



UNIVERSITY OF LEEDS

Annual Report
and Accounts
2013/14



Artist's impression of the Laidlaw Library, due to open in spring 2015

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‘Increasing knowledge and opportunity in powerful combination is a defining feature of life at Leeds...’

Alan Langlands
Vice-Chancellor



Arriving in Leeds a little over a year ago, I was immediately struck by the depth and breadth of the University's academic ambition, by the palpable and deep-rooted commitment to student education in its widest sense, and by the calibre of the student body itself. I was also taken with – and comforted by – the financial strength of the University, as illustrated in this report. These factors constitute firm foundations on which to build for the future.

Collectively, we did a lot of thinking over the past year about that future. This resulted in a new strategic plan, which was approved by the University Council in July 2014. The plan is not set in stone, but is instead a working document. It sets out clearly what we are trying to achieve, how we plan to secure those objectives and how our progress will be measured.

The plan makes it clear that the creation, dissemination and application of knowledge remain at the heart of our mission, as they have been since the University was founded in 1904. The plan also commits us to provide a wide range of opportunities for students and staff, ensuring excellence in every aspect of student education, research and innovation, and promoting enterprise and creativity. Increasing knowledge and opportunity in powerful combination is a defining feature of life at Leeds, distinguishing us from other universities and enabling us to address the challenges of higher learning and research across a broad range of disciplines with energy and confidence.

The plan recognises that we need to be more outward-facing. We therefore place a premium on establishing and enhancing strategic partnerships and collaborations – to promote creativity, innovation, enterprise and impact – and on working with other universities, industry and the public and third sectors to ensure the transfer of knowledge and higher level skills. We will play a full part in the development of the Leeds City region and the country as a whole, boosting our engagement with the City, the NHS, the world-class cultural community in the North of England and our industry partners.

‘...we are working to build our international reach and influence, developing enduring education and research initiatives...’

In parallel, we are working to build our international reach and influence, developing enduring education and research initiatives with carefully selected partners around the world.

Perhaps the biggest challenge that we have to address, however, is boosting the quality and volume of our research. We are operating in an environment in which research funders are increasingly concentrating their support into fewer, bigger and longer-running awards, typically given to large teams in existing centres of excellence. This trend – of increased concentration – looks set to continue; and, if we are to remain a major player in this much more competitive research landscape, we must, where possible, ensure that we match our existing and new research strengths to the available funding opportunities. The plan therefore commits us to secure an ambitious step change in research income – increasing it by 50% by 2020 – which would give us a concomitant uplift in research results, performance and reputation.

The plan, then, sets out some ambitious and challenging targets for the years ahead. Achieving them will require investment – as the Finance Director describes in her report – in people and in facilities. It will also require us to adopt different ways of working within the University. We need to become more agile; as I have already indicated, we need to be more outward-looking and responsive to market opportunities; and we need to reduce the bureaucratic burden, freeing up academic time for new academic initiatives within a more open, high-trust environment in which our expectations of staff and their personal responsibilities and accountabilities are clear.

We have already made some significant progress towards achieving the aims of the plan. Student recruitment in 2014, as it was in 2013, has been generally buoyant, and we have been able to increase the calibre of the undergraduate intake while maintaining our focus on widening participation. Our National Student Survey scores continue on an upward trajectory – 88% of final year students now say they are satisfied with the quality of their course at Leeds, putting us in the top half of the Russell Group table. And our graduates, too, continue to be supportive of the institution; with their support, our 'Making a World of Difference' fund raising campaign is very much on track having raised £45.9m towards the current target of £60m.

Our capital programme has been accelerated, bringing forward plans for new and refurbished buildings; facilities for new technology platforms such as imaging, simulation and robotics are taking concrete shape; and the proposed new University Innovation and Enterprise Centre is gearing up to accelerate business creation, growth and innovation in the region.

'...our existing research strengths, if properly harnessed, will allow us to exploit significant external funding opportunities and deliver impact.'

To support our ambitious research targets, we are investing in 250 new University Academic Fellowships, an initiative which has caused something of a splash in the sector; we are investing in 220 new Anniversary Research Scholarships; and we have identified seven research themes – health, water, food, energy, culture, cities and high-value engineering – where our existing research strengths, if properly harnessed, will allow us to exploit significant external funding opportunities and deliver impact. In addition, recent major grants for data analytics research will put us at the heart of a resource that will inform national policy development, implementation and evaluation. And the new White Rose College of the Arts & Humanities – with the Universities of York and Sheffield – will see 300 PhD students trained during the next eight years. A further nine Centres for Doctoral Training were established during the year in key areas such as Fluid Dynamics, Bioenergy and Tissue Engineering.

We have begun to work more extensively on collaboration and partnerships – extending existing relationships and forming new ones – in academic, social and cultural contexts. For example, our work with Future Learn and the BBC to bring open online courses to a wide, general audience is demonstrating our academic talents and raising our profile; and our relationship with Marks & Spencer continues to provide valuable work experience for our students, a research facility available to all on campus, and a showcase for innovative thinking within the business sector. In this centenary year of the start of the 1914-18 war, I must mention too our Legacies of War project, which has seen our academics and students connect and collaborate with hundreds of people and institutions across the City, with national organisations including the BBC and the Imperial War Museum, and with international partners across Europe, both academic and cultural.

It is always pleasing when the talent of our staff is recognised externally, and I have been particularly pleased this year by the election of Professor Sheena Radford (Biological Sciences) as a Fellow of the Royal Society. Other distinctions of note include Professor Peter Buckley (Business) being elected both a Fellow of the British Academy and a Fellow of the Academy of Social Sciences; Professors Martin Butler (English) and Janet Watson (Modern Languages and Cultures) being elected Fellows of the British Academy; Professors Julia Newton Bishop (Dermatology) and Philip Quirke (Pathology) being elected Fellows of the Academy of Medical Sciences; and Professors Ian Hunter (Electronic and Electrical Engineering) and Muhammed Basheer (Civil Engineering) being elected Fellows of the Royal Academy of Engineering. Professors Giles Davies and Edmund Linfield (Electronic and Electrical Engineering) were awarded the Faraday Medal for outstanding contribution to experimental physics, another great achievement.

These are a few examples which illustrate the tremendous drive and energy that exists in the University. As I have said, we must be under no illusions that the targets we have set ourselves are challenging; to drive up research income by 50% will be no easy task, and nor is recruiting 250 talented new colleagues who will meet the highest standards of academic excellence and potential, and reinforce or extend our existing strengths in research and education. But I know that there is the collective will – in both the academic and support communities – to make the necessary changes; and, with a deliberate streamlining of processes, an ethos of trust, a focus on clearly defined goals, and a recognition that Leeds can and deserves to be better, I am confident that we will make the step change needed over the next few years.

Finally, my thanks to all staff and students for making my first year at Leeds so enjoyable and fulfilling. This is a great University and it is their dedication, professionalism, enthusiasm and sheer hard work that will enable us to deliver outstanding student education and top flight research into the future.

Alan Langlands

Vice-Chancellor

‘The University continues in good financial health: it has a strong balance sheet and robust financial plans that set exacting student recruitment targets, ambitious improvements in research performance and significant efficiency improvements.’

Jane Madeley
Finance Director



Overview

The University continues in good financial health: it has a strong balance sheet and robust financial plans that set exacting student recruitment targets, ambitious improvements in research performance and significant efficiency improvements.

Following a challenging cycle in 2012, it is pleasing to report that student recruitment in 2013 recovered well, with growth in the intake of home/EU undergraduates (and also an improvement in the quality of the intake) and with a return to growth in international recruitment. This, combined with the impact of the second year of the new fee regime and growth in research income of 3%, delivered a total income growth of 7%.

An operating surplus of £39m (6.6% of total income) is an improvement of £17m (+3.1 percentage points) compared to 2012/13. This improvement results primarily from two factors: the strong student recruitment mentioned above, and the fact that we did not spend all of the planned strategic investments in the year. As the level of our strategic investments builds in the short term, we can expect the operating surplus percentage to come under pressure again.

£39m

operating surplus

£587m

total income (2012/13: £548m)

Financial summary	2013/14 £000	2012/13 £000	Change %
Summary			
Total income	587,493	547,601	7%
Total expenditure excluding exceptionals	(547,783)	(527,970)	4%
Operating surplus before exceptionals	39,710	19,631	102%
Operating exceptional items	(1,082)	1,814	(160%)
Operating surplus after exceptionals	38,628	21,445	80%
Profit on disposal of fixed assets	5,617	18,926	(70%)
Other items	(322)	197	(263%)
Surplus transferred to reserves	43,923	40,568	8%
Tuition fee and education contracts			
Home and EU students	133,239	104,369	28%
International students	69,843	58,652	19%
Other fees including NHS teaching contract	33,001	29,012	14%
Total	236,083	192,033	23%
Research grants and contracts			
Research Councils, UK Charities and Government	93,562	94,568	(1%)
Industry, overseas and other	39,115	33,986	15%
Total	132,677	128,554	3%
Capital expenditure			
Externally funded	(15,699)	(10,836)	45%
University funded	(46,262)	(35,711)	30%
Total	(61,961)	(46,547)	33%
Cash and borrowings			
Cash and short-term investments	196,871	187,097	5%
Borrowings	(41,810)	(46,211)	(10%)
Net funds	155,061	140,886	10%

£44m

surplus transferred to reserves

The £44m surplus transferred to reserves is consistent with last year (£41m). It should be emphasised however that, whereas the 2012/13 surplus transferred to reserves benefited from a significant one-off profit on the sale of Bodington Hall (£15m), this year's is mainly operating surplus.

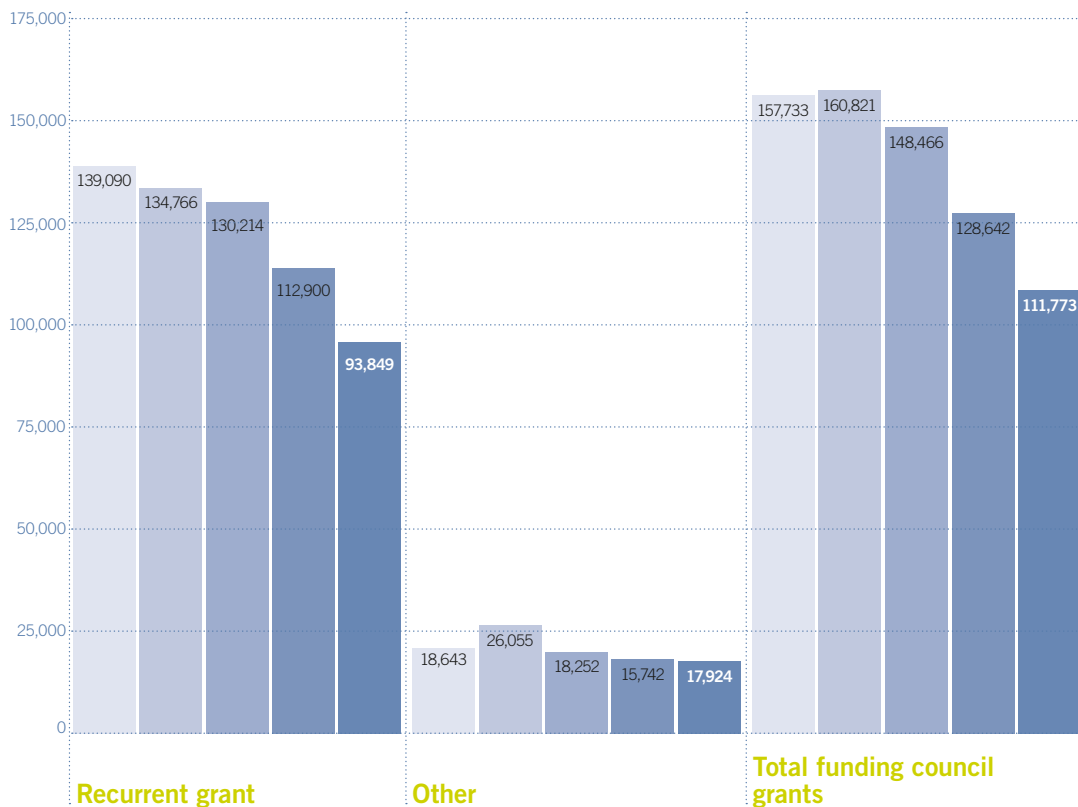
Capital investment has increased in the year to £62m and, given our ambitious plans, is expected to grow further in the next few years.

In this year, we have taken the opportunity to strengthen the balance sheet through the revaluation of our Student Residences portfolio better to reflect its market value; this has created a one-off revaluation gain of £110m. It should be noted though that, with the implementation of the new HE SORP in 2015/16, we expect to bring more liabilities on to the balance sheet which will to some extent offset against this gain (see the section below on pensions).

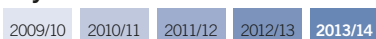
Through internal cash generation and new external funding plans, we are on track to invest up to £100m in strategic developments and £500m in our capital programme over the next five years; all investments will be prioritised and focused on delivery of the ambitious academic targets in the new strategic plan.

Funding Council grant income over five years

£000

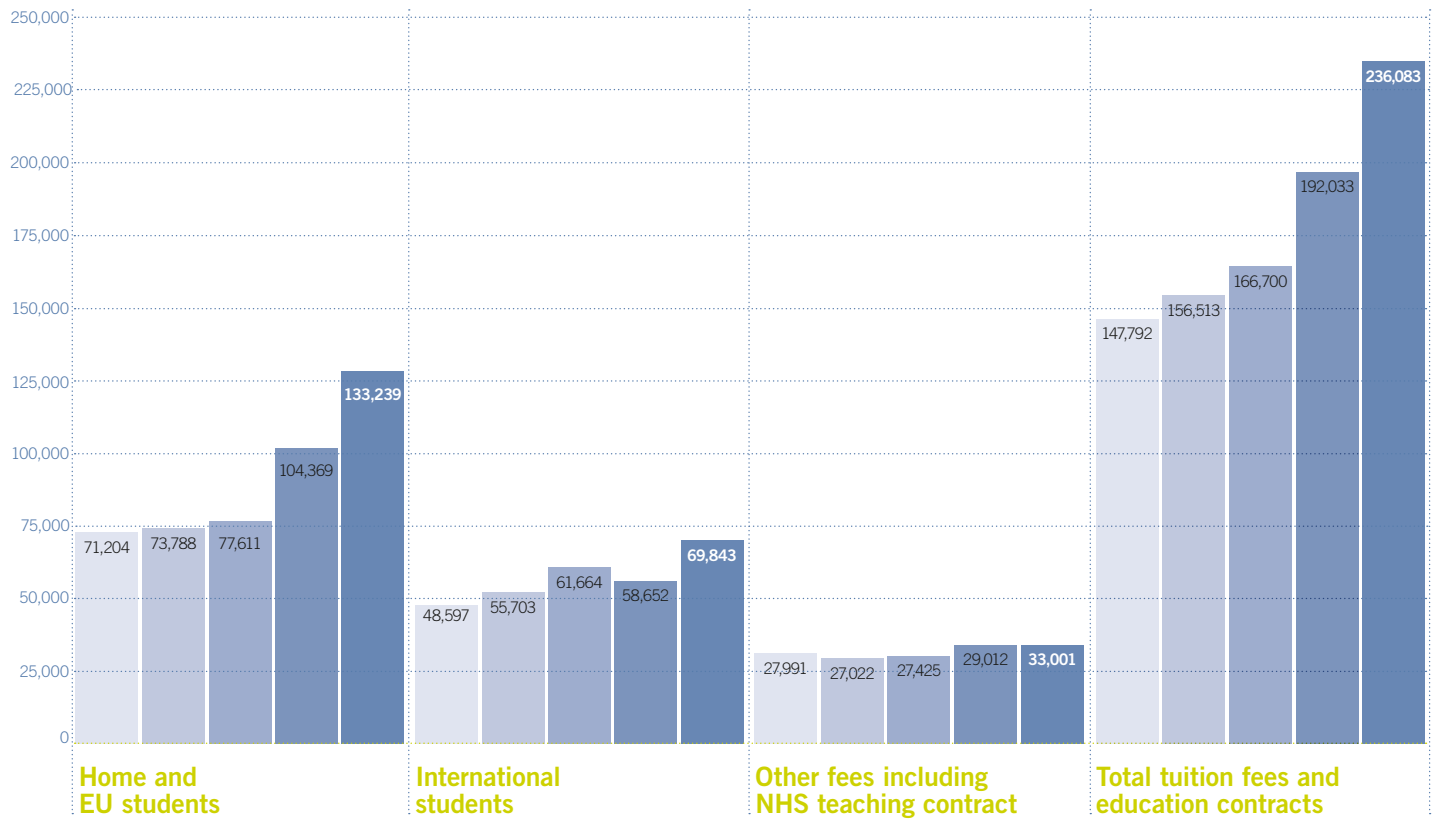


Key



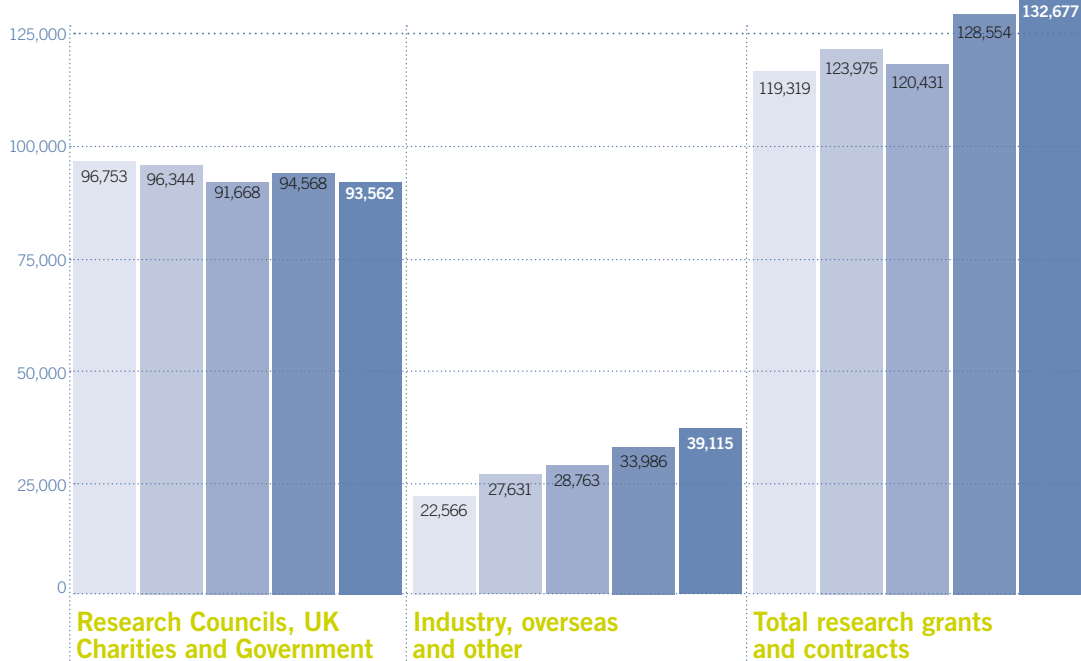
Tuition fees and education contracts income over five years

£000



Research grants and contracts income over five years

£000



Key



31,750

full-time equivalent students

Funding Council grants

At £112m, Funding Council grant income reduced by £17m from 2012/13; it now represents 19% of total income, down from 23% in the previous year. The reduction is attributable to the continuation of the Government's policy of shifting the burden of funding undergraduate education from exchequer grant to tuition fees. We forecast that Funding Council grant income will fall to the point at which it only represents around 12% of total income by 2018/19. (Funding Council grants have already fallen by £49m from their 2010/11 peak of £161m, with the Teaching grant having fallen from £90m in 2010/11 to £48m in 2013/14.)

Tuition fees and education contracts

At £236m (23% higher than 2012/13), tuition fee income now accounts for 40% of total income (2012/13: 35%).

Home/EU undergraduate intake grew by 8% from the previous year and postgraduate recruitment grew by 24%, with total student numbers across all years in line with last year. Fee income from our Home/EU students has increased by £29m (28%) predominantly due to the impact of the second cohort of students recruited under the new £9k fee regime.

We also report a 19% growth in international fee income. This is largely driven by growth in international recruitment, which is supported by our continued work in the markets through our agents and overseas offices. International student numbers across all cohorts and years have increased by 12% from last year with our intake for postgraduate programmes, deserving specific mention, growing by 26% compared to last year. Alongside this we have seen the benefits of modest price inflation and favourable programme mix. International postgraduate taught student income has increased in all Faculties and is particularly strong in the Business School, Engineering and the Faculty of Performance, Visual Arts and Communications.

£133m

research grants and contracts

Research grants and contracts

Underlying research growth is 5% when revenue and capital expenditure are considered together. We saw significant growth in European Commission funding (19%) and in UK Industry funding (12%).

Overall, we have secured nearly 600 new research awards this year (in line with last year) with a total grant value of £132m. The three largest awards by value are £7m from the Medical Research Council to link existing data sets in a secure environment to uncover the underlying molecular mechanisms of disease, suggest new diagnostic and prognostic tests and monitor the effectiveness of medicines; £5m from the Economic and Social Research Council to set up a Consumer Data Research Centre which will mine, analyse and synthesise consumer-related datasets from around the UK; and £3m from Janssen Cilag Ltd for a clinical trial relating to the treatment of chronic Lymphocytic Leukaemia.

Our new strategic plan calls for a major step change in research income. Realising this ambition will require significant academic investment, coupled with significant investment in new and existing research facilities; exploitation of both disciplinary and interdisciplinary research opportunities; growth in the numbers of high quality Postgraduate Research (PGR) students; and new collaborations and partnerships to help us to unlock new funding opportunities.

To this end, we have embarked upon a major programme of academic development, as indicated in the Vice-Chancellor's introduction above. We have also deployed a major part of our Higher Education Innovation Funding to develop and sustain external relationships in a number of industrial sectors through our 'sector hubs', which face specific industrial and commercial sectors.

Research grant income growth

2013/14	+3%
2012/13	+7%
2011/12	-3%

Other operating income

Other operating income increased by £6m, mainly by virtue of an increase in residences income resulting from higher first year student numbers and the opening of the new St Marks residence combined with improved income generation in all but one of the subsidiaries.

Other operating income from subsidiary undertakings – notably Weetwood Hall Ltd, Leeds Innovations Centre Ltd, University of Leeds IP Ltd and Bright Beginnings Childcare Centre – was £9m in the year (2012/13: £8m excluding consultancy activity which was administered through the University in the current year).

We increased the number of alumni who gave to the annual fund in 2013/14 by 9% to nearly 6,400. The number of alumni we are now in touch with has grown by over 14,000 to 222,000 representing 79% of our alumni database (a year-on-year increase of 3%).

Alumni giving to the Footsteps Fund in 2013/14 totalled £0.9m (2012/13: £0.8m). Over 2013/14, the Footsteps Fund was used to support Leeds for Life Foundation grants, Centenary Alumni Scholarships, Footsteps Fund Scholarships and student counselling and wellbeing activity.

2013/14 has been a successful year for attracting major donations including our most significant pledge to date, of £9m towards the construction of the new undergraduate library. Our current 'Making a World of Difference' fund raising campaign has now raised £46m towards its target of £60m.

Expenditure

The increase in staff costs is £15m (5%), attributable to a programme of academic investment, including 22 professorial appointments (Academic Leadership Chairs) that will underpin our strategy to be a globally leading institution for research and education, the pay award and increments, and specific investments to support the increased level of research activity.

The increase in other operating expenditure is £4m (2%) attributable to three factors in particular: planned new investments in infrastructure and maintenance to upgrade teaching facilities to ensure that our students continue to benefit from an inspiring environment; the improved undergraduate financial support package; and planned investment to create an integrated Student Education Service which will provide consistent and high quality support to all our students.

Depreciation continues to increase year by year (by £4m) as a result of the completion of the major new capital schemes and significant level of equipment purchases over the last few years. We expect to see the level of depreciation continue to grow as we continue with our ambitious capital investment programme.

Balance sheet

The strength of our balance sheet and performance in 2013/14 give us a solid financial platform to underpin our new ambitious strategic plan.

The net book value of tangible fixed assets has increased significantly by £142m to £607m. This is largely due to the revaluation of our Residential Estate at market value and has increased our Fixed Assets by £110m. The University has increased its investment in new academic and infrastructure improvements with £62m of capital additions in the year (2012/13: £47m).

£197m

cash and short-term investments

£62m

capital expenditure

Major capital schemes completed in 2013/14 or due for completion in 2014/15 include:

- £65m Central Village Student Residences
- £26m new undergraduate library
- £13m upgrade of building infrastructure for the Faculty of Engineering
- £10m Geography relocation
- £9m Social Sciences consolidation
- £6m Clothworkers South & Central development
- £5m Maths refurbishment

Major capital schemes under development or planned to begin in the next two years (in some cases depending on our being able to secure funding) include:

- £43m Physical sciences zone
- £32m University Enterprise Zone
- £30m School of Medicine consolidation and refurbishment
- £25m Refurbishment of the Engineering building
- £24m Edward Boyle Library refurbishment
- £15m Leeds University Union refurbishment
- £9m Multi Storey Car park development
- £9m upgrade to the electricity supply

The University retained £197m of cash investments at 31 July 2014 of which £95m was held on deposit with nine separate banks for remaining terms of up to 6 months, £85m was held in three separate sterling liquidity funds, and the remaining £17m was held on-call.

12%

gearing ratio

After standard loan repayments of £4m and a surplus of £44m this year, the gearing ratio¹ decreased to 12% (from 15%) at 31 July 2014.

The endowment portfolio increased in value over the year from £62m to £66m, because of the rise in global equity markets and the addition of £1m new funds from donors. The £2m income generated in-year was in line with plan.

Working capital has improved by £11m due to an increase in cash and short-term investments of £10m (5%).

Pensions

The University of Leeds Pension and Assurance Scheme (PAS) had a Balance Sheet deficit of £6m at 31 July 2014, representing a deterioration of £5m from the prior year.

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

The impact of this has been partially offset by the reduction in the price inflation and salary increase assumptions, and by the investment return achieved on the assets over the year.

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

¹ Gearing is calculated as Borrowings / (Unrestricted permanent endowments + Income and Expenditure Reserve).

The PAS and Universities Superannuation Scheme (USS) were subject to full actuarial valuations as at 31 March 2011; the next valuations are as at 31 March 2014, the outcome of which will be known towards the end of 2014. We expect a surplus on the PAS scheme at this date.

The results of the USS 2014 valuation are expected to show a deficit of around £8bn largely driven by falling bond yields, reduced optimism about investment returns, and the increasing longevity of USS members. The USS trustees and employers are in agreement that a revised funding and benefit plan must be put in place to deal with this much larger deficit and address the volatility in the USS funding level. The trustees propose to address the volatility in the funding level by reducing the investment risk that they take with the USS's assets, and this in turn would increase the value of the deficit.

Universities UK (UUK), on behalf of the employers, is holding further discussions with the University and College Union (UCU) before planning to submit proposals for benefit changes to the USS Joint Negotiating Committee (JNC) later in the Autumn.

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

‘...we continue to be vigilant in order to ensure that we have early sight of emerging financial pressures and we protect our ability to manage them as they may arise.’

Risks

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

- Risk of failure to secure and maintain a targeted intake of high quality students (both home and international) from all backgrounds and to grow postgraduate research numbers.

Attracting only the very best students, against a backdrop of continued volatility and heightened competition across all recruitment cohorts and markets, has focused efforts on improving our offer and conversion strategy, including greater engagement with applicants pre and post offer, putting in place an improved interview and visit day experience and the use of ambassadors to keep in contact with applicants that have accepted offers. Particular strategies have been employed to diversify and attract international applicants by building on existing feeder routes, increasing the use of reputable agents and overseas offices and by developing new entry partnerships in countries such as China.

Alongside the investment in studentships described earlier in this report, a strategy to increase postgraduate research (PGR) recruitment has been developed to enhance our international profile – for example through working with Worldwide Universities Network (WUN) partners; by improved marketing of PGR programmes including a PGR Open Day; by seeking new funding opportunities and by improving the PGR experience through an enhanced PGR support structure. Tailored visit days and targeted marketing has been used to improve the numbers and quality of our taught and research postgraduate intake.

We continue to develop the student experience through the development of the Leeds Curriculum, further enhancements to Leeds for Life, investment in employability initiatives, and in student-facing facilities and technology, such as lecture capture and a major new investment in a Customer Relationship Management system.

- Risk of failure to meet ambitious research performance targets

To deliver a material improvement in our research income performance is at the core of the new strategic plan and the actions and investments described earlier under the research section are fundamental to mitigate the associated risks.

Whilst we await the results of the Research Excellence Framework 2014, we have already turned our attention to preparations for the next exercise, building on the systems and QA process that we applied to the recent submission and starting now to identify how best to present our research successes.

- Risk of failure to deliver a sustainable, effective and efficient organisation

Measures are being adopted to align services optimally to provide high quality, agile and efficient support services focused on supporting the delivery of our academic plans. All major strategic projects are now supported by clear governance structures and employ strong project management and review processes; we have ambitious plans to develop our estate to provide first-class facilities for students and staff; and, having previously implemented changes to our local pension scheme (PAS) to reduce our long-term risk exposure, we will be engaging with the rest of the sector in seeking to agree a revised funding and benefit plan for the USS.

‘The further strengthening of the balance sheet and our effective financial management provides us with both the platform and confidence to move ahead with significant new academic and capital investments which underpin our new strategic plan.’

Conclusion

The underlying academic performance which has delivered this year's financial result is particularly pleasing following the challenging recruitment cycle in 2012/13.

The further strengthening of the balance sheet and our effective financial management provides us with both the platform and confidence to move ahead with significant new academic and capital investments which underpin our new strategic plan. As we continue to recognise the interdependence between – and the importance of – both academic and financial sustainability, we are focused in ensuring that the investments that our financial strategy supports are critically aligned to delivering our strategic objectives.

At the same time we are cognisant of the fact that we are operating in particularly uncertain times, significantly influenced this year by political and economic uncertainty alongside the new norm of volatility created by the intensification of the market. Therefore we continue to be vigilant in order to ensure that we have early sight of emerging financial pressures and we protect our ability to manage them as they may arise.

Jane Madeley

Finance Director

Unveiling of the Sign for Art sculpture in the newly opened Beech Grove Plaza
l-r: Director of Tate Britain, Penelope Curtis, artist Keith Wilson and University Librarian, Dr Stella Butler



The University's values are an integral part of our strategy and guide our decisions and how we work together.



The University strives to achieve academic excellence within an ethical framework informed by the University's values of integrity, equality and inclusion, community and professionalism. This section sets out some of the ways in which the University tries to give effect to those values and, in particular, how we manage our affairs responsibly.

Our values



Maintaining standards

As part of our commitment to maintaining and supporting the highest standards in research, we have an established University Research Ethics Committee (UREC), supported by a network of faculty-level research ethics committees that engage both staff and postgraduate students. The Committee has oversight of matters of general policy and principle on research; approval of proposals for research with significant ethical dimensions (including research carried out on human subjects or using their data); and consideration of the impact of research upon the natural environment.

In light of recommendations from the Universities' UK Concordat, this year the Committee has focused on establishing an audit process to test whether research is conducted in accordance with ethical approvals. The audit process has been piloted across three faculties and will be rolled out to all faculties during 2014/15.

The University has a protocol for investigating and resolving allegations of misconduct in academic research. We are committed to ensuring that any such allegations are subject to full, fair and quick investigation. One allegation raised towards the end of 2012/13 was dismissed as being without substance after initial screening; an appeal lodged subsequently by the initiators was not upheld.

Similarly, the University operates a complaints procedure which provides for both informal and formal resolution of concerns about most aspect of a student's academic or pastoral experience. During 2013/14 the University received 27 formal student complaints (35 in 2012/13), which included complaints about the standard of academic provision, the standards of other key services affecting a student's studies or general welfare, and failure to meet obligations.

The majority of complaints received in 2013/14 have been resolved satisfactorily, though at the year end the deadline for seeking a review externally by the Office of the Independent Adjudicator (OIA), the higher education ombudsman, had not been reached in all cases.

During the year, the University also dealt with 113 appeals from taught students against academic judgements relating to results declared for the 2012/13 Semester 2 or 2013/14 Semester 1 examinations (147 in 2012/13). Of these, 67 were conceded by their school or upheld and 46 were rejected or withdrawn by the student. One appeal outstanding from the 2012/13 Annual Report was subsequently conceded by the student's school.

A further eight appeals were submitted by research students: three of these have been upheld, three were dismissed and two remain under investigation.

Ten students lodged petitions with the OIA during 2013-14, one arising from a complaints decision, eight against academic appeals dismissed by the University (four of which were cases determined in 2012-13) and one arising from the University's decision to exclude a student for academic malpractice. Two cases have been dismissed while the remaining are still under review by the OIA at the end of the year.

Of the eight OIA cases outstanding from the 2012-13 Annual Report, the OIA has dismissed six cases and partially upheld two cases. In both cases the OIA recommended compensatory payments for administrative oversights.

Use of animals in research

Research using animals is driving fundamental advances in understanding, treating and curing a range of health problems including cancer, heart disease, diabetes and mental illness, and it continues to enable fundamental advances in our understanding of diseases.

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

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

Equality and inclusion

This year the University developed and launched the Equality and Inclusion Framework and Strategy. The development of this Framework demonstrates how we will go beyond our legal duties and translate our value of inclusiveness throughout our culture, business and day-to-day organisational practice.

The University successfully renewed its Athena SWAN Bronze award in November 2012, and is currently working towards implementing actions identified within its three year plan. Currently four STEM departments hold Athena SWAN awards and all relevant faculties and schools are working towards 'Departmental' Bronze or Silver awards.

Our Reach for Excellence and Access to Leeds (A2L) programmes are key components of the University's Access Agreement and the Education Engagement Strategy, supporting the recruitment of the brightest and best students regardless of background. This year there were 4,058 applications to A2L and 2,350 offers were made. Our A2L students achieve high standards: 70% of the scheme's graduates were awarded a 2:1 or above in 2013. We have also developed a distinct access strategy which recognises the particular needs of potential mature students.

Freedom of information and data protection

In line with its classification as a 'public authority' for the purposes of the Freedom of Information Act 2000, the University maintains a publication scheme (to assist members of the public to locate information published by the University). Under the Act the University is also required to respond to written requests for any of the information it holds.

During 2013/14 we received 318 requests explicitly under the Freedom of Information Act, representing an unprecedented 83% increase upon the number of requests received during 2012/13. In particular, there have been substantial increases in the number of requests received from student journalists, as well as a rise in the number of commercial requests. The complexity of the information requested continues to increase and the scope of requests has again been wide-ranging, making it difficult to pinpoint trends or to predict demand. We responded to the vast majority of requests within the 20-day period required by the Act, with extensions negotiated in a small number of complex cases. There were no complaints lodged with the ICO in 2013/14.

The University's arrangements for meeting its responsibilities under data protection legislation are set out in a detailed Code of Practice and associated guidance, which is also available online. During 2013/14, the University received 15 data subject access requests – a 40% decrease on last year – the majority of which related to internal disputes, complaints or appeals. There were no complaints lodged with the ICO.

Charitable purposes and the public benefit

As noted elsewhere, the University is a charity; its work is directed to the public benefit, through educating students, in order both that they can fulfil their potential and make a better contribution to society; and through our research, much of which has a positive impact.

Once concluded, and unless contractual restrictions apply, research completed by our staff is placed in the public domain, via refereed journals and other print or online publications and via the institutional repository. Where our research has commercial applications, we ensure that the benefits that accrue from the intellectual property are divided fairly between staff and the University. A new University publications policy, informed by recent developments in the debate on 'open access' to research literature, has been established and implementation is being overseen by the Library.

Over 31,000 students benefited from the delivery of over 1,500 programmes; 8,500 students graduated this year. Our confidence in the quality of our delivery of student education is underpinned by external validation by the QAA.

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

The University also provides general benefit for the public through access to facilities, for example, the Stanley and Audrey Burton Art Gallery and the University of Leeds International Textiles Archive (further benefits for the community are illustrated below). Leeds is one of nine institutions whose 19th century medical book collections will be digitised and added to the UK Medical Heritage Library (UK MHL) in conjunction with the Wellcome Library and digital education charity Jisc. The project will convert rare and precious volumes into searchable data for researchers and members of the public.

Serving the community

2013/2014 saw the creation of the Student Opportunity and Enhancement team, which brought together the former Learning and Teaching Support Office and the University's Volunteering team. Through LeedsforLife, the team works in partnership with schools, services and Leeds University Union to develop and deliver an institution-wide strategic programme which integrates academic and co-curricular opportunities. Over 2,000 students are now actively involved in volunteering through LeedsforLife. Generous support from our alumni and Santander has funded 353 student-led projects since the LeedsforLife Foundation began in 2008. Students undertake projects all over the world that make a positive contribution to society.

The use of the Volunteering Hub, which was launched last year, has been steadily increasing, with more than 2,000 hits per week during peak times. The success of the Volunteering Hub has, in turn, led to an increase in partnerships within the local community.

During 2013/2014 over 350 students took up placements in local and regional schools through our Students into Schools programme, which runs voluntary and accredited strands and is offered to local and regional schools as part of our commitment to widen participation and ensure fair access.

We continue to make our cultural activity publicly accessible via performances, recitals and workshops from our DARE collaboration with Opera North; creative activities and performances during the city-wide 'Light Night' festival; and the LUDUS Festival Leeds. The University's Festival of Arts, supported by the Marks & Spencer Company Archive, celebrated the city's rich heritage of arts and culture through a programme of public events and activities throughout June and July. The Michael Marks Building, which houses the Marks & Spencer Company Archive, is freely available to all. In March the University and partners across the city coordinated the Leeds Festival of Science which offered an extensive programme of events and workshops for schools and the general public.

Sustainability

We have developed a new sustainability strategy focused around four core themes; developing knowledge and capacity, being a positive partner in the community, enhancing our resource management and developing a collaborative organisation. Our strategy is built around processes which ensure that sustainability becomes embedded in our decision-making; including a procurement process which ensures that social, environmental and economic impacts are considered in what we buy, a new sustainable construction guide covering all of our major developments, and a socially responsible investment policy.

Enhancing and supporting students with knowledge and skills relating to sustainability is central to our approach. In addition to sustainability being a key part of the Leeds Curriculum, we encourage our students to engage with these issues through extra-curricular activities; this year students have been involved in supporting the Green Impact Scheme, supporting activity in the Bike Hub and helping with the delivery of our energy saving campaign 'Hotspots'.

On campus we have developed our partnership-based sustainable garden, linking edible planting, wildflower areas and research pods to create a space which is open to staff, students and the local community. We are also developing the living lab concept, linking our estate and campus operations with research and student education in sustainability.

Our work has been recognised through a number of awards and accreditations. Our sustainable garden won a Leeds Architecture Award; our work developing the sustainability strategy has been shortlisted for internal engagement by 2degrees; and our energy saving work has been recognised through the Environment and Energy Award. We have been successfully re-accredited as a Fairtrade University and our residences and conferencing venues continue to perform well in the Green Tourism Business Scheme.



Corporate governance

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

The University's status as a charity and as a body in receipt of public funds places particular obligations upon it but the Council of the University is in any case committed to upholding the highest standards of corporate governance.

The Council is satisfied that the University has materially complied with the Governance Code of Practice published by the Committee of University Chairs (CUC), that it has complied with the other practices commended in the CUC's Guide for Members of Governing Bodies (March 2009) and that it is generally consistent with the draft CUC HE Code of Governance. The University also continues to comply with relevant provisions in the First (1995) and Second (1996) Reports of the Committee on Standards in Public Life.

Structure of governance

The Council

The Council is the governing body of the University. As such, it has a collective responsibility to promote the University's wellbeing and to ensure its sustainability. The specific responsibilities of the Council are outlined in its Statement of Primary Responsibilities as set out on page 27 but, in essence, it is responsible for approving corporate strategy and associated plans and budgets; for determining major business decisions and corporate policy; for the framework of governance and management; and for monitoring institutional and executive performance. These responsibilities are 'reserved' to the Council and, as a general rule, cannot be delegated. Other responsibilities have been delegated to committees and officers in accordance with a scheme of delegation.

www.leeds.ac.uk/secretariat/documents/scheme_of_delegation.pdf

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

Mr David Gray took up appointment as the (lay) Chair of the Council (the Pro-Chancellor) at the start of 2013/14. He plays a key role in the governance of the institution while remaining outside the day-to-day executive management. Members of the Council are listed in the table on page 26, which also shows other trusteeships held by members and members' attendance at meetings. The University maintains a Register of Interests of members of the Council (and senior officers) which may be consulted by arrangement with the Secretary to the University, Mr Roger Gair, who acts as Secretary to the Council.

Following completion of the first phase of the review of the effectiveness of the Council and other aspects of governance during 2012/13, revisions have been implemented this year to the role and responsibilities of the Council and the way in which it conducts its business in particular. The review concluded this year with completion of a second phase following the appointment of a new Pro-Chancellor and new Vice-Chancellor (and outside the quinquennial period prescribed by the CUC). Further revisions have been agreed to the way in which the Council conducts its business; to members' periods of appointment; and to the Council committee system, including the introduction of a new Strategy and Investment Committee and the reconstitution of a Nominating and Governance Committee and an Animal Welfare and Ethical Review Committee as committees of the Council. Details of these and other changes being implemented during 2014/15 are available from the Secretary.

The Senate

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

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

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

University Committees

The principal committees of the Council include:

- the Audit and Risk Committee (chaired in 2013/14 by Mr Ed Anderson), which inter alia has a significant role in reviewing the effectiveness of the systems of internal control, including financial procedures and risk management (see below);
- the Health and Safety Committee (chaired by the Vice-Chancellor), which maintains an overview of the University's arrangements for securing the health and safety of staff, students and visitors;
- the Remuneration Committee (chaired by the Pro-Chancellor), which determines the salaries of the Vice-Chancellor and other principal officers of the University;
- the Gift Acceptance Committee (chaired by the Pro-Chancellor), which scrutinises and – after considering any strategic, financial, legal, ethical and reputational issues – approves or otherwise solicitation or acceptance of gifts with a value over £100,000; and
- the Equality and Inclusion Committee (chaired by the Vice-Chancellor from 2014/15) which reviews the strategy and processes by which the University encourages good practice and innovation in securing quality and inclusion across all of its activities.

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

The Court

The University Court, which has about 90 members (the majority lay) and which meets no more than twice a year, stands beyond the University's main decision-making machinery. In particular, the Court serves as a symbol of – and indeed a mechanism for – the University's accountability to the wider community and to different constituencies of stakeholder. It is empowered to ask questions about, and express an opinion on, any matter whatsoever concerning the University; and to convey such opinions to the Council.

Arising on the Council's effectiveness review (see page 22), revisions to some of the Court's responsibilities will be implemented during 2014/15. Its responsibilities during 2013/14 included the appointment of the University's principal lay officers and appointing most lay members of the Council. In exercising this responsibility, the Court was advised by the Nominating Committee, which was required to have regard to the need to draw members from a wide variety of backgrounds, and also to strike an appropriate balance between continuity and rotation in the membership of the Council.

Senior officers and executive management

Sir Alan Langlands took up his appointment as Vice-Chancellor on 1 October 2013. As the chief executive and senior academic officer of the University, he exercises considerable influence on the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. He is formally responsible to the Council – within a prescribed framework – for the operational management of all aspects of the University's work; and, under the terms of a Financial Memorandum², is the 'accountable officer' who reports to the HEFCE on behalf of the University. The Vice-Chancellor has delegated responsibility for specific aspects of the University's management to the Deputy Vice-Chancellor, pro-vice-chancellors and the other senior officers who make up the Vice-Chancellor's Executive Group (VCEG), and to the deans of faculty, but he retains ultimate responsibility for their work.

The deans are responsible to the Council (through the Deputy Vice-Chancellor) for the leadership and overall management of their respective faculties. The Faculty Management Group (FMG), which comprises the deans and members of the VCEG, plays a co-ordinating role in the management of faculties, and monitors their financial position and academic development. The deans are listed on page 26.

Members of the VCEG are responsible to the Council (through the Vice-Chancellor) for the leadership and overall management of the corporate services; and for formulating policy and other proposals for consideration by the Senate and the Council. Members of the VCEG are listed on page 26.

²From 1 August 2014, the Memorandum of Assurance and Accountability.

Internal control

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

Detailed review and monitoring of the system of internal control is carried out on behalf of the Council by the Audit and Risk Committee, from which it receives periodic reports. The Committee itself receives regular reports from the internal auditors; those reports include an independent opinion on the adequacy and effectiveness of the University's arrangements for risk management, governance, internal control, and securing value for money, with recommendations for improvement where appropriate.

Review of the system of internal control is informed too by the work of executive managers, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Financial control

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

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

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

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

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

Risk management

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

This process, which accords with the HEFCE guidance, was further tested in 2013/14 as part of the Audit and Risk Committee's rolling programme of risk review. The Committee reviewed the University's risk management arrangements and the institutional risk appetite statement. Overall, the Committee was satisfied that an appropriate framework to identify, assess and manage risk was in place, and that the University appeared to be taking appropriate mitigating action in relation to the risks identified. The Committee was also satisfied that the University's risk appetite statement remained fit for purpose. For the future, the statement will be reviewed by the Committee on an annual basis alongside its review of the institutional risk register.

Going concern

The University's academic activities, together with the factors likely to affect its future development, performance and position are set out in the review of the year. The financial position of the University, its cash flows, liquidity position and borrowing facilities are described in the Finance Director's report and in more detail within the Statement of Principal Accounting Policies and Notes to the Accounts.

The University has considerable financial resources together with contracts with a number of customers and suppliers across different geographic areas. As a consequence, the Council believes that the University is well placed to manage its risks successfully. The University's current forecasts and projections, taking account of reasonable sensitivities in relation to the key risks set out elsewhere in the Annual Report and Accounts, show that the University should be able to operate within its current facilities and available headroom.

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

Members of the Council 2013/14

Member of Council	Brief pen-portrait	Charity Trusteeships	Attendance (6 Ordinary meetings, 2 Away Days)
David Gray	Pro-Chancellor; Former CEO and Chairman of Eversheds International; member of the DWF LLP Board		6 + 2
Sir Alan Langlands	Vice-Chancellor since 2013 and Chair of the Health Foundation; former Chief Executive of the HEFCE since 2009; previously Principal and Vice-Chancellor of the University of Dundee, Chair of UK Biobank Ltd and, before entering the higher education sector, Chief Executive of the NHS	<ul style="list-style-type: none"> • Enthuse Trust • The Health Foundation 	5 ³ + 2
Nick Allen	Undergraduate Admissions Team Leader within the Student Education Service		5 + 2
Ed Anderson	Chairman of Yorkshire Building Society; Chairman of the Airport Operators Association; former Managing Director of Leeds Bradford International Airport	<ul style="list-style-type: none"> • Leeds International Pianoforte Competition • Opera North 	6 + 2
Liz Barber	Director of Finance & Regulation for Kelda Group, owners of Yorkshire Water; previously Partner with Ernst & Young for 9 years		5 + 1
Helen Billington	Faculty Student Education Services Manager, Mathematics & Physical Sciences and Interim Disability Team Manager, Disabled Students Assessment Team & Support; Fellow, Association of University Administrators, and regional network co-ordination for Yorkshire and the North East; Vice-Chair of Governors, Selby High School		5 + 1
Neil Clephan	Head Teacher, Roundhay School – all through education from 4 to 18; National Leader of Education		5 + 1
Bradley Escorcio	Union Affairs Officer, LUU	<ul style="list-style-type: none"> • Leeds University Union 	6 + 2
Nigel Foster	Director and an owner of Fore Consulting Limited; former Director, Ove Arup and Partners; Director of Leeds and Partners; Director of Ahead Partnership and Director of Leeds, York & North Yorkshire Chamber of Commerce; Non-Executive Director of the Centre for Low Carbon Futures; Chair, Sustainable Economy and Culture Board, Leeds		6 + 2
Paul Harrison⁴	Dean of Postgraduate Research Studies and Professor of Quantum Electronics		2 + 0
Claire Honess⁵	Professor of Italian Studies; Head, School of Modern Languages & Cultures; Co-Director, Leeds Centre for Dante Studies		4 + 1
Robin Johnson	Solicitor, Partner and Chair of Diversified Industrials of Eversheds LLP; Board member, Eversheds LLP; member of American Bar Association; member of Canadian-UK Chamber of Commerce		4 + 2
Caroline Johnstone	Director and Chair of Audit Committee, Leeds Teaching Hospitals Trust; Chartered Accountant (former partner with PricewaterhouseCoopers); non-executive member of the Audit Committee of the Crown Prosecution Service for England and Wales; Chair of BARCA-Leeds, a community charity; member of Court	<ul style="list-style-type: none"> • BARCA – LEEDS 	4 + 1
Peter McWilliam	Dean of the Faculty of Medicine and Health and Professor of Cardiovascular Physiology	<ul style="list-style-type: none"> • The Leeds Teaching Hospitals Charitable Foundation 	5 + 2
Roger Marsh	Chair, Leeds City Region Enterprise Partnership; member, West Yorkshire Combined Authority; member, HM Treasury HS2 Growth Task Force; Chartered Accountant, business recovery specialist & licensed insolvency practitioner; former Senior Partner for Yorkshire & The Humber, PricewaterhouseCoopers		6 + 2
Amanda Mellor	Group Secretary and Head of Corporate Governance, Marks & Spencer; non-executive director of Kier Group plc		6 + 0
Peter Moizer	Dean, Faculty of Business; Professor of Accounting; Trustee, UoL Pension & Assurance Scheme; Non-Executive Director, Weetwood Hall		6 + 2
Geoff Potter	Independent corporate communications consultant, Senior Partner with Instinctif Partners; formerly responsible for worldwide Corporate Communications for Glaxo/ Glaxo Wellcome/ GlaxoSmithKline; member of Court		5 + 2
Sue Proctor	Director, SR Proctor Consultancy Ltd; Non-Executive Director, Harrogate District NHS Foundation Trust; lay member, Royal College of Veterinary Surgeons, Veterinary Nurse Council	<ul style="list-style-type: none"> • Chair, LEAF Multi Academy Trust, Leeds • Council member, Ripon Cathedral 	3 + 1
Alice Smart⁶	Education Officer, LUU	<ul style="list-style-type: none"> • Leeds University Union 	4 + 1
Alison Staniforth	Legal Consultant of the Department of Health; Director of LCVS (a not for profit organisation providing rented accommodation to new and small businesses in Leeds)		2 + 1
John Stoddart-Scott	Farm and Estate Manager; Chairman of Weetwood Hall Ltd and of University of Leeds Farms Ltd (both subsidiary companies); member of Court	<ul style="list-style-type: none"> • Wades Charity • Yorkshire Agricultural Society • Wharfedale Agricultural Society • Clothworkers' Foundation 	6 + 2
Jo Westerman	Manager, LOGIK and Staff Centre		4 + 1
Quentin Woodley	Deputy Pro-Chancellor; Director Emeritus, McKinsey & Company; Director, Woodley Pension Trustees Ltd; Chartered Accountant		6 + 2

³ Sir Alan took up his position as Vice-Chancellor in October 2013 and has therefore been eligible to attend only 5 Council meetings in session 2013-14

⁴ Paul Harrison left the University in December 2013

⁵ Claire Honess became a member of Council w.e.f. 1 January 2014

⁶ to 30 June 2014

From 1 July 2014, Alice Smart was replaced on Council by Tom Dixon (LUU Education Officer and a Trustee of LUU). On 31 July 2014, Alison Staniforth stepped down from the Council's membership. Paul Gittins was appointed to the Council in her stead with effect from 1 August 2014. Mr Gittins is not a trustee of any other charity.

Members of the Vice-Chancellor's Executive Group 2013/14

Sir Alan Langlands
Vice-Chancellor (Chair)

Professor John Fisher, CBE
Deputy Vice-Chancellor

Professor Dawn Freshwater
Pro-Vice-Chancellor for Staff and Organisational Effectiveness (to April 2014)

Roger Gair
University Secretary

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

Martin Holmes
Marketing Director

Dennis Hopper
Director of Facilities Management

Professor Vivien Jones
Pro-Vice-Chancellor for Student Education

Matthew Knight
(to May 2014)

Mrs Linda Mortimer Pine
(Acting Director from June 2014)
Human Resources Director

Jane Madeley
Finance Director

Deans of Faculty 2013/14

Professor David Cooper
Performance, Visual Arts and Communications

Professor Andy Dougill
(Dean from October 2013)
Environment

Professor Frank Finlay
Arts

Professor Jeremy Higham
Education, Social Sciences and Law

Professor Nigel Hooper
(to April 2014)

Professor Michael McPherson
(Interim Dean from May 2014)
Biological Sciences

Professor Peter Jimack
Engineering

Professor Peter McWilliam
Medicine and Health

Professor Peter Moizer
Business

Professor Stephen Scott
Mathematics and Physical Sciences

Statement of Primary Responsibilities of the Council

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

Corporate strategy

Having regard to the interests of stakeholders:

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

Corporate policies

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

- as the employing authority for all staff within the institution, to approve or modify the main features of the University's employment policies and procedures;
- to approve or modify the University's policy on health and safety, and other significant University policies and to satisfy itself that arrangements are in place for the implementation of those policies;
- to approve major projects and business proposals, including in particular any projects or proposals with a value of over £3m and any proposals for educational provision overseas;

- to approve the annual statement of accounts; and
- to act as trustees for, or to make appropriate alternative arrangements for the trusteeship of, any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.

Operational management and systems

To approve or modify the main features of the University's overall governance and management structures, its systems of risk management, internal financial management and control and accountability, and its financial regulations and procedures; and in that regard:

- to approve or modify the overall constitutional and organisational structure and shape of the University, including, subject to the approval of the Privy Council, amendments to the Charter and Statutes;
- to ensure that systems are in place for meeting all of the University's legal obligations, including those arising from contracts and other commitments made in the University's name;
- to direct the form, use and custody of the common seal;
- to appoint the Vice-Chancellor; and, when necessary, to propose his or her removal from office in accordance with the provisions of Statute VII;
- to make nominations to the offices of Chancellor, Pro-Chancellor and Deputy Pro-Chancellors;
- to appoint – and where appropriate, remove from office – the Deputy Vice-Chancellor and the Pro-Vice-Chancellors;
- to appoint – and where appropriate, remove from office – a secretary to the Council, to safeguard the secretary's ability to carry out the responsibilities of that office, and, having regard to any other managerial responsibilities undertaken by the secretary, to ensure an appropriate separation in the lines of accountability;
- to remove members of the Council on the basis set out in Statute II;
- to ensure that University business is conducted in accordance with best practice in corporate governance within higher education, and with the principles of public life laid down by the Committee

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

Monitoring of institutional performance

To monitor and evaluate the performance and effectiveness of the University against approved plans, key performance indicators agreed by the Council and benchmarking data for comparable institutions, and also:

- to monitor the progress of major business projects;
- to confirm that the performance of the Vice-Chancellor and other executive officers is systematically monitored against institutional objectives and plans; and likewise
- to establish processes to monitor and evaluate the performance and effectiveness of the Council itself.

We have audited the financial statements of the University of Leeds for the year ended 31 July 2014 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Council in accordance with the financial memorandum effective August 2010. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2014 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion:

- in all material respects, income from the funding council and the National College for Teaching and Leadership, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2014 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2014 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council and the funding agreement with the Teaching Agency.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control is inconsistent with our knowledge of the University.

Deloitte LLP

Chartered Accountants and Statutory Auditor
Leeds, England
27 November 2014

Annual Accounts

Consolidated Income and Expenditure Account

for the year ended 31 July 2014

	Note	2013/14 £000	2012/13 £000
Income			
Funding Council grants	1	111,773	128,642
Tuition fees and education contracts	2	236,083	192,033
Research grants and contracts	3	132,677	128,554
Other operating income	4	97,655	91,893
Endowment income and interest receivable	5	9,305	6,479
Total Income (excludes share of joint ventures £3.7m [2012/13: £4.7m])		587,493	547,601
Expenditure			
Staff costs (excluding exceptionals)		315,579	303,587
Staff costs - exceptionals	6	1,082	(1,814)
Total staff costs	6	316,661	301,773
Other operating expenses	7	200,396	196,207
Depreciation	7	30,051	26,365
Interest payable and similar charges	8	1,757	1,811
Total expenditure	7	548,865	526,156
Surplus after depreciation and before tax		38,628	21,445
Share of joint ventures' operating profit/(loss)		194	(20)
Share of associates' operating profit		130	298
Taxation	9	(89)	(59)
Surplus after depreciation, tax and exceptional items		38,863	21,664
Profit on disposal of fixed assets	10	5,617	18,926
Surplus on continuing operations after depreciation and tax		44,480	40,590
Transfer to accumulated income within restricted endowments		(557)	(22)
Surplus for the year transferred to reserves		43,923	40,568

There is no material difference between the surplus for the year as disclosed above and the surplus on an unmodified historical cost basis.

Balance Sheets

as at 31 July 2014

	Note	Consolidated		University	
		2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Fixed assets					
Tangible assets	10	606,637	465,088	595,149	453,923
Investments	11	22,046	12,732	26,690	17,396
Investments in associates	12	112	612	–	–
Investments in joint ventures	13	569	375	–	–
		629,364	478,807	621,839	471,319
Endowment asset investments	14	65,718	62,337	65,718	62,337
Current assets					
Stock		568	495	318	275
Debtors	15	61,873	63,737	66,385	67,810
Investments	16	185,522	175,729	185,522	175,729
Cash at bank and in hand		11,349	11,368	9,707	9,212
		259,312	251,329	261,932	253,026
Creditors: amounts falling due within one year	17	(149,616)	(152,415)	(147,718)	(150,100)
Net current assets		109,696	98,914	114,214	102,926
Total assets less current liabilities		804,778	640,058	801,771	636,582
Creditors: amounts falling due after more than one year	18	(44,321)	(49,309)	(43,360)	(47,940)
Provisions for liabilities	20	(5,074)	(3,428)	(4,974)	(3,353)
Total net assets excluding pension deficit		755,383	587,321	753,437	585,289
Pension deficit	30	(5,748)	(556)	(5,748)	(556)
Total net assets including pension deficit		749,635	586,765	747,689	584,733

	Note	Consolidated		University	
		2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Deferred capital grants	21	201,348	197,095	201,348	197,095
Endowments					
Permanent	22	63,890	61,426	63,890	61,426
Expendable	22	1,828	911	1,828	911
		65,718	62,337	65,718	62,337
Reserves					
Income and Expenditure Account		335,414	294,006	333,468	291,974
Pension reserve		(5,748)	(556)	(5,748)	(556)
Revaluation reserve	24	128,284	9,264	128,284	9,264
Heritage assets reserve		24,619	24,619	24,619	24,619
	23	482,569	327,333	480,623	325,301
Total funds		749,635	586,765	747,689	584,733

The Annual Report and Accounts were approved by Council on 27 November 2014 and signed on its behalf by:

Jane Madeley
Finance Director

Alan Langlands
Vice-Chancellor

David Gray
Pro-Chancellor and Chair of Council

Consolidated Cash Flow Statement

for the year ended 31 July 2014

	Note	2013/14 £000	2012/13 £000
Net cash inflow from operating activities	25	51,798	37,223
Returns on investments and servicing of finance	26	1,317	1,229
Tax paid	9	(72)	(38)
Capital expenditure and financial investment	27	(38,868)	(26,823)
Net cash inflow before use of liquid resources and short-term investments		14,175	11,591
Management of liquid resources		(9,793)	(3,369)
Financing	28	(4,401)	(4,350)
(Decrease)/increase in cash	29	(19)	3,872

Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash in the period		(19)	3,872
Increase in short-term investments		9,793	3,369
Net decrease in debt	28	4,401	4,350
Movement in net funds in the year		14,175	11,591
Net funds at 1 August		140,886	129,295
Net funds at 31 July	29	155,061	140,886

Consolidated Statement of Total Recognised Gains and Losses

for the year ended 31 July 2014

	Note	2013/14 £000	2012/13 £000
Surplus for the financial year		43,923	40,568
New endowments	22	1,484	2,659
Endowment income retained for the year	22	385	118
Appreciation of endowment asset investments	22	1,512	5,961
Unrealised surplus on revaluation of tangible fixed assets	24	109,735	–
Unrealised surplus on revaluation of fixed asset investments	24	10,504	9,264
Actuarial (loss)/gain on pension assets	30	(8,926)	28,039
Total recognised gains relating to the year		158,617	86,609
Reconciliation			
Opening reserves and endowments		389,670	303,061
Total recognised gains for the year		158,617	86,609
Closing reserves and endowments		548,287	389,670

Statement of Principal Accounting Policies

1 Accounting Convention

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

2 Going Concern

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

3 Basis of Consolidation

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

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

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

4 Recognition of Income

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

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

Research grants, and other income which is designated by a donor for specific purposes, are included to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits and endowments is credited to the Income and Expenditure Account on a receivable basis. Income from restricted endowments not expended in accordance with the terms of the endowment is transferred from the Income and Expenditure Account to restricted endowments.

Other income is recognised as goods/services are provided.

5 Pension Schemes

A defined contribution plan, the University of Leeds Defined Contribution Plan (DC Plan), was introduced from 1 March 2013 as the main auto-enrolment vehicle for University support staff. The investment of scheme contributions for the DC Plan is managed by The People's Pension.

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the University of Leeds Pension and Assurance Scheme (PAS). The schemes are defined-benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. The funds are valued every three years by actuaries using the Projected Unit Method, the rates of contribution payable being determined by the trustees on the advice of the actuaries.

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

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

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

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

6 Foreign Currencies

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

7 Operating Leases

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

8 Finance Leases

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

9 Land and Buildings

Residential Land & Buildings have been revalued during the year and are stated at market value but all other land & buildings are stated at cost. Land is not depreciated as it is considered to have an indefinite useful life. Buildings under construction are not depreciated until they are completed. Buildings are depreciated in equal instalments over their expected useful lives as follows:

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

10 Equipment

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

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

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

11 Deferred Capital Grants

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

12 Heritage Assets

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

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

13 Investments

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

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

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

14 Stock

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

15 Cash Flows and Liquid Resources

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

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, sterling liquidity funds and other on-call deposit accounts. They exclude any such assets held as endowment asset investments.

16 Maintenance of Premises

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

17 Taxation Status

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

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

1 Funding council grants

	2013/14 £000	2012/13 £000
Recurrent grant	93,849	112,900
Specific grants		
National College for Teaching and Leadership	–	28
Equipment and furniture	78	59
Teaching & Learning Capital	2	9
Widening Participation	4,293	2,121
Higher Education Innovation Fund	3,365	3,270
Matched funding scheme for voluntary giving	(152)	6
HEFCE Capital	31	103
JISC funding	650	622
Other (less than £0.5m each)	81	188
Released from deferred capital grants		
Buildings	7,532	6,948
Equipment	2,044	2,388
	111,773	128,642

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

2 Tuition fees and education contracts

Full-time home and EU students	129,127	100,314
Full-time international students	68,837	57,810
Part-time home and EU students	4,112	4,055
Part-time international students	1,006	842
Research training support grants	10,946	8,337
Short course fees	9,490	7,852
NHS teaching contract	12,565	12,823
	236,083	192,033

3 Research grants and contracts

Research Councils	37,531	38,105
UK based charities	20,904	22,774
UK Government	35,127	33,689
UK industry	9,634	8,576
European Commission	17,667	14,817
Other grants and contracts	6,735	6,509
Released from deferred capital grants		
Buildings	88	88
Equipment	4,991	3,996
	132,677	128,554

4 Other operating income

	2013/14 £000	2012/13 £000
Residences, catering and conferences	49,415	44,151
Health authorities	12,661	12,120
Donations	2,549	3,112
Subscriptions	2,797	2,798
Grants	10,736	7,890
Other income	18,376	20,651
Released from deferred capital grants		
Buildings	980	978
Equipment	141	193
	97,655	91,893

5 Endowment income and interest receivable

Income from expendable endowments	211	59
Income from permanent endowments	2,219	1,853
Income from short-term investments	935	853
Other investment income	45	49
Other net finance income from pension scheme assets and liabilities	5,869	3,651
Released from deferred capital grants		
Buildings	7	7
Equipment	19	7
	9,305	6,479

6 Staff

	2013/14 Number	2012/13 Number
Average staff numbers (full-time equivalents) by major category		
Academic/Teaching	1,862	1,796
Research	989	973
Management/Professional	1,219	1,223
Support	2,511	2,462
	6,581	6,454
	£000	£000
Staff costs		
Wages and salaries	254,379	244,689
Social security costs	20,203	19,463
Pension costs (including FRS 17)	39,129	36,894
Severance payments	1,868	2,541
Exceptionals	1,082	(1,814)
	316,661	301,773
Costs included within provisions (see Note 20) to the extent they have not been settled at 31 July:		
Restructuring – exceptional staff costs	2,524	1,773
Early retirement schemes	903	760
Other staff provisions	26	20

Senior post-holder's emoluments

Emoluments of the Vice-Chancellor (Sir Alan Langlands) October 2013 to July 2014

Salary	232	–
Benefits in kind as assessed for HMRC purposes	–	–
	232	–
Employer contributions to defined benefit scheme	6	–
Total	238	–

Emoluments of the Vice-Chancellor (Professor Michael Arthur) August 2013

Salary	27	318
Benefits in kind as assessed for HMRC purposes	–	7
	27	325
Employer contributions to defined benefit scheme	–	–
Total	27	325

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

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

Professor Michael Arthur (Vice-Chancellor 2004-2013) left August 2013 and emoluments represent 1 month salary.

	2013/14 Number	2012/13 Number
Remuneration of other higher paid staff, excluding employer's pension contributions		
£100,000 - £109,999	30	22
£110,000 - £119,999	15	17
£120,000 - £129,999	15	14
£130,000 - £139,999	11	12
£140,000 - £149,999	10	8
£150,000 - £159,999	9	8
£160,000 - £169,999	10	7
£170,000 - £179,999	5	7
£180,000 - £189,999	4	4
£190,000 - £199,999	4	3
£200,000 - £209,999	6	5
£210,000 - £219,999	3	3
£220,000 - £229,999	2	3
£230,000 - £239,999	1	1
£240,000 - £249,999	1	–
£250,000 - £259,999	–	1
£260,000 - £269,999	–	1
£380,000 - £389,999 ⁽¹⁾	1	–
	127	116

Higher paid staff included 72 (2012/13: 67) clinical staff and 55 (2012/13: 49) non-clinical staff.

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

Compensation for loss of office paid (or payable) to employees earning in excess of £100,000 per annum is a maximum potential liability of £215,000 (2013: £Nil).

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

7 Analysis of expenditure

	Staff costs £000	Other operating expenses £000	Depreciation £000	Interest payable £000	2013/14 Total £000	2012/13 Total £000
Academic departments	172,528	32,158	4,098	–	208,784	206,176
Research grants and contracts	70,745	58,534	5,055	–	134,334	129,078
Total teaching and research	243,273	90,692	9,153	–	343,118	335,254
Administration and Corporate Services	46,034	37,699	450	28	84,211	80,298
Premises	11,304	36,976	15,741	–	64,021	61,153
Residences, catering and conferences	11,404	31,924	4,707	1,729	49,764	45,810
Other expenses	3,256	3,105	–	–	6,361	4,436
Exceptional items	1,082	–	–	–	1,082	(1,814)
FRS 17 adjustment	308	–	–	–	308	1,019
Total	316,661	200,396	30,051	1,757	548,865	526,156

The net credit balances in respect of exceptional items in 2012/13 reflect the reduction in the level of restructuring provision required.

Other operating expenses

Equipment purchases and maintenance	15,867	21,801
Estate repairs and maintenance	11,261	12,874
Consumables and laboratory expenditure	22,353	21,409
Printed materials, books and periodicals	8,494	8,432
Printing, stationery and office expenses	5,336	4,808
Travel and subsistence	11,865	11,543
Fellowships, scholarships and prizes	43,642	38,707
Heat, light, water and power	16,533	16,543
Rent, rates and insurance	18,041	16,094
Grants to student union	2,047	2,216
Fees and expenses	38,771	35,288
Recruitment, training and welfare	4,017	4,355
Auditor's remuneration in respect of audit services	106	107
Auditor's remuneration in respect of other services	88	126
Other expenses	1,975	1,904
	200,396	196,207
Equipment purchases and maintenance includes payment under operating leases in respect of equipment	402	421
Rent, rates and insurance includes payment under operating leases in respect of buildings	14,872	13,377
Fees and expenses include contracted internal audit fees	134	128

Trustees

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

The total expenses paid to trustees were £4k (2012/13: £3k). This represents travel and subsistence expenses incurred in attending Council meetings, conferences and events in their official capacity as Council members.

8 Interest payable and similar charges

	2013/14 £000	2012/13 £000
On loans repayable wholly or partly in more than 5 years	1,757	1,811

9 Taxation

Current Tax		
UK Corporation tax on profit for the year	68	70
Adjustment in respect of previous years	2	(3)
	70	67
Deferred Tax		
Origination and reversal of timing differences	19	(8)
Total Tax charge	89	59
Tax paid in the year	72	38

10 Fixed assets

Tangible Assets	Consolidated			Total £000
	Freehold Land & Buildings £000	Equipment £000	Heritage Assets £000	
Cost or valuation				
At 1 August 2013	565,304	101,913	25,607	692,824
Additions	48,055	13,906	65	62,026
Disposals	–	(3,021)	–	(3,021)
Revaluation	81,122	–	–	81,122
At 31 July 2014	694,481	112,798	25,672	832,951
Depreciation				
At 1 August 2013	158,110	69,626	–	227,736
Charge for the year	20,034	10,017	–	30,051
Eliminated on disposals	–	(2,860)	–	(2,860)
Eliminated on revaluation	(28,613)	–	–	(28,613)
At 31 July 2014	149,531	76,783	–	226,314
Net book value at 31 July 2014	544,950	36,015	25,672	606,637
Net book value at 1 August 2013	407,194	32,287	25,607	465,088
University				
Cost or valuation				
At 1 August 2013	552,156	97,834	25,607	675,597
Additions	47,534	13,503	65	61,102
Disposals	–	(3,002)	–	(3,002)
Revaluation	81,122	–	–	81,122
At 31 July 2014	680,812	108,335	25,672	814,819
Depreciation				
At 1 August 2013	154,735	66,939	–	221,674
Charge for the year	19,769	9,683	–	29,452
Eliminated on disposals	–	(2,843)	–	(2,843)
Eliminated on revaluation	(28,613)	–	–	(28,613)
At 31 July 2014	145,891	73,779	–	219,670
Net book value at 31 July 2014	534,921	34,556	25,672	595,149
Net book value at 1 August 2013	397,421	30,895	25,607	453,923

At 31 July 2014, freehold land & buildings at cost included £51.3m (2013: £46.8m) and equipment at cost included £4.9m (2013: £1.5m), in respect of assets under construction.

Included in freehold land & buildings is land valued at £43.4m which is not depreciated (2013: cost of £7.6m).

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

HERITAGE ASSETS

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

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

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

Special collections

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

Art collections

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

ULITA

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

Preservation and management

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

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

HERITAGE ASSETS

	Special collections £000	Art collections £000	ULITA £000	2013/14 Total £000	2012/13 Total £000
At 1 August	19,560	5,522	525	25,607	25,492
Additions	65	–	–	65	115
At 31 July	19,625	5,522	525	25,672	25,607

	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Purchases					
Special collections	65	115	121	176	122
Art collections	–	–	–	–	79
Donations					
Special collections	–	–	–	–	100
Art collections	–	–	–	–	40
Total Additions	65	115	121	176	341

	2013/14 Total £000	2012/13 Total £000
Residential properties	3,072	15,832
Other Tangible Fixed Assets	1	3,094
Fixed Asset Investments	366	–
Associates	2,178	–
Total	5,617	18,926

11 Fixed asset investments

	Consolidated	University
	£000	£000
Investments in subsidiary undertakings		
Cost at 1 August 2013 and 31 July 2014	–	4,644
Other fixed asset investments		
Cost or valuation at 1 August 2013	12,732	12,752
Disposals	(1,219)	(1,239)
SORP adjustment	29	29
Revaluation of listed investments	10,504	10,504
Cost or valuation at 31 July 2014	22,046	22,046
Total investments		
At 31 July 2014	22,046	26,690
At 1 August 2013	12,732	17,396

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

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

12 Investments in associates

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

Name of company	Percentage holding	Nature of business
Associated Undertakings		
Keracol Ltd	50%	Functional, natural, sustainable cosmetics
Instrumentel	37%	Technology for remote telemetry in hostile environments
Workscreen Ltd	36%	Sickness absence support and advisory service
Ionix Advanced Technologies Ltd	27%	Piezoelectrics for high temperature applications
Quantum Imaging	25%	Medical magnetometry
Glass Manufacturing Services Ltd	24%	Specialist glass supplier for commercial and industrial use
C-Capture Ltd	23%	CO ₂ green technology for coal-powered stations
Chamelic Ltd	22%	High performance polymer coatings
Resuspod Ltd	21%	Solutions to medical emergency management in dental practice
Escubed Ltd	20%	Particle characterisation services to pharmaceutical industries

Movement in year	2013/14 £000	2012/13 £000
Balance at 1 August	612	314
Sale of shareholding	(630)	–
New associates	109	–
Dilution of shareholding	(31)	61
Dissolution of companies	–	(34)
Share of profit in year	52	271
Balance at 31 July	112	612

13 Investments in joint ventures

The University holds shares of joint venture companies as follows:

Name of company	Percentage holding	Nature of business
Joint Ventures		
Myscience.co Ltd	25%	Continuous professional development for science teachers and technicians
YHMAN Ltd	13%	Management and maintenance of a communications network between HE establishments
N8 Ltd	13%	Enabling northern businesses to access world-class knowledge to gain a significant competitive advantage
Worldwide Universities Network	5%	Collaboration of Universities to achieve international objectives in research and graduate education

Joint ventures' financial summary – University share	2013/14 £000	2012/13 £000
Income and Expenditure Account		
Income	3,704	4,702
(Deficit)/surplus before tax	(53)	7
Balance Sheet		
Fixed assets	592	544
Current assets	1,116	1,369
	1,708	1,913
Creditors: amounts falling due within one year	(728)	(1,025)
Creditors: amounts falling due after more than one year	(411)	(513)
	(1,139)	(1,538)
Share of net assets	569	375

14 Endowment asset investments

	Consolidated and University	
	2013/14 £000	2012/13 £000
At 1 August	62,337	53,599
Additions	8,004	10,620
Disposals	(8,101)	(7,824)
Appreciation on revaluation	1,512	5,961
Increase/(decrease) in cash balances	1,966	(19)
At 31 July	65,718	62,337
Represented by:		
Fixed interest stocks	14,413	14,481
Equities	43,509	42,223
Property	2,362	2,165
Cash balances	5,434	3,468
	65,718	62,337

15 Debtors

	Consolidated		University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Amounts falling due within one year				
Sponsored research in progress	14,121	22,596	14,121	22,596
Trade debtors	28,922	22,839	28,357	21,876
Amounts owing from subsidiary undertakings	–	–	1,814	1,509
Prepayments and accrued income	15,758	9,806	15,523	9,801
Amounts falling due after more than one year				
Amounts owing from subsidiary undertakings	–	–	3,498	3,532
Prepayments and accrued income	3,072	8,496	3,072	8,496
	61,873	63,737	66,385	67,810

16 Investments

	Consolidated and University	
	2013/14 £000	2012/13 £000
Short-term deposits	185,522	175,729

At 31 July 2014 the weighted average interest rate of these fixed rate deposits was 0.4% per annum and the remaining weighted average period for which the interest rate is fixed on these deposits was 28 days. The fair value of these deposits was not materially different to the book value.

17 Creditors: amounts falling due within one year

	Consolidated		University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Bank loans	4,456	4,401	4,048	3,993
Research grants received on account	54,140	58,473	54,140	58,473
Trade creditors	31,473	27,384	31,013	26,984
Social security and other taxation payable	7,097	6,650	6,827	6,398
Accruals and deferred income	52,450	55,507	51,600	54,143
Amounts owing to subsidiary companies	–	–	90	109
	149,616	152,415	147,718	150,100

18 Creditors: amounts falling due after more than one year

Bank loans	37,354	41,810	36,393	40,441
Deferred income	6,967	7,499	6,967	7,499
	44,321	49,309	43,360	47,940

19 Borrowings

	Consolidated		University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Bank loans are repayable as follows				
In one year or less	4,456	4,401	4,048	3,993
Between one and two years	4,516	4,455	4,108	4,048
Between two and five years	13,303	13,490	12,750	12,528
In five years or more	19,535	23,865	19,535	23,865
	41,810	46,211	40,441	44,434

Bank loans at commercial rates are repayable by instalments falling due between 1 August 2014 and 10 February 2030 and are secured either on a portion of the freehold land and buildings of the Group or by a negative pledge over the University's assets.

20 Provisions for liabilities

At 1 August	3,428	6,049	3,353	5,947
Transferred from income and expenditure	3,418	362	3,394	351
Utilised in the year	(1,772)	(2,983)	(1,773)	(2,945)
At 31 July	5,074	3,428	4,974	3,353
Restructuring - exceptional staff costs				
At 1 August	1,773	4,933	1,773	4,933
Transferred from/(to) income and expenditure	1,082	(1,814)	1,082	(1,814)
Utilised in the year	(331)	(1,346)	(331)	(1,346)
At 31 July	2,524	1,773	2,524	1,773
Early retirement of employees (Premature Retirement Terms)				
At 1 August	363	356	363	356
Transferred from income and expenditure	440	519	440	519
Utilised in the year	(384)	(512)	(384)	(512)
At 31 July	419	363	419	363
Early retirement of employees (Mobility Incentive Scheme)				
At 1 August	397	119	397	119
Transferred from income and expenditure	1,144	1,334	1,144	1,334
Utilised in the year	(1,057)	(1,056)	(1,057)	(1,056)
At 31 July	484	397	484	397
Other (including deferred taxation)				
At 1 August	895	641	820	539
Transferred from income and expenditure	752	323	727	312
Utilised in the year	–	(69)	–	(31)
At 31 July	1,647	895	1,547	820

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

21 Deferred capital grants

	Consolidated and University		
	Funding Council £000	Other grants £000	2013/14 Total £000
At 1 August 2013			
Buildings	147,283	33,169	180,452
Equipment	7,366	9,277	16,643
	154,649	42,446	197,095
Grants received			
Buildings	4,636	9,846	14,482
Equipment	(143)	5,716	5,573
	4,493	15,562	20,055
Released to Income and Expenditure Account			
Buildings	(7,532)	(1,075)	(8,607)
Equipment	(2,044)	(5,151)	(7,195)
	(9,576)	(6,226)	(15,802)
At 31 July 2014			
Buildings	144,387	41,940	186,327
Equipment	5,179	9,842	15,021
	149,566	51,782	201,348

22 Endowments

	Consolidated and University				2013/14 Total £000	2012/13 Total £000
	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000		
At 1 August						
Capital	19,045	39,528	58,573	884	59,457	50,741
Accumulated income	–	2,853	2,853	27	2,880	2,858
	19,045	42,381	61,426	911	62,337	53,599
New endowments	–	398	398	1,086	1,484	2,659
Investment income	691	1,551	2,242	16	2,258	2,009
Expenditure	(691)	(971)	(1,662)	(211)	(1,873)	(1,891)
	–	580	580	(195)	385	118
Appreciation of endowment asset investments	465	1,021	1,486	26	1,512	5,961
At 31 July	19,510	44,380	63,890	1,828	65,718	62,337
Represented by:						
Capital	19,510	40,979	60,489	1,792	62,281	59,457
Accumulated income	–	3,401	3,401	36	3,437	2,880
	19,510	44,380	63,890	1,828	65,718	62,337

23 Reserves

	Consolidated		University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
At 1 August	327,333	249,462	325,301	247,745
Surplus for the year	43,923	40,568	44,009	40,253
Actuarial (loss)/gain on pension scheme assets	(8,926)	28,039	(8,926)	28,039
Revaluation of fixed asset investments	10,504	9,264	10,504	9,264
Revaluation of tangible fixed assets	109,735	–	109,735	–
At 31 July	482,569	327,333	480,623	325,301

24 Revaluation reserve

	Consolidated and University	
	2013/14 £000	2012/13 £000
At 1 August	9,264	–
Revaluation in year on fixed asset investments	10,504	9,264
Revaluation in year on tangible fixed assets	109,735	–
Disposals in year	(1,219)	–
At 31 July	128,284	9,264

25 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	Consolidated	
	2013/14 £000	2012/13 £000
Surplus on continuing operations after depreciation	44,569	40,649
Share of associates' and joint ventures' operating profits	(324)	(278)
Depreciation	30,051	26,365
Fixed asset investment appreciation	–	(124)
Profit on disposal of fixed assets	(5,617)	(18,926)
Deferred capital grants released to income	(15,802)	(14,605)
Endowment income and interest receivable	(9,305)	(6,479)
Interest payable and similar charges	1,757	1,811
FRS 17 adjustment	2,135	1,752
Increase in stock	(73)	(81)
Decrease/(increase) in debtors	6,136	(1,600)
(Decrease)/increase in creditors	(3,356)	11,352
Increase/(decrease) in provisions	1,627	(2,613)
Net cash inflow from operating activities	51,798	37,223

26 Returns on investments and servicing of finance

	Consolidated	
	2013/14 £000	2012/13 £000
Income from endowments	2,258	2,008
Income from short-term investments	844	1,054
Interest and similar charges paid	(1,785)	(1,833)
Net cash inflow from returns on investments and servicing of finance	1,317	1,229

27 Capital expenditure and financial investment

Payments to acquire tangible fixed assets and investments	(62,026)	(46,752)
Payments to acquire endowment securities	(8,004)	(10,620)
(Increase)/decrease in endowment cash balances	(1,966)	19
Receipts from sales of tangible fixed assets and investments	7,844	9,211
Receipts from sales of endowment securities	8,101	7,824
Deferred capital grants received	15,699	10,836
New endowments received	1,484	2,659
Net cash outflow from capital expenditure and financial investment	(38,868)	(26,823)

28 Analysis of changes in consolidated financing during the year

Mortgages and Loans

At 1 August	46,211	50,561
Capital repayments	(4,401)	(4,350)
At 31 July	41,810	46,211

29 Analysis of changes in net funds

	At 1 August 2013 £000	Cash Flows £000	Other Changes £000	At 31 July 2014 £000
Cash at bank and in hand	11,368	(19)	–	11,349
Debt due within one year	(4,401)	4,401	(4,456)	(4,456)
Debt due after one year	(41,810)	–	4,456	(37,354)
Current asset investments	175,729	9,793	–	185,522
	140,886	14,175	–	155,061

30 Pension schemes

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

A defined contribution plan, the University of Leeds Defined Contribution Plan (DC Plan), was introduced from 1 March 2013 as the main auto-enrolment vehicle for University support staff. The investment of scheme contributions for the DC Plan is managed by The People's Pension.

The University also contributes to the Teachers' Pension Scheme (TPS) which has 17 members, and the National Health Service (NHS) Pension Scheme which has 158 members, both multi-employer schemes.

Total pension cost for the University and its subsidiary undertakings

	2013/14 £000	2012/13 £000
USS	26,966	25,126
PAS	4,591	5,931
DC Plan	416	42
Other pension schemes	1,609	1,603
Total pension cost	33,582	32,702

Universities Superannuation Scheme (USS)

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

Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2011. The March 2014 valuation is in progress.

In line with the agreed scheme changes, from 1 October 2011, new entrants have joined the Career Revalued Benefits (CRB) section of the scheme with an employee contribution rate of 6.5%. The final salary section member contribution is 7.5%. The employer contribution rate is 16% for both sections of the scheme.

University of Leeds Pension and Assurance Scheme (PAS)

PAS is a defined benefit scheme for support and technical staff within the University.

Triennial valuations are carried out by professionally qualified independent actuaries. The last valuation took place as at 31 March 2011. The March 2014 valuation is in progress.

Following a review of the scheme benefits including consultation with members, trade unions and PAS trustees, the following scheme changes were implemented with effect from 1 April 2013: a new Career Average Revalued Earnings (CARE) section of the scheme which new employees will have to opt to join rather than joining automatically; a normal pension age of 65 increasing in the future in line with increases to state pension age; member contributions of 7.1% for the final salary section (increasing to 7.5% from 1 April 2015) and 6.5% for the new CARE section; cost sharing if there are future contribution increases; a cap on pension increases and a restriction around beneficial early retirement terms. The employer contribution remains at 18% for both sections of the scheme.

The pension expense charged to the Income and Expenditure Account makes no allowance for actuarial gains and losses during the year. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses (STRGL) in the year that they occur.

University of Leeds Defined Contribution Pension Plan (DC Plan)

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

	2013/14 £000	2012/13 £000
Change in benefit obligation		
Benefit obligation at 1 August	327,082	302,676
Current service cost	13,487	12,628
Interest cost	14,819	12,531
Plan participants' contributions	1,693	298
Actuarial losses	12,683	5,881
Benefits paid	(9,295)	(6,932)
Benefit obligation at 31 July	360,469	327,082
Analysis of defined benefit obligation		
Plans that are wholly or partly funded	360,469	327,082
Change in plan assets		
Fair value of plan assets at 1 August	326,526	272,182
Expected return on plan assets	20,688	16,182
Actuarial gains	3,757	33,920
Employer contribution	11,352	10,876
Plan participants' contributions	1,693	298
Benefits paid	(9,295)	(6,932)
Fair value of plan assets at 31 July	354,721	326,526
Funded status		
Net amount recognised	(5,748)	(556)
Amounts in the balance sheet		
Liabilities	(360,469)	(327,082)
Assets	354,721	326,526
Net liabilities	(5,748)	(556)
Components of pension cost		
Current service cost	13,487	12,628
Interest cost	14,819	12,531
Expected return on plan assets	(20,688)	(16,182)
	7,618	8,977
Actuarial losses/(gains) immediately recognised	8,926	(28,039)
Total actuarial gains and losses recognised in the Statement of Total Recognised Gains and Losses		
Cumulative actuarial losses immediately recognised	73,737	64,811

30 Pension schemes (continued)

	31 July 2014	31 July 2013
Plan assets		
Weighted-average asset allocation		
Equities	72.0%	73.0%
Property	11.0%	10.0%
Bonds and other	17.0%	17.0%
	100.0%	100.0%

	31 July 2014		31 July 2013		31 July 2012	
	%	£000	%	£000	%	£000
Assets in PAS and expected rate of return						
Equities	7.2%	254,228	7.3%	238,195	7.0%	187,303
Property	7.2%	38,042	7.3%	33,877	7.0%	33,089
Bonds and cash	3.6%	62,451	3.8%	54,454	3.4%	51,790
Total market value of assets		354,721		326,526		272,182
Actuarial value of liability		(360,469)		(327,082)		(302,676)
Net pension liability		(5,748)		(556)		(30,494)

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on corporate bonds and equities. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selection of the 6.3% p.a. assumption for the expected long-term return on scheme assets over the year to 31 July 2014 and 6.1% p.a. over the year to 31 July 2015.

	2013/14 £000	2012/13 £000
Actual return on plan assets	24,421	50,102

	31 July 2014	31 July 2013	31 July 2012
Weighted average assumptions used to determine benefit obligations			
Discount rate	4.15%	4.50%	4.10%
Rate of compensation increase	4.70%	5.00%	4.30%
Rate of inflation	2.40%	2.50%	1.80%
Rate of pension increase	2.40%	2.50%	1.80%

Weighted average assumptions used to determine net pension cost			
Discount rate	4.50%	4.10%	5.20%
Expected long-term return on plan assets	6.30%	5.90%	6.20%
Rate of compensation increase	5.00%	4.30%	5.00%
Rate of inflation	2.50%	1.80%	2.75%
Rate of pension increase	2.50%	1.80%	2.75%

	Male	Female
Weighted average life expectancy for mortality tables used to determine benefit obligations at 31 July 2014		
Member age 60 (current life expectancy)	26.6	28.1
Member age 40 (life expectancy at age 60)	29.1	29.8

	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Five year history					
Benefit obligation at 31 July	(360,469)	(327,082)	(302,676)	(270,739)	(266,541)
Fair value of plan assets at 31 July	354,721	326,526	272,182	264,077	235,535
Deficit	(5,748)	(556)	(30,494)	(6,662)	(31,006)
Difference between expected and actual return on scheme assets	3,734	33,920	(11,298)	10,606	21,333
Percentage of scheme assets	1%	10%	(4%)	4%	9%
Experience gains/(losses) on scheme liabilities	–	–	–	7,199	(876)
Percentage of scheme liabilities	0%	0%	0%	3%	0%
Total amount recognised in Statement of Total Recognised Gains and Losses	(8,926)	28,039	(26,241)	24,416	(548)
Percentage of scheme liabilities	3%	9%	(9%)	9%	0%

Contributions

The University expects to contribute £11.5m to the Scheme in 2014/15. This compares with £11m in 2013/14.

31 Capital commitments

	Consolidated and University	
	2013/14 £000	2012/13 £000
Provision has not been made for the following capital commitments		
Commitments contracted at 31 July	78,015	10,186

32 Financial commitments

Annual commitments under operating leases at 31 July

Buildings

Expiring within one year	2,817	253
Expiring between one and five years inclusive	3,771	5,617
Expiring in more than five years	4,752	7,010

Equipment

Expiring within one year	138	278
Expiring between one and five years inclusive	331	159

	11,809	13,317
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33 Contingent liabilities

The University has guaranteed a bank loan of £1.4m (2012/13: £1.8m) from Barclays Bank, to Weetwood Hall Ltd.

34 Related party transactions

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

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

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

	Paid by the University		Paid to the University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Yorkshire Universities	129	21	150	128
N8 Ltd	40	4	–	–
White Rose University Consortium	–	–	1	1
The Worldwide Universities Network	–	48	33	57
Myscience Ltd	5	12	–	–
Russell Group of Universities	59	59	–	–
Centre for Low Carbon Futures	60	50	–	–
University of Warwick Business School	114	–	103	–
Cancer Research UK	66	–	5,177	6,133

Professor Michael Arthur, Vice-Chancellor (to August 2013), was a board member of a number of organisations which had transactions with the University during the year as follows:

	Paid by the University		Paid to the University	
	2013/14 £000	2012/13 £000	2013/14 £000	2012/13 £000
Yorkshire Universities	129	21	150	128
N8 Ltd	40	4	–	–
Opera North	56	63	–	1
White Rose University Consortium	–	–	1	1
The Worldwide Universities Network	–	48	33	57
Myscience Ltd	5	12	–	–
Medical Research Council	333	223	4,339	2,400
Hot Courses	39	35	–	–
Russell Group of Universities	59	59	–	–

Professor David Hogg, a Pro-Vice-Chancellor, is a director of Medilink. In 2013/14 the University paid £8,000 (2012/13: Nil) for services provided.

Matthew Knight, previously Director of Human Resources, is a member of Leeds City Council's Independent Remuneration Panel. In 2013/14, the University paid £1,144,000 (2012/13: £1,093,000) to the Council for services provided.

Martin Holmes, Marketing Director, is a director of Leeds, York and North Yorkshire Chamber of Commerce. During 2013/14 the University paid £1,000 (2012/13: £37,000) for services provided.

Quentin Woodley, member of Council, is married to Carol Woodley, the Chair of the University of Leeds Pension and Assurance Scheme (PAS) until her resignation on 31 December. In 2013/14 the Scheme paid £24,000 for her services 2013 (2012/13: £49,000).

Nigel Foster, member of Council, is the owner and director of Colbaran Ltd. In 2013/14 the University paid £6,000 (2012/13: £6,000) to it for services provided. During the year he received remuneration from Fore Consulting Ltd in his capacity of director and owner– in 2013/14 the University paid the company £Nil (2012/13: £5,000) for services. He is the president and a director of Leeds, York and North Yorkshire Chamber of Commerce. He is a non-executive director of the Centre for Low Carbon Futures (CLCF). In 2013/14 the University paid CLCF £60,000 (2012/13: £50,000) and received £213,000 (2012/13: £66,000) from it for goods and services. He is also a director of The Ahead Partnership to which the University paid £100,000 in 2013/14 (2012/13: £112,000) for services provided.

Ed Anderson, member of Council and Chair of the Audit & Risk Committee is father of Sarah Anderson who works at Deloitte LLP. In 2013/14 the University paid £158,000 for services provided (2012/13: £190,000) and received £4,000 (2012/13: £5,000) from it for services rendered. He is also a board trustee at Opera North.

Professor Jane Francis, a member of staff until October 2013 and a member of the Council to July 2013, was previously a trustee of the Geological Society (until June 2013). In 2013/14 the University paid it £1,000 (2012/13: £2,000) for services provided.

John Stoddart-Scott, member of Council, was remunerated £6,500 (2012/13: £6,500) for his services as a director of Weetwood Hall Ltd, a wholly owned subsidiary.

Robin Johnson, member of Council was a partner at Eversheds during the year. In 2013/14 the University paid £52,000 (2012/13: £82,000) to Eversheds for services provided.

David Gray, member of Council, is a member of the board of DWF LLP. In 2013/14 the University received £Nil (2012/13: £1,000) from DWF LLP for services rendered.

Geoff Potter, member of Council, was a board trustee of Opera North until 16 September 2013.

Elizabeth Barber, member of Council, is a director of Yorkshire Water. In 2013/14 the University received £212,000 (2012/13: £363,000) from Yorkshire Water and in 2013/14 paid £466,000 (2012/13 £284,000) for services provided.

The wife of Dr G D Reid, Senior Lecturer in the School of Chemistry works for Reckitt-Benkiser. In 2013/14 the University received £2,000 (2012/13: £1,000) from it for services rendered.

Professor J Hayes, professor in Leeds University Business School, is Managing Partner of John Hayes and Associates. During 2013/14 the University paid £26,000 (2012/13: £3,000) to it for services provided.

Professor J Colyer, professor in the Faculty of Biological Sciences, is a director of Badrilla Ltd. During 2013/14 the University received £2,000 (2012/13: £1,000) from it and paid £1,000 (2012/13: £Nil) to it for services provided.

Dr M J Raxworthy, Operations Director of Regener8 in The School of Mechanical Engineering, is a director of Neotherix Ltd. During 2013/14 the University paid £Nil (2012/13: £3,000) to it and received £Nil (2012/13: £6,000) from it for services.

Professor P A Millner, professor in the Faculty of Biological Sciences, is a director of Elisha Systems Ltd. During 2013/14 the University paid £8,000 (2012/13: £20,000) to it for services provided. He is also a remunerated scientific advisor for NetScientific Ltd, from which, £81,000 was received (2012/13: £39,000 was owed) and £1,000 (2012/13: Nil) was paid for services provided.

Dr D M Ross, director for the Centre of Innovation in Health Management, is a director of Southwood Associates Ltd. During 2013/14 the University paid £63,000 (2012/13: £42,000) to it for services provided.

Mr O A Johnson, Senior Teaching Fellow in the School of Computing, and Dr S E Clamp, Senior Lecturer in the School of Medicine, are directors of X-Lab Ltd. During 2013/14 the University received £57,000 (2012/13: Nil) from it, and paid £123,000 (2012/13: £162,000) to it for services provided.

Professor S A E G Falle, professor in the School of Mathematics, is a director of Mantis Numerics Ltd. During 2013/14 the University paid £3,000 (2012/13: £13,000) to it for services provided.

Professor C F Taylor, professor in the Faculty of Performance, Visual Arts and Communications, is a director of CIDA Ltd. During 2013/14 the University paid £13,000 (2012/13: £Nil) to it for services provided.

Dr K A Exley, tutor in the Staff and Departmental Development Unit, is a director of HE Assessment and Development Ltd. In 2013/14 the University paid £Nil (2012/13: £1,000) to it for services provided.

Dr N J Horan, reader in the School of Civil Engineering, is the Chair of Aqua Enviro Ltd. In 2013/14 the University paid £2000 (2012/13: £1,000) to it and received £8,000 (2012/13: £8,000) from it for services provided.

Mr M Hamilton, Head of New Funding Development is a director of Association of Research Managers and Administrators. In 2013/14 the university paid £4,000 (2012/13: £2,000) for services provided.

Professor M Wang, professor in the Faculty of Engineering, is a non-executive director of Industrial Tomography plc. In 2013/14 the University paid £3,000 (2012/13: £3,000) to it and received £5,000 (2012/13: £14,000) from it for services provided.

Two Members of Council are officers of Leeds University Union (LUU): Bradley Escorio, Union Affairs Officer, and Alice Smart, Education Officer served until 30 June 2013; Bradley Escorio and Tom Dixon, served from 1 July 2013. During 2013/14 the University paid £2,047,000 (2012/13: £2,216,000) grant to LUU and £832,000 (2012/13: £981,000) for services provided. The University received £587,000 (2012/13: £464,000) for premises recharges from LUU.

35 Connected charitable institution

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

	2013/14 £000	2012/13 £000
Bright Beginnings Childcare Centre Leeds:		
Member's funds at 1 August	(26)	(62)
Income	1,450	1,360
Expenditure	(1,371)	(1,324)
Members' funds at 31 July	53	(26)

36 Amounts disbursed as agent

Access to learning (hardship) funds

At 1 August	–	–
HEFCE grant	374	352
Other funds provided by the University to supplement the Access Fund	–	44
Disbursed to students	(331)	(385)
Administration costs	(11)	(11)
At 31 July	32	–

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

The National College for Teaching and Leadership (NCTL) - formerly the Teaching Agency (TA)

At 1 August	165	41
Funding in the year	1,639	2,456
Disbursed to students	(1,673)	(2,332)
At 31 July	131	165

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

University Only Income and Expenditure Account

for the year ended 31 July 2014

	2013/14 £000	2012/13 £000
Income		
Funding Council grants	111,773	128,642
Tuition fees and education contracts	235,919	191,883
Research grants and contracts	132,677	128,554
Other operating income	90,731	84,271
Endowment income and interest receivable	9,319	6,485
Total income	580,419	539,835
Expenditure		
Staff costs (excluding exceptionals)	312,158	300,348
Staff costs – exceptionals	1,082	(1,814)
Total staff costs	313,240	298,534
Other operating expenses	197,653	192,382
Depreciation	29,452	25,774
Interest payable and similar charges	1,755	1,797
Total expenditure	542,100	518,487
Surplus after depreciation and before exceptional items	38,319	21,348
Profit on disposal of fixed assets	6,247	18,927
Surplus after depreciation and exceptional items	44,566	40,275
Transfer to accumulated income within restricted endowments	(557)	(22)
Surplus for the year transferred to reserves	44,009	40,253

Consolidated Five Year Results

for the year ended 31 July 2014

	2013/14 £000	2012/13 £000	2011/12 £000	2010/11 £000	2009/10 £000
Income and Expenditure Account					
Income					
Funding Council grants	111,773	128,642	148,466	160,821	157,733
Tuition fees and education contracts	236,083	192,033	166,700	156,513	147,792
Research grants and contracts	132,677	128,554	120,431	123,975	119,319
Other operating income	97,655	91,893	96,384	98,564	90,414
Endowment income and interest receivable	9,305	6,479	5,574	3,129	2,441
	587,493	547,601	537,555	543,002	517,699
Expenditure					
Staff costs	316,661	301,773	284,950	292,538	303,691
Other operating expenses	200,396	196,207	171,718	189,077	181,751
Depreciation	30,051	26,365	24,992	21,149	18,268
Interest payable and similar charges	1,757	1,811	2,166	2,291	1,287
	548,865	526,156	483,826	505,055	504,997
Surplus after depreciation and before tax	38,628	21,445	53,729	37,947	12,702
Balance Sheet					
Assets					
Fixed assets	629,364	478,807	451,999	451,673	423,487
Endowment asset investments	65,718	62,337	53,599	52,167	49,284
Current assets	259,312	251,329	230,264	183,426	165,742
Liabilities					
Current liabilities	(149,616)	(152,415)	(140,640)	(139,976)	(148,087)
Long-term liabilities and provisions	(49,395)	(52,737)	(60,124)	(79,417)	(74,678)
Pension deficit	(5,748)	(556)	(30,494)	(6,662)	(31,006)
Net assets	749,635	586,765	504,604	461,211	384,742
	Number	Number	Number	Number	Number
Average number of staff (fte)	6,581	6,454	6,333	6,175	6,510
Number of students (fte)	31,750	30,911	33,167	32,838	32,526

Key performance indicators (KPIs)

World league table position (rolling three year average)	96	95	91	92	96
Research grant income per academic FTE (£000)	89	89	86	89	82
HSE reportable accidents per 1,000 employees	1.3	0.8	2.5	2.5	3.1
Research grant income growth	3%	7%	-3%	4%	6%
Income per square metre (£)	1,293	1,207	1,167	1,201	1,176



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