seven year chattel mortgage and an unsecured loan facility. These facilities, which are linked to the base rate, offer the option to fix part of the loan at certain times.

The term loan facility of £11 million is fully drawn down. The outstanding balance at 31 July 2015 was £8.5 million of which £4.9 million is fixed at a rate of 5.44%, the balance charged at a variable rate. £37.9 million of the £40 million facility has been drawn down and as at 31 July 2015 the outstanding balance was £34.3 million. Of this balance £7.5 million is fixed at a rate of 5.39%, £2.1 million at 5.2%, £18.5 million at 4.5% and the balance charged at a variable rate. Repayment of the £20 million fixed term loan commenced during 2014. Interest is charged on this debt at a variable rate and the outstanding balance at 31 July 2015 was £18.8 million. The chattel mortgage is at a fixed rate of 2.6% and £0.775 million was outstanding at 31 July 2015.

#### b. Finance leases

	2015 Group	2015 University	2014 Group	2014 University
	£'000	£'000	£'000	£'000
The net finance lease obligations to which the Group is committed are:				
In one year or less	624	-	592	-
Between one and two years	464	-	624	-
Between two and five years	1,487	-	1,430	-
In five years or more	9,866	-	10,387	-
	<b>12,441</b>	<b>-</b>	13,033	-

The above represents the finance lease in respect of the Hertfordshire Sports Village and hire purchase agreements for a number of buses.

## Notes to the accounts

### 22. Provision for liabilities

	Insurance provision	Long-term maintenance	VAT capital goods scheme	Total
	£'000	£'000	£'000	£'000
<b>Group</b>				
At 1 August 2014	148	479	792	1,419
Increase in provision	<b>102</b>	<b>151</b>	-	<b>253</b>
Provision utilised	<b>(128)</b>	<b>(428)</b>	<b>(152)</b>	<b>(708)</b>
<b>At 31 July 2015</b>	<b>122</b>	<b>202</b>	<b>640</b>	<b>964</b>
<b>University</b>				
At 1 August 2014	-	479	793	1,272
Increase in provision	-	<b>151</b>	-	151
Provision utilised	-	<b>(428)</b>	<b>(153)</b>	(581)
<b>At 31 July 2015</b>	-	<b>202</b>	<b>640</b>	<b>842</b>

The long-term maintenance provision relates to the committed maintenance programme for premises, work on which has started at the balance sheet date. The value of the maintenance programme can be reliably estimated and works are scheduled to be carried out over the summer period as it is the only practical time when certain types of maintenance can be undertaken.

The VAT capital goods scheme provision reflects the current estimate of the VAT liability payable over the next 10 years under the capital goods scheme on costs incurred in the construction and refurbishment of various properties within the Group's estate.

The insurance provision represents the current estimate of the value of expected settlements in respect of incidents that have occurred to date within Universitybus Limited, which operates under a self-insurance policy.

## Notes to the accounts

### 23. Deferred capital grants

Group	Funding body grants £'000	Other grants £'000	Total £'000
At 1 August 2014			
Buildings	29,544	6,797	36,341
Equipment	2,325	1,065	3,390
Plant and machinery	-	367	367
	<b>31,869</b>	<b>8,229</b>	<b>40,098</b>
Cash received			
Buildings	<b>1,638</b>	-	<b>1,638</b>
Equipment	<b>235</b>	<b>30</b>	<b>265</b>
Plant and machinery	-	-	-
	<b>1,873</b>	<b>30</b>	<b>1,903</b>
Released to income and expenditure			
Buildings	<b>2,246</b>	<b>1,426</b>	<b>3,672</b>
Equipment	<b>559</b>	<b>385</b>	<b>944</b>
Plant and machinery	-	<b>53</b>	<b>53</b>
	<b>2,805</b>	<b>1,864</b>	<b>4,669</b>
At 31 July 2015			
Buildings	<b>28,936</b>	<b>5,371</b>	<b>34,307</b>
Equipment	<b>2,001</b>	<b>710</b>	<b>2,711</b>
Plant and machinery	-	<b>314</b>	<b>314</b>
	<b>30,937</b>	<b>6,395</b>	<b>37,332</b>

### University

At 1 August 2014			
Buildings	29,544	7,062	36,606
Equipment	2,325	1,065	3,390
	<b>31,869</b>	<b>8,127</b>	<b>39,996</b>
Cash received			
Buildings	<b>1,638</b>	-	<b>1,638</b>
Equipment	<b>235</b>	<b>30</b>	<b>265</b>
	<b>1,873</b>	<b>30</b>	<b>1,903</b>
Released to income and expenditure			
Buildings	<b>2,246</b>	<b>1,426</b>	<b>3,672</b>
Equipment	<b>559</b>	<b>385</b>	<b>944</b>
	<b>2,805</b>	<b>1,811</b>	<b>4,616</b>
At 31 July 2015			
Buildings	<b>28,936</b>	<b>5,636</b>	<b>34,572</b>
Equipment	<b>2,001</b>	<b>710</b>	<b>2,711</b>
	<b>30,937</b>	<b>6,346</b>	<b>37,283</b>

# Notes to the accounts

## 24. Endowments

Group	Unrestricted permanent £'000	Restricted permanent £'000	2015 Total £'000	2014 Total £'000
Balance at 1 August				
Capital	534	1,622	2,156	2,048
Accumulated income	139	148	287	250
	673	1,770	2,443	2,298
New endowments	-	1	1	46
Reclassification from income funds	-	-	-	14
Investment income	8	50	58	59
Expenditure	-	(26)	(26)	(27)
Increase in market value of investments	9	139	148	53
<b>Balance at 31 July</b>	<b>690</b>	<b>1,934</b>	<b>2,624</b>	<b>2,443</b>
Represented by:				
Capital	543	1,762	2,305	2,156
Accumulated income	147	172	319	287
<b>Total</b>	<b>690</b>	<b>1,934</b>	<b>2,624</b>	<b>2,443</b>

## University

Balance at 1 August				
Capital	534	-	534	529
Accumulated income	139	-	139	131
	673	-	673	660
New endowments	-	-	-	-
Investment income	8	-	8	8
Expenditure	-	-	-	-
Increase in market value of investments	9	-	9	5
<b>Balance at 31 July</b>	<b>690</b>	<b>-</b>	<b>690</b>	<b>673</b>
Represented by:				
Capital	543	-	543	534
Accumulated income	147	-	147	139
<b>Total</b>	<b>690</b>	<b>-</b>	<b>690</b>	<b>673</b>

## Notes to the accounts

### 25. Reserves

Group	Income and expenditure reserve £'000	Pension reserve £'000	Income and expenditure reserve including pension reserve £'000	Revaluation reserve £'000	Total £'000
At 1 August 2014	197,783	(14,724)	183,059	17,367	200,426
Transfer from endowments	(32)	-	(32)	-	(32)
Transfer to income and expenditure - depreciation	342	-	342	(342)	-
Transfer to income and expenditure	(3,763)	3,763	-	-	-
Surplus after depreciation of assets at valuation and tax	12,930	-	12,930	-	12,930
Actuarial loss	-	(7,623)	(7,623)	-	(7,623)
<b>At 31 July 2015</b>	<b>207,260</b>	<b>(18,584)</b>	<b>188,676</b>	<b>17,025</b>	<b>205,701</b>

### University

At 1 August 2014	209,729	(16,086)	193,643	16,227	209,870
Transfer from endowments	(8)	-	(8)	-	(8)
Transfer to income and expenditure - depreciation	342	-	342	(342)	-
Transfer to income and expenditure	(3,544)	3,544	-	-	-
Surplus after depreciation of assets at valuation and tax	15,647	-	15,647	-	15,647
Actuarial loss	-	(7,335)	(7,335)	-	(7,335)
<b>At 31 July 2015</b>	<b>222,166</b>	<b>(19,877)</b>	<b>202,289</b>	<b>15,885</b>	<b>218,174</b>

The Group consolidated income and expenditure reserves include £2.6 million in respect of Exemplas Holdings Limited and its subsidiary companies. According to that company's Memorandum of Association, these reserves cannot be transferred to the shareholders by way of dividend, bonus or other distribution and is therefore restricted.

## Notes to the accounts

### 26. Reconciliation of net cash flow from operating activities

	Notes	2015 £'000	2014 £'000
Operating surplus before tax		<b>12,677</b>	16,090
Investment income		<b>(589)</b>	(788)
Endowment income		<b>(58)</b>	(59)
Deferred capital grants released to income	23	<b>(4,669)</b>	(3,283)
Depreciation	12	<b>19,718</b>	12,607
Impairment of investment		-	65
Amortisation of goodwill	13	<b>288</b>	177
Interest payable		<b>2,619</b>	2,727
Pension costs		<b>(3,815)</b>	(5,720)
Decrease/(increase) in stocks		<b>121</b>	(98)
(Increase)/decrease in debtors		<b>(119)</b>	1,990
Increase/(decrease) in creditors		<b>4,552</b>	(3,192)
Decrease in provisions		<b>(455)</b>	(190)
<b>Net cash inflow from operating activities</b>		<b>30,270</b>	20,326

### 27. Returns on investments and servicing of finance

	2015 £'000	2014 £'000
Income from endowments	<b>58</b>	59
Other interest received	<b>570</b>	886
Interest paid	<b>(2,617)</b>	(2,735)
<b>Net cash outflow from returns on investments and servicing of finance</b>	<b>(1,989)</b>	(1,790)

### 28. Capital expenditure and financial investment

	2015 £'000	2014 £'000
Payments to acquire tangible fixed assets	<b>(36,102)</b>	(28,514)
Investments acquired	<b>(75)</b>	(127)
New endowments received	<b>1</b>	48
Endowment funds invested	<b>(40)</b>	(52)
Receipts from sales of tangible fixed assets	<b>10</b>	24
Receipts from the sale of investment	-	50
Deferred capital grant received	<b>1,903</b>	1,210
<b>Net cash outflow from capital expenditure and financial investment</b>	<b>(34,303)</b>	(27,361)



## Notes to the accounts

### 29. Acquisitions and disposals

	2015	2014
	£'000	£'000
Proceeds from disposal of joint venture	50	50
Loan issued on disposal of joint venture	-	(1,000)
<b>Net cash inflow/(outflow) from disposals</b>	<b>50</b>	<b>(950)</b>

### 30. Management of liquid resources

	2015	2014
	£'000	£'000
Withdrawals from short-term investments	9,353	10,092
<b>Net cash inflow from management of liquid resources</b>	<b>9,353</b>	<b>10,092</b>

### 31. Financing

	2015	2014
	£'000	£'000
Debt due beyond a year:		
Repayment of loan issued	120	-
Repayment of loans received	(2,247)	(2,024)
Capital element of finance lease repayments/principal	(592)	(561)
<b>Net cash outflow from disposals</b>	<b>(2,719)</b>	<b>(2,585)</b>

### 32. Analysis of changes in (net debt)/net funds

		2014	Cashflows	Other changes	2015
	Notes	£'000	£'000	£'000	£'000
Cash at bank and in hand		10,048	698	-	10,746
Endowment bank balance	15	872	(7)	-	865
		10,920	691	-	11,611
Debt due over more than one year:					
Long-term loans	20	(62,278)	5	2,296	(59,977)
Obligations under finance lease	20	(12,441)	-	624	(11,817)
Debt due under one year:					
Bank loan	19	(2,242)	2,242	(2,296)	(2,296)
Obligation under finance lease	19	(592)	592	(624)	(624)
Short-term deposits		66,916	(9,353)	-	57,563
		283	(5,823)	-	(5,540)

## Notes to the accounts

### 33. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. The assets of the schemes are held in separately administered funds.

#### Summary of pension scheme costs

	2015 Employer contributions £'000	2015 FRS 17 adjustment £'000	2015 Total £'000	2014 Employer contributions £'000	2014 FRS 17 adjustment £'000	2014 Total £'000
TPS	6,311	-	6,311	6,279	-	6,279
LGPS	8,474	(1,864)	6,610	8,382	(4,155)	4,227
USS	349	-	349	304	-	304
Other	409	-	409	344	-	344
	<b>15,543</b>	<b>(1,864)</b>	<b>13,679</b>	15,309	(4,155)	11,154

#### Teachers' Pension Scheme (TPS)

The TPS provides pensions to teachers who have worked in schools and other educational establishments in England and Wales. The scheme is an unfunded statutory public service pension scheme with the benefits underwritten by the Government. The scheme is financed by payments from the employer and from those current employees who are members of the scheme who pay contributions at different rates which depend on their salaries. The rate of employer contributions is typically set following an actuarial valuation.

The latest actuarial valuation of the scheme was carried out by the Government Actuary as at 31 March 2012 using the projected unit methodology.

The total liabilities of the scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £191,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £176,600 million.

As from 1 April 2015, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution rate was assessed at 20.4%, and the supplementary contribution rate was assessed to be 5.6% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 26%, which translated into an average employee contribution rate of 9.6% and employer contribution rate of 16.48%. The cost-sharing agreement also introduced a 10.9% cap on employer contributions payable. It has been agreed that these revised contributions will be implemented from 1 September 2015. Prior to this date the employers' contribution was 14.1%.

## Notes to the accounts

### 33. Pension schemes (continued)

#### Financial assumptions

	2015	2014
Gross rate of return	<b>5.06% pa</b>	3% pa
Real rate of return	<b>3% pa</b>	3% pa
Long term salary growth	<b>4.75%, 2.75% in excess of assumed CPI</b>	4.75%, 2.75% in excess of assumed CPI

The full actuarial report can be found at:

<https://www.teacherspensions.co.uk/news/reform/employers/2014/06/publication-of-the-valuation-report.aspx>

#### Universities Superannuation Scheme (USS)

The USS is a defined benefit scheme which is externally funded and contracted out of the Additional State Pension. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify the University's share of the underlying assets and liabilities in the scheme and hence, using the exemption under FRS 17, contributions to the scheme are accounted for as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account is equal to the contributions payable to the scheme in respect of the accounting period.

The pensions cost is assessed every three years. The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ('the valuation date'), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this unaudited 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced using the following assumptions:

	2015	2014
Discount rate	<b>3.3%</b>	4.5%
Pensionable salary growth	<b>3.5% in the first year and 4.0% thereafter</b>	4.4%
Price inflation (CPI)	<b>2.2%</b>	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) S1NA tables as follows:

Male members' mortality	S1NA ['light'] YoB tables – No age rating
Female members' mortality	S1NA ['light'] YoB tables – rated down one year

## Notes to the accounts

### 33. Pension schemes (continued)

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS 17 figures. For the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

#### Local Government Pension Scheme (LGPS)

The LGPS is regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. It is a funded scheme, with some 99 separate funds administered locally by administering authorities. Each fund has many employing authorities. Hertfordshire County Council is the administering authority with the district councils in their county, and other bodies, for example the University, being employing authorities within that scheme. The University's wholly owned subsidiaries, Universitybus Limited and Exemplas Holdings Limited, are both admitted bodies to the fund, and a number of employees of these companies are members of the LGPS. All other subsidiary companies contribute to the scheme through the University.

The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme.

Changes to the LGPS permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service, and 75% of the maximum tax-free cash for post-April 2008 service.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

## Notes to the accounts

### 33. Pension schemes (continued)

The LGPS widened its eligibility rules involving casual members of staff. The University commenced automatically enrolling qualifying casual members of staff from 1 July 2013.

Employer contributions are affected by a surplus or deficit in the scheme. All new entrants to the fund are now single status employees and there is no longer any classification of officer and manual employees. The agreed contribution rates up to 31 March 2017 are:

University of Hertfordshire	23.7%
Universitybus Limited:	
Employer – weekly paid staff*	21.9%
Employer – monthly paid staff	23.7%
Exemplas Holdings Limited	25%
Employees	5.5%-12.5%

\*For weekly paid staff there is an additional annual lump sum payable of £30,000 in 2016 rising to £31,000 in 2017.

The estimated employer contribution payable for the year ending 31 July 2016 is £7,820,000.

The following information is based upon a full actuarial valuation of the fund at 31 March 2013 updated to 31 July 2015 by a qualified independent actuary.

	2015	2014	2013
Inflation and rate of increase in pension	<b>2.1%</b>	2.3%	1.9%
Rate of increase in salaries	<b>2.1%</b>	2.1%	1.9%
Expected return on assets	<b>5.8%</b>	5.8%	5.8%
Discount rate for liabilities	<b>3.8%</b>	4.8%	4.8%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates.

The assumed life expectancies on retirement at age 65 are:

University and Exemplas Holdings Limited:	Males	Females
Current pensioners	22.1 years	25.1 years
Future pensioners	23.2 years	26.1 years
Universitybus Limited:	Males	Females
Current pensioners	17 years	19 years
Future pensioners	18 years	20 years

## Notes to the accounts

### 33. Pension schemes (continued)

The assets in the scheme (of which the Group's share is 5.3%) and the expected rates of return were:

	Long-term rate of return expected	Fair value	Long-term rate of return expected	Fair value	Long-term rate of return expected	Fair value
	2015	2015	2014	2014	2013	2013
		£'000		£'000		£'000
Equities	6.0%	2,112,000	6.6%	2,225,000	6.4%	2,270,000
Bonds	3.0%	950,000	3.7%	720,000	3.8%	515,000
Property	4.1%	282,000	4.7%	229,000	4.6%	151,000
Cash	2.9%	176,000	3.6%	98,000	3.4%	91,000
<b>Total market value of assets</b>		<b>3,520,000</b>		<b>3,272,000</b>		<b>3,027,000</b>

Expected rates of return on the fund were estimated based on the actual fund returns as provided by the administering authority (Hertfordshire County Council) and index returns where necessary.

The pension scheme liability detailed below also takes account of the University's unfunded pension liability, which relates to pension enhancements payable to staff who have taken early retirement.

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Group's estimated asset share	186,637	168,592	145,119	118,526	112,017
Present value of scheme liabilities	(197,186)	(175,407)	(137,459)	(143,660)	(128,528)
Present value of unfunded liabilities	(6,952)	(6,929)	(6,664)	(7,805)	(6,932)
<b>Surplus/(deficit) in the scheme</b>	<b>(17,501)</b>	<b>(13,744)</b>	<b>996</b>	<b>(32,939)</b>	<b>(23,443)</b>
Effect of cap on pension surplus	(1,083)	(980)	-	-	-
<b>Adjusted surplus/(deficit) in the scheme</b>	<b>(18,584)</b>	<b>(14,724)</b>	<b>996</b>	<b>(32,939)</b>	<b>(23,443)</b>

The pension scheme deficit for the University was £19,877,000 as at 31 July 2015 (2014: £16,086,000).

	2015	2014
	£'000	£'000
<b>Analysis of the amount charged to staff costs</b>		
Service cost	6,436	4,167
Curtailment and settlements	174	60
<b>Total operating charge</b>	<b>6,610</b>	<b>4,227</b>

## Notes to the accounts

### 33. Pension schemes (continued)

	2015	2014
<i>Analysis of net return on pension assets</i>	<i>£'000</i>	<i>£'000</i>
Expected return on pension scheme assets	9,871	8,519
Interest on pension liabilities	(7,869)	(6,903)
<b>Net credit on pension scheme</b>	<b>2,002</b>	<b>1,616</b>
Effect of cap on expected return of pension scheme assets	(103)	(51)
<b>Adjusted net credit on pension scheme</b>	<b>1,899</b>	<b>1,565</b>

	2015	2014
<i>Amount recognised in the statement of total recognised gains and losses (STRGL)</i>	<i>£'000</i>	<i>£'000</i>
Actual return less expected return on pension scheme assets	4,818	11,161
Experience gains and losses arising on the scheme liabilities	844	(6,541)
Changes in financial and demographic assumptions underlying the present value of liabilities	(13,285)	(25,130)
Effect of cap on pension surplus	-	(929)
<b>Actuarial loss recognised in STRGL</b>	<b>(7,623)</b>	<b>(21,439)</b>

The amount of the actuarial loss relating to changes in financial assumptions for the year ended 31 July 2015 is £13,285,000 (2014: £25,130,000). The cumulative actuarial loss recognised in the STRGL as at 31 July 2015 is £15,805,000 (2014: £8,182,000).

The actual return on scheme assets in the year was £14,689,000 (2014: £11,041,000).

	2015	2014
<i>Movement in asset/(deficit) during the year</i>	<i>£'000</i>	<i>£'000</i>
(Deficit)/asset in scheme at 1 August	(14,724)	996
Current service cost	(6,436)	(4,167)
Employer contributions	8,474	8,382
Curtailment and settlements	(174)	(60)
Net interest/(return) on assets	2,002	1,616
Actuarial loss	(7,623)	(20,511)
<b>Deficit in scheme at 31 July</b>	<b>(18,481)</b>	<b>(13,744)</b>
Effect of cap on pension surplus	(103)	(980)
<b>Adjusted pension deficit at 31 July</b>	<b>(18,584)</b>	<b>(14,724)</b>

The pension asset within Exemplas Holdings Limited has been capped in accordance with the guidance in FRS 17 and following advice from the actuary.

# Notes to the accounts

## 33. Pension schemes (continued)

	2015	2014
	£'000	£'000
<b>Analysis of movement in the present value of the scheme liabilities</b>		
At 1 August	182,336	144,123
Current service cost	6,436	4,167
Contributions by members	2,388	2,258
Past service costs	-	-
Curtailment and settlements	90	60
Liabilities extinguished on settlements	(250)	-
Interest cost	7,869	6,903
Actuarial loss	12,441	31,672
Estimated unfunded benefits paid	(519)	(506)
Estimated benefits paid	(6,653)	(6,341)
<b>At 31 July</b>	<b>204,138</b>	<b>182,336</b>

	2015	2014
	£'000	£'000
<b>Analysis of movement in the fair value of the scheme assets</b>		
At 1 August	168,592	145,119
Contributions by members	2,388	2,258
Employer contributions	7,955	7,876
Contributions in respect of unfunded benefits	519	506
Assets distributed on settlements	(334)	-
Expected return on assets	9,871	8,519
Actuarial gain	4,818	11,161
Estimated unfunded benefits paid	(519)	(506)
Estimated benefits paid	(6,653)	(6,341)
<b>At 31 July</b>	<b>186,637</b>	<b>168,592</b>

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
<b>History of experience gains and losses</b>					
Difference between the expected and actual return on assets	4,818	11,161	16,575	(3,248)	(2,799)
Percentage of scheme assets	2.6%	6.6%	11.4%	(2.7%)	(2.5%)
Experience gains/(losses) on scheme liabilities	844	(6,541)	535	(2,305)	3,889
Percentage of scheme liabilities	0.4%	3.6%	(0.4%)	1.5%	(2.9%)



## Notes to the accounts

### 33. Pension schemes (continued)

#### Other pension schemes

Exemplas Holdings Limited operates a group-administered personal pension plan, for those employees who are not members of LGPS, which is a defined contribution scheme.

Universitybus Limited participates in NEST, a qualifying pension scheme established by law to support the introduction of automatic enrolment. It is a national multi-employer defined contribution scheme. The company also provides a group Life Assurance Scheme for employees that are not members of the LGPS.

### 34. Capital commitments

	2015 Group £'000	2015 University £'000	2014 Group £'000	2014 University £'000
Contracted at 31 July	10,814	10,789	33,443	33,336
Authorised but not contracted at 31 July	475	475	15,658	15,647
	<b>11,289</b>	<b>11,264</b>	49,101	48,983

### 35. Financial instruments

The fuel hedging contracts entered into by Universitybus Limited have a fair value at 31 July 2015 of £1,096,000 (2014: £890,962). This liability is not recognised on the balance sheet.

### 36. Access to Learning Fund

	2015 £'000	2014 £'000
Balance at 1 August	17	9
Funding body grants received	-	363
Interest earned	-	1
	<b>17</b>	373
Disbursed to students	<b>(17)</b>	(345)
Administration charges	-	(11)
<b>Balance at 31 July</b>	<b>-</b>	17

The Access to Learning Fund is available solely for students; the University acts only as paying agent. The grants and related disbursements are accounted for as agency arrangements and are therefore excluded from the income and expenditure account. The fund was closed during the year and the remaining balance disbursed to students.

## Notes to the accounts

### 37. Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (many of whom are involved with other local public and private sector organisations), there are transactions with organisations in which a member of the Board of Governors or senior staff may have an interest. All such transactions are conducted at arm's length and in accordance with the University's Financial Regulations. Members of the Board of Governors and the subsidiary companies' Boards of Directors are required to declare any outside interest. When an item arises in which a member has a pecuniary, business, family or other personal interest, it must be declared and the member concerned may not take part in the consideration of the matter nor vote on it.

During the year the University incurred expenditure with the University of Hertfordshire Students' Union to the value of £1,733,000 (2014: £1,291,000). This includes the 2014-15 Students' Union Subvention of £755,000 (2014: £766,000), and the balance in respect of facilities and student ambassadors. Income earned from the University of Hertfordshire Students' Union during the year amounted to £999,000 (2014: £445,000) in respect of rent and recharge of other services. The balance sheet as at 31 July 2015 includes a debtor of £13,000 (2014: £88,000) and a creditor of £7,000 (2014: £21,000) due from/to the Students' Union.

The Vice-Chancellor has a loan from the University, details are shown in note 7.

The consolidated financial statements include sales to the Group's joint venture undertakings of £511,000 (2014: £209,000). The balance sheet as at 31 July 2015 includes a debtor of £227,000 (2014: £66,000) and a creditor of £58,000 (2014: £81,000) due from/to the Group's joint venture undertakings.

The University has applied the exemption in FRS 8 and has not disclosed transactions with wholly owned subsidiary companies.

### 38. Connected charitable institutions

UH Trust and the University of Hertfordshire Charitable Trust are connected charitable institutions of the University of Hertfordshire and under paragraph 28 of Schedule 3 to the Charities Act 2011 are exempt from registration with the Charity Commission. UH Trust, a company limited by guarantee, started its operations on 10 February 2014 upon the transfer of the assets and business from the University of Hertfordshire Charitable Trust. The permanent endowments were not transferred and have remained in the University of Hertfordshire Charitable Trust. The University of Hertfordshire Charitable Trust was registered with the Charities Commission in 1986 and deregistered in 2013 following the appointment of UH Trust as its sole trustee. The charities were established to raise funds and make awards of grants, scholarships, bursaries and prizes that advance and further education, learning and research at the University of Hertfordshire and that assist in the provision of buildings and facilities at the University. The activities of UH Trust and the University of Hertfordshire Charitable Trust, as summarised below, are consolidated into the Group accounts as detailed in note 14.

	2015	2014
	£'000	£'000
Opening net assets at 1 August	2,640	2,576
Income	397	423
Expenditure	(339)	(425)
Change in market value of investments	194	66
<b>Closing net assets at 31 July</b>	<b>2,892</b>	<b>2,640</b>

Major donors to the Group during the year include:

Dato' Azmil Khalid  
Mr David Sproul  
Mr Nicholas Wyber for the 'Helen Burchell Memorial Fund'  
Santander Universities UK

Stavros Niarchos Foundation  
The John Apthorp Charity  
The Worshipful Company of Leathersellers  
Warner Brothers Entertainment UK Limited

# Board of Governors and advisers

## Board of Governors

### Independent members

Mr R Beazley (*Chairman*)  
 Ms Y Batliwala  
 Mr R Calvert (*from 01/09/2015*)  
 Mr D J Goodridge  
 Mr C J Gordon (*to 31/08/2015*)  
 Mr J K Heywood (*to 31/08/2015*)  
 Professor A J Hunter  
 Dr J M Knott  
 Mr D Konotey-Ahulu (*from 01/09/2015*)  
 Miss J L McCue (*from 01/09/2015*)  
 Mr G Morrison  
 Ms I Nisbet (*from 01/09/2015*)

### Vice-Chancellor

Professor Q A McKellar

### Member nominated by the Academic Board

Dr L Mitchell

### Students' Union

Mr G Singh (*from 1/07/2014 to 30/06/2015*)  
 Mr J Amos (*from 01/07/2015*)

### Co-opted members

Professor Sir Graeme Davies  
 Mr R I N Gordon  
 Miss J L McCue (*to 31/08/2015*)  
 Mrs P M Morton

During the year, the following committees had a direct responsibility for the financial activities of the University:

### Audit Committee

Mr D J Goodridge (*member from 01/01/2015, Chairman from 01/09/2015*)  
 Mr J K Heywood (*Chairman to 31/08/2015*)  
 Ms Y Batliwala

Mr R Calvert (*from 01/09/2015*)  
 Dr J M Knott  
 Dr L Mitchell

### Employment, Remuneration, Governance and Nominations Committee (established 01/01/2015)

Mr R Beazley  
 Professor Sir Graeme Davies  
 Mr D J Goodridge (*from 01/09/2015*)  
 Mr C J Gordon (*to 31/08/2015*)  
 Mr J K Heywood (*to 31/08/2015*)  
 Professor Q A McKellar  
 Mr G Morrison (*from 01/09/2015*)  
 Ms I Nisbet (*from 01/09/2015*)

### Remuneration Committee (wound-up on 31/12/2014)

Mr R Beazley  
 Mr C J Gordon  
 Mr J K Heywood  
 Dr J M Knott

### Finance Committee (established 01/01/2015)

Mr C J Gordon (*Chairman to 31/08/2015*)  
 Mr G Morrison (*Chairman from 01/09/2015*)  
 Mr R Beazley  
 Mr D Konotey-Ahulu (*from 01/09/2015*)  
 Professor Q A McKellar  
 Mr R I N Gordon  
 Professor A J Hunter

### Finance and Employment Committee (wound-up on 31/12/2014)

Mr C J Gordon (*Chairman*)  
 Mr R Beazley  
 Professor Sir Graeme Davies  
 Professor Q A McKellar  
 Mr D J Goodridge  
 Mr R I N Gordon  
 Professor A J Hunter

### Advisers

**Bankers** Barclays Bank plc, St Albans  
**Auditors** Grant Thornton UK LLP Chartered Accountants and Registered Auditors, London  
**Solicitors** Mills and Reeve LLP, Cambridge

## Officers appointed by the Board

### Professor Quintin McKellar CBE

Vice-Chancellor

BVMS PhD DVM DipECVPT FSB FRSA FRAgS MRCVS FRSE



Professor McKellar has been the Vice-Chancellor and Chief Executive of the University of Hertfordshire since 2011. His responsibilities include the day-to-day running of the institution, the delivery of strategic and operation plans, performance, its internal structure and organisation and its interface with external bodies and agencies. He graduated from Glasgow University Veterinary School in 1981, and went on to gain a PhD in Veterinary Parasitology in 1984. In 1997 Professor McKellar took up the post of Scientific Director of the Moredun Research Institute and Chief Executive of the Moredun Foundation. In 2004, he was appointed Principal of The Royal Veterinary College of the University of London.

Professor McKellar is chair of the Biological and Biotechnological Scientific Research Council (BBSRC) Animal Research Club, chair of the Board of Trustees of The Pirbright Institute, and a non-executive director of the Animal and Plant Health Agency (APHA). He is also a member of the Government Chief Scientist Steering Group on Animal and Plant Health in the UK. He is co-chair of the National Centre for Universities and Business (NCUB) Food Economy Task Force. He is a Governor of Queenswood School in Hertfordshire and a member of the Hertfordshire Local Enterprise Partnership. In 2015 he was elected as a Board member of Universities UK (UUK) and is chair of the University Vocational Awards Council.

Professor McKellar was made a Commander of the Order of the British Empire (CBE) in 2011 for services to science. He was a distinguished researcher with interests in the pharmacology of anti-infective and anti-inflammatory drugs in domestic animals.

### Professor Ian Campbell

Deputy Vice-Chancellor

BSc MSc PhD



Professor Campbell is a professor of exercise physiology. He joined the University of Hertfordshire in September 2013 as Deputy Vice-Chancellor.

Prior to coming here, he had been Pro Vice-Chancellor at Brunel University since 2008, where he was responsible for a number of key functions including student experience, staff development, learning and teaching, and external relations.

Professor Campbell is an established researcher, particularly active in applied research. He has a strong track record of both research income generation and research output, as well as a leading reputation in the study of exercise physiology.

As the sole Deputy Vice-Chancellor, he is currently engaged in all strategic and operational decisions which underpin the positioning and success of our University. He also regularly deputises for the Vice-Chancellor in relation to both internal and external affairs.

Professor Campbell has overall responsibility for the strategic development of all academic areas through his management of all Deans of School, his Chairmanship of the Academic Development Committee and his coordination of the annual University planning process.

## Officers appointed by the Board

### **Sue Grant**

Secretary and Registrar

BSc FAUA



Sue Grant joined the University of Hertfordshire in May 1983. She was the Academic Registrar from 2004 and was appointed Secretary and Registrar in 2013. She is responsible for the management and operation of our Board of Governors and Academic Board, as well as all compliance with University policies, regulations and procedures.

Sue has responsibility for legal matters relating to the University and its wholly owned subsidiaries, and is in charge of health and safety, internal auditing, equality, process review and professional staffing.

At a national level, Sue has been Chair of the Academic Registrars Council, a position she stepped down from on becoming Secretary and Registrar of the University. This involved working with higher education institutions across the sector and with the Department for Business, Innovation & Skills, Universities UK and the Home Office.

She is also a director of Uliving@Hertfordshire and a member of the Board of Oaklands FE Corporation.

### **Alistair Moffat**

Group Finance Director

BA FCMA CGMA MIOD



Alistair Moffat was appointed Group Finance Director in 2009. He has responsibility for all aspects of financial management within the Group, including financial control, statutory reporting, treasury, tax, insurance, procurement and commercial financial support for the academic community.

His role also incorporates Board responsibility for the management of the University's Estate and he attends several of the Board committees, including the main Board itself. He is a director of UH Holdings Limited, which oversees the commercial subsidiaries in the Group, and is also a director of many of our subsidiary companies.

Alistair graduated in accounting and finance before qualifying as an accountant in 1989. He joined the University from Monarch Airlines, where he was Chief Financial Officer.

His other previous roles include Finance Director Scotland at First Group Plc and at Alstom Signalling Limited, as well as a number of senior finance positions within British Rail. Alistair was also Finance Director at Mainline Freight Limited, playing an important role during the rail privatisation process. He is a Fellow of the Chartered Institute of Management Accountants.





3D printed hat by Visiting Professor (Design and Innovation) Mark Bloomfield. Winner of the Materialise World 3D Print Prize.

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