



## **FINANCIAL STATEMENTS**

**31 JULY 2010**

**UNIVERSITY OF LINCOLN  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 JULY 2010**

<b>CONTENTS</b>	<b>Page</b>
Key financial highlights	1
Governors	2
Officers and advisors	3
Operating and financial review	
Section 1 – nature, objectives and strategies of the University	4-11
Section 2 – academic review	11-15
Section 3 – staff	15-16
Section 4 – physical infrastructure and capital expenditure	17
Section 5 – results for the year and future developments	17-18
Section 6 – public benefit – the University as a charity	19-21
Statement of Corporate Governance and Internal Control	22-25
Statement of the responsibilities of the Board of Governors	26
Report of the independent auditor to the Board of Governors	27-28
Financial Statements for the Year ended 31 July 2010	
• Statement of principal accounting policies	29-32
• Consolidated income and expenditure account	33
• Consolidated statement of historical costs surpluses and deficits	34
• Consolidated statement of total recognised gains and losses	35
• Balance sheets	36
• Consolidated cash flow statement	37
• Notes to the financial statements	38-56

**UNIVERSITY OF LINCOLN  
KEY FINANCIAL HIGHLIGHTS  
FOR THE YEAR ENDED 31 JULY 2010**

**Key Financial Highlights**

- Surplus for the year £631,000 (2009: £1,848,000)
- Net cash inflow for the year from operating activities £6,778,000 (2009: £4,168,000)
- Capital expenditure £8,632,000 (2009: £8,335,000)

**UNIVERSITY OF LINCOLN  
BOARD OF GOVERNORS**

**GOVERNORS**

The Governors who served in the period from 1 August 2009 were as follows:

Mr G Secker (Chair)

Professor S Bailey

Mr H Biddle (from 1 August 2010)

Very Reverend P Buckler

Mr R Buttery (Deputy Chair)

Mr C Charnley (Student member)

Professor D Chiddick (until 31 October 2009)

Mr W Crone

Mr D Cobham (Teaching staff member) (until 31 July 2010)

Mr K Darwin OBE

Ms P Duncan

Mr S Galjaard

Sir B Gill CBE (until 31 July 2010)

Mr J Godfrey CBE

Mr J Jenkinson (until 30 April 2010)

Dr M Kierstan (from 1 August 2010)

Dr S Lawson (Teaching staff member) (until 31 July 2010)

Professor G Layer OBE (from 1 August 2010)

Dr E McMahon CBE (until 31 July 2010)

Mr N Muntz

Cllr M Overton (until 19 October 2009)

Mr M Pinnick (Support staff member) (until 31 July 2010)

Mr S Sargent

Dr J Slack (from 1 August 2010)

Dr M Spurr OBE (until 31 July 2010)

Professor M Stuart (Vice Chancellor) (from 1 November 2009)

Ms K Valentine (Student member) (until 30 June 2010)

# UNIVERSITY OF LINCOLN OFFICERS AND ADVISERS

## OFFICERS AND ADVISERS

The officers who served in the period from 1 August 2009 were as follows:

### Senior Management Team

Vice Chancellor	Professor D Chiddick (until 31 October 2009)
Vice Chancellor	Professor M Stuart (from 1 November 2009)
Senior Pro Vice Chancellor	Professor M Saks (until 30 April 2010)
Pro Vice Chancellor	Professor A Atherton
Pro Vice Chancellor	Dr F Mannsåker
Pro Vice Chancellor	Professor S Davidson
University Registrar	Mr C Spendlove
Finance Director	Ms J Jones
Director of Human Resources	Mrs J Billam
Director of Estates and Commercial Facilities	Mr J Plumridge
Clerk to the Board	Mr P Walsh

The University's principal advisers were as follows:

Bankers	Lloyds TSB plc
External auditors	Grant Thornton UK LLP
Internal auditors	KPMG LLP

# UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010

## Section 1 – Nature, objectives and strategies of the University

### Our Vision

By 2020 we will be a leading UK University located in one of the world's great small cities with a distinctive reputation for near market research, integrated with teaching and learning and underpinned by engagement with local, national and international employers. An ambitious organisation, the University of Lincoln will be acknowledged as a responsive, adept institution providing excellent graduates who will be future leaders in society.

**Our mission** is to provide high quality education and to develop distinctive research

### Our strategic objectives are to:

- Be recognised for distinctive research that has a positive impact on society
- Be acknowledged as a leader in excellent teaching that is rooted in research
- Produce independent enquiring graduates who enjoy learning, are enterprising and able to make a positive contribution to society
- Attract, develop and retain the best staff
- Maintain financial stability and sustainability
- Engage with and contribute to the development of our partners and communities
- Enhance the reputation and profile of the University

### Our values are to be a University:

- Where all are treated with respect and integrity
- That champions creativity and innovation to deliver quality in everything we do
- That engages openly and enthusiastically with all our communities to advance knowledge, open up new opportunities and avenues, and improve society

### Our measures of success will be:

Satisfied and successful students working with engaged and committed staff in an institution that has a growing reputation for excellence in distinctive research and teaching and learning, informed by research and practice, all underpinned by a strong diversified financial performance.

### Where are we now?

The Higher Education landscape is changing significantly and the current environment is going to prove challenging for all institutions. The University is examining what the new environment will mean for our future development and will be bringing forward a new strategic plan by July of 2011. Lincoln is well placed to respond to this new environment for several reasons. The University has become more focused on its measures of success and have clear targets for reaching our objectives. A major review of our provision of services is creating a more responsive, fleet of foot organisation and the University is looking carefully at a number of areas for efficient work practices, cost reduction and income maximisation. The University has had a particularly good year in developing its reputation.

Over the last year the University has taken strong steps towards achieving its vision for 2020. It has performed well moving up in all the league tables and being the highest riser in the Times Good University Guide placing Lincoln at 62<sup>nd</sup>. Particularly strong is the University's ranking in the Student Satisfaction category where it is positioned joint 32<sup>nd</sup> out of 113 institutions, rising 27 places. Lincoln is now in the top quartile of all HEIs for the national student survey. We are increasingly attracting highly qualified students to the University and our international and post graduate student populations are growing well.

We are continuing to attract excellent new members of staff, and this year opened our School of Engineering, the first Engineering School for 25 years in the UK. The School has a strong partnership with Siemens as well as excellent working relationships with many other engineering companies such as Deutz UK and Lotus. The new £7m Engineering School building is now under way and will open in 2011. We are also delighted to announce that our new Business and Law building opens in January 2011.

The University signed an important partnership agreement with Study Group International in July 2010. This partnership creates the Lincoln International Study Centre which, in the short time it has opened, has

# **UNIVERSITY OF LINCOLN**

## **OPERATING AND FINANCIAL REVIEW**

### **FOR THE YEAR ENDED 31 JULY 2010**

already attracted nearly 20 international students who will progress on to Lincoln degrees in 2011. This partnership has many further opportunities for the University and will form an important part of our internationalisation strategy.

Research excellence is developing at Lincoln. In the last year our research has improved significantly and we have won awards from several of the research councils including the EPSRC, the ESRC and the British Academy. Examples of research include projects such as the Integrating and Automating Low Carbon Airport Operations which aims to computerise and co-ordinate four key areas of airport operations: scheduling of aeroplanes, taking-off and landing, gate assignment, and baggage handling. A consortium of researchers from four universities, including Lincoln, are involved in the project, assisted by Manchester and Zurich Airports which will provide crucial advice and expertise from the user's point of view. We have also been awarded substantial grants from Siemens to explore remote sensing and conditioning monitoring of industrial gas turbines and to conduct fundamental research into gas turbine combustion. In Computing we are leading a significant EPSRC project on social networking and insomnia and in Art and Design researchers are working with NHS plastic surgeons to explore facial reconstruction.

The University has won significant funding from the Higher Education Academy to explore the development of our research engaged teaching ambitions. The project called 'the Student as Producer' will explore active learning for students including engagement in faculty research projects, students conducting research throughout their studies and learning from real work experience.

#### **Competition**

Key competitors are large institutions, mainly located in major UK cities. The University of Lincoln has a distinctive advantage when compared with these competitors, in that it is located in a pleasant, compact city with a high quality of living.

Over the five-year period of the University's strategic plan, there is an expectation that the competitor 'set' will change as average entry points are increased, the research output and record is enhanced and student satisfaction scores increase. Such developments will bring competition from institutions that are research-active in many of their areas of distinctiveness and that attract some of the brightest students in Higher Education.

#### **Policy and Government**

The key focuses of the University throughout the remainder of the strategic plan period to 2012 will be:

- Student Number limits and Funding cuts
- STEM subjects
- Scenario planning

Student Number limits and Funding cuts: HEFCE has already announced significant cuts to the University sector for 2009-10 and 2010-11. In addition to the grant cuts already announced funding for both the HE and FE sectors is being reduced significantly further following the comprehensive spending review announcements in October 2010. Higher Education reductions relating to a 40% reduction in Teaching grant across the sector and variable reductions across each of the further education funding streams are currently being modelled through the University's financial plans. In addition the impact of the Browne Report into HE fees and the subsequent government response to recommendations is also being considered by the institution. HEFCE has also put a limit on student number growth and future planned growth, if any, will need to be negotiated with HEFCE.

STEM subjects: Future growth in student numbers will be limited to STEM subject areas. This underlines the governments thinking and the need for the University of Lincoln to consider its strategy around potential growth in these subjects.

Scenario planning: HEFCE have indicated that all Universities will be required to deliver realistic and viable plans with respect to scenarios around further and significant funding cuts. The University is currently engaged in this work.

In addition to the above, the University will increase its efforts with respect to Enterprise and Engagement. Greater levels of engagement with employers is being developed with clear targets for all faculties. The University's 'new market' research activity is also increasing and being developed to meet the University's aim to be a leading research engaged University.

# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

#### **Social and community issues**

Social and community issues can be split into three areas:

- engagement with businesses, research and the local economy;
- engagement with the community, and public engagement; and
- engagement with health and healthy living agendas.

#### **Engagement with Businesses, Research & Contribution to the Local Economy:**

The University has been integrally involved in its locally community and economy since its establishment in Lincoln in 1996. In recognition of this we were invited to participate in the HEFCE pilot project examining the public benefits of higher education, following on from the Wellings Review. The Wellings pilot provided a framework for Universities to examine and map their contribution to the local economy. With an estimated impact on the local economy of circa £200m, and attributed with the creation of more than 3,000 new jobs within the city itself, there is now strong supporting evidence that the University plays a key role in our local economy.

In the year 2009-10 we achieved a step change in our engagement with businesses through formal confirmation of our strategic partnership with Siemens Industrial Turbo-Machinery Ltd. This partnership is based on a long-term agreement to cooperate on industry relevant research and development, graduate education and continued professional development (CPD) for the Siemens workforce. Housed in an iconic £7m new build, funded by the University, Siemens and regional as well as county funding the academic faculty of the School of Engineering will be co-located with Siemens Product Training Team. The first cohort of part-time and full-time students started in September 2010 and the build will be completed for use by the School in September 2011. The School is supported by £4.3m HEFCE SDF funding, which was secured in May 2010.

External funding of £0.9m has also been secured to develop Lincolnshire's Leadership & Management Centre within the new Faculty of Business & Law building. This will provide the facilities required to significantly grow the Faculty's CPD offer to strategic employers, providing a resource to enhance productivity and performance in businesses locally and further afield.

The Enterprise@Lincoln building was officially opened in May 2010. This £3.2m, iconic, environmentally sustainable building was entirely externally funded. The centre builds on the success of our nationally award winning incubation centre, Sparkhouse, by providing a physical focus for enterprise activity across the institution, a gateway for employers into the University and a resource for use by all. The space for rent to commercial clients is already over 70% occupied and the shared facilities heavily utilised by staff, students, graduates and growing businesses.

We continue to dedicate the majority of our Higher Education Innovation Fund grant (73% in 2009-10) directly to support the faculties. A Business Development Manager (BDM) and Employer Engagement Manager (EEM) have been recruited to every faculty. This is supported through a series of accessible non-pay funds.

We have built on traditional mechanisms, for example Knowledge Transfer Partnerships, and developed greater opportunities to work with business through a range of innovative programmes and projects. One example of this is 'Robust Futures'. In the current rapid and unpredictable period of change, the evidence is that local and regional businesses need to not only deal with the economic downturn in the short-term, but to prepare for longer term. We are leading and delivering 'Robust Futures' as a response to this:

- Providing immediate practical operational support to these firms
- Working with them to increase their understanding of the trends that will impact on their core business
- Creating a unique form of real time research for public authorities and the voluntary sector that generates insight into local conditions and inform policy

#### **Engagement with the community:**

We continue to foster close relationships with both individuals and organisations in our local community.

This year has marked the 8th season of the Lincoln Academy, our umbrella series of high-quality events open to the public. The Engine Shed has established itself as the largest live music venue in the sub-region



## **UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

and The Lincoln Performing Arts Centre (LPAC) hosted a wide variety of performing arts including drama, comedy, ballet, contemporary dance and classical music. Over 150,000 members of the public attended one of these cultural performances through the Lincoln Academy, LPAC or the Engine Shed.

In partnership with the Students' Union there are now more than 600 staff and students registered for voluntary work in the local community. The Community Volunteers Team has established links with more than 200 community partners and local branches of national charities offering a brokering service to help fill local volunteering opportunities. Siren, our community radio channel (the first in Lincoln), continues to operate a 24/7 service bringing together community and student volunteers.

Our sports facilities and expertise are being used to create benefits for local communities and have also put Lincoln on the map as a potential Olympic training camp for equestrian sports in 2012. As well as winning its training camp status the University has also been awarded an Olympic "Inspire" mark award for local participation in sports inspired by the Olympics. The overall philosophy of the University sports centre is to create wellness amongst students, staff and community participants. A good example of this aimed at students are the 70 bikes available for hire provided in partnership with the charity Sustrans.

The Community Operational Research Unit has led a major project designed to improve research involving community empowerment and active citizenship. The partnership's research focus is on working with third sector groups from and within community-based activities. This is producing action research projects to help the civil society in the lifelong learning processes of engagement with decision making processes and empowering them to make an influence within governance structures.

### **Health and social care:**

The Department of Sport, Coaching and Exercise Science moved into an extended and purpose built Human Performance Centre in September 2010. This beautifully designed and well equipped new facility was made possible by £1.9m of government funding. The Department of Sport, Coaching and Exercise Science will be focusing on the promotion of community partnership facility training opportunities in sport and physical activity and encouraging community engagement on a well-being agenda. Current and prospective students are very impressed with the new facilities. They also provide an ideal environment for the staff to develop and deliver quality educational programmes and to further develop their research profile.

Our health and social care portfolio both generates and supports practitioners in Lincolnshire and beyond, and the University works closely with a range of organisations from local NHS Trusts to voluntary agencies. These local partnerships have formed a base for high quality research conducted by University staff on such subjects as mental health and homelessness. An example of this work was a partnership with the Lincolnshire Partnership NHS Foundation Trust which saw the organisations working together to improve mental health care through applied clinical research, strategic development, education and training. Key successes were finding new ways of treating insomnia without using drugs and investigating ways to assess mental illness with the probation services.

The University's portfolio of courses in health and social care includes undergraduate programmes in nursing, social work, herbal medicine and acupuncture; the postgraduate clinical psychology programme with the University of Nottingham; and the successful Certificate in Health Sciences course also in partnership with the University of Nottingham. This latter course provides a platform for local socially disadvantaged students to enter undergraduate health care programmes, including medicine, physiotherapy and nursing. It also delivers a range of Learning beyond Registration short courses including non-medical prescribing, history taking, diabetes, mental health and critical care.

The University has recently announced its intention to close the Hull campus in 2013 and to develop new ways of delivering social work and social care programmes to people in Hull and the East Riding in the future. We are no longer recruiting new students to the full-time, three-year BSc Social Work course, but we will still be recruiting to part-time, postgraduate and professional programmes in Hull. We are developing and strengthening part-time undergraduate, postgraduate and professional provision in social work and social care and look forward to working with partner employers to deliver our courses in new and creative ways. In this way we hope to offer more opportunities to study with us to people who might not be able to undertake a full-time, three-year course.

The University is integrated into the East Midlands' health and social care networks, with engagement with the East Midlands University Association Health and Social Care Research and Task Groups and associated regional involvement with initiatives including the East Midlands Public Health Observatory and the Government Office of the East Midlands' Investment for Health scheme.

# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

#### **Demand for Higher Education**

Despite the demographic decline in the number of 18-20 year olds in the UK, there continues to be increasing demand for undergraduate student places. This is most likely the result of a combination of rising aspirations and worsening economic conditions that have seen a decline in non-graduate employment prospects. The government response to increased demand for places has been to place a strict cap on the number of student numbers, with institutions being fined if they exceed their HEFCE contract numbers.

The number of applications received has increased by 30% over a two year period, significantly ahead of the sector growth. The increasing popularity of the University is further evidenced by the increase in the proportion of undergraduate offers accepted by applicants, which has increased to 33% for the 2010-11 entry cycle, from 30% in 2009-10 and 28% in 2008-9. These two factors combined have, in effect, increased demand for University of Lincoln undergraduate places by over 50% over a period of only two years.

The effect of increased demand for undergraduate places coupled to the limiting of supply has been to drive up the University of Lincoln's entry tariffs at both institutional and school level. Given the systems inability to satisfy demand both this year and into the short-term future, it is likely that competition for places will remain intense and will drive up entry tariffs even further.

The release of Lord Browne's Independent Review of Higher Education Funding and Student Finance coupled with the cuts to the teaching grant foreshadowed in the Comprehensive Spending Review has created a situation of considerable uncertainty. Lord Browne's recommendations will introduce a competitive market in higher education to the UK. The Government has also indicated that it will make it easier for the private sector to enter the higher education market, thus extending the range of potential competitors. While the full details of how the proposals in the Browne Report are to be implemented remain unclear at this stage, it is none the less apparent that the University of Lincoln needs to position itself to take advantage of any changes through ensuring that its curriculum is balanced and distinctive. Distinctiveness will be developed at Lincoln through the 'Student as Producer' project which aims to make research engaged teaching and learning the organising educational principle for this institution. In order to ensure that the University's portfolio of academic programmes is fit for purpose and fit for market, a number of portfolio reviews are currently in progress or within contemplation. Foremost among these is a review of STEM (science, technology, engineering and mathematics) subjects which is aimed at determining how provision can be enhanced in these areas to meet developing demand.

It is also likely that patterns of demand for higher education will continue to change, with greater emphasis on flexibility in provision, its relevance for students and employers, and continuous improvements in the quality of courses and the wider education experience. International demand for higher education is also likely to increase as rapidly developing economies such as India and China are unlikely to be able to satisfy national demand in the short to medium term through domestic provision.

In addition to this, higher education will become increasingly internationalised, with growing levels of staff, student and graduate mobility as well as more globally-aware curricula and pedagogy.

#### **The aim**

In order to position itself to meet the challenges set by the Browne Report and the Comprehensive Spending Review, our strategy is to focus on creating high levels of student satisfaction in all facets of their engagement with the University from the point of first contact to graduation and beyond. This requires a whole of institution response involving academic and professional support staff, as well as the Student Union. The enhancement of teaching and learning will be a key component of this strategy through the progressive implementation of the research engaged teaching agenda. It is also the aim of the University to increase postgraduate numbers and to enhance the postgraduate experience through strong faculty support and a welcoming and supportive Graduate School that is designed to meet students' needs. We will also be seeking to increase international student numbers, while at the same time ensuring them the support that they require to prosper both academically and socially.

#### **Financial Management and Sustainability**

The University has placed particular emphasis on re-structuring its budget and financial planning to maintain financial stability and sustainability. There are challenging times ahead, and whilst the University

## **UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

is well placed to maintain financial stability and will continue to invest in strategic priorities, it is essential that actions are taken based on the initiatives that deliver the most tangible and beneficial outcomes.

The impact of the Comprehensive Spending Review and Lord Browne's review will have a significant effect on the finances of every University. The reliance on HEFCE funding at the University of Lincoln means that to ensure our financial sustainability, the University will need to grow and diversify our income streams and control the cost base.

We need to do this whilst growing our reputation, continuing to build on our successes and ensuring that we continue to invest in our strategic objectives. The key objectives of the financial strategy are to ensure the University:

- remains financially viable and sustainable;
- maximises the use of available resources to meet current and strategic objectives;
- has appropriate levels of financing for development and investment; and
- evaluates strategic objectives and minimises risks.

### **Income Generation and Diversification**

Our external income from research, educational contracts and consultancy activity experienced strong growth of 36.2%, 42.5% and 56.4% on 2008-9 income. Contribution levels from these projects during 2009-10 were 5.3% above target, suggesting that efforts to improve our pricing strategy are having an impact.

Lincoln continues to be a leader in the sector for the provision of Knowledge Transfer Partnerships (KTPs) and their new shorter variation. These projects provide a significant form of income and an established mechanism for developing strong research relationships with business, public and third sectors. Following in a dip during 2008/9 we have returned to growth with 14 active projects during 2009-10. This resulted in a 24.8% increase in related income.

We remain dependent on the public sector, a small number of significant contracts and a limited number of employees are active in this agenda. During 2009-10 we have started the development of an institutional Enterprise & Employer Engagement Strategy, which will address this imbalance going forward.

The level of our employer engagement continues to grow with our faculty Business Development Managers and Employer Engagement Managers, working with our central team, generating 481 new contacts with SMEs and 268 with large organisations. We implemented a cross-University customer relationship management system, adding an additional 1,593 records during 2009-10.

Our strategy is to develop multi-layered relationships with key strategic employers that can offer a range of opportunities for engagement across the institution. Our growing relationships with Siemens Industrial Turbomachinery and the Longhurst Group are examples of this. We have also initiated new relationships with employers including:

- Abacus EW – the development of a tailored MSc in Intelligent Systems;
- Terrence Higgins Trust – recruiting placements through our Job Shop;
- Nacro Lincolnshire – engaged with our Employer Mentoring Programme; and
- Interflora and Millhouse Manufacturing Design – both starting KTPs.

The University has appointed a dedicated Intellectual Property & Academic Enterprise Manager. This new position has been created to provide direct, additional, support to maximise advantage to be gained from our strengthening research output. We have worked to improve access to external funding for commercialisation of academic intellectual property. We have secured full access to the regional HE investment fund, Lachesis, at no cost to the institution. We continue to play an active part in the regional proof of concept fund and during 2009-10 have secured three fellowships (worth more than £45,000) for our academics.

Whilst our external income generation position was much improved on 2008-09, we are not complacent. We have developed and approved three year external income generation plans by the faculties. This has been a key aspect of our development activity during the year to ensure we are best placed to deliver against our aspirations.

# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

#### **Risk Management**

The University has a systematic method of assessing and managing risks to its effective operation and development. During the academic year, these processes have been reviewed and a number of recommendations put forward to refine and improve existing systems with endorsement by the University's internal auditors.

Risk management is embedded across the institution and is supported at local level by a range of guidance and staff development sessions, and the use of standardised templates and risk scoring mechanisms.

The University-wide 'high level' Risk Register has developed into a high-level Assurance Map, designed to assist gap analysis in risk management systems, and to identify where assurances on controls can be gained. Monitoring processes continue to facilitate focusing on and managing key risks proactively within explicit timescales, and the University Executive regularly reviews and acts on prioritised risks.

Members of the Executive provide regular briefings to the Audit Committee, allowing Governors to monitor the assessment, mitigation and response to institutional risk. We have allocated resources to develop a business continuity framework aligned with BS25999 and are currently moving forward.

#### **Environmental matters**

##### **Sustainability Policies**

The University is developing an Environmental Management System. A review of environmental aspects and impacts has been undertaken. The University also has a register of relevant environmental legislation. This builds on the previous work undertaken to develop suitable environmental policies.

##### **Energy**

- The overall energy consumption at the University for 2009-10 was down despite the increase in the size of the estate and the colder than average winter. The total level of carbon dioxide emissions from fuel and electricity use fell from 9,356 tonnes in 2008-09 to 9,102 tonnes in 2009-10.
- New energy saving projects were developed using the £125,000 Revolving Green Fund from Salix Finance. These included new software which powers down computers that have been left in standby mode, an automatic lighting system in the Science Building and a new Building Management System controller for the Rural Science Centre. These projects will payback within at least three years and provide ongoing savings for the University.
- The new Smart Meter System is now in full operation. This can show energy consumption at the Brayford Campus at half hourly intervals, allowing energy usage to be monitored. In addition, new half hourly electricity meters were installed at Holbeach and Riseholme.
- HEFCE published new carbon dioxide reduction targets up to 2020. The University signed up to these targets and developed a Carbon Management Plan to give an indication of how these targets can be achieved.
- The University registered for the new Carbon Reduction Commitment (CRC). From April 2011 the University will need to buy permits for each tonne of carbon dioxide emitted due to fuel and electricity usage. The estimated cost of this is around £112,000.
- The University has appointed a new Carbon Reduction Manager. The aim of this role will be to reduce energy consumption year on year and allow the University to meet its carbon reduction targets.

##### **Environmental Benchmarking**

- The University took part in the BITC "Universities That Count" environmental assessment scheme. The University scored 52.8%; this was an increase from 38.0% in 2008-09 and 3.8% in the 2007 assessment. The HE sector average was 70.2%.
- The University also took part in the Universities that Count Corporate Social Responsibility Index – the score achieved was 52.8%.
- In the People & Planet Green League 2010 the University was 75<sup>th</sup> up from 107<sup>th</sup> in the 2009 league table.

##### **Sustainable Transport**

- The University undertook a Staff Travel Survey in April 2010. This gave some interesting results on how prepared staff were to use alternatives to the car to travel to work.

## **UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

- In conjunction with Sustrans a new student cycle hire scheme was developed. Sustrans have provided 70 new bicycles, which will be offered to students for hire. Included with the project will be a series of events to promote cycling at the University.
- The Green Travel Group was reconvened and a draft Travel Action Plan was developed listing future transport initiatives for the University.
- As part of the planning process for the new School of Art building the University will be required to undertake a Transport Assessment for the Brayford Campus. The initial scope for this assessment has been drawn up and it will investigate transport options for the Brayford Campus up to 2020.
- Work has begun a new Travel Plan for the University – it is envisaged that this will be in place by the end of 2010.

### **Sustainable Buildings**

In the Estates Strategy the University made a commitment to try and achieve a BREEAM rating of “Excellent” for all major new build projects and “Very Good” for major refurbishment projects.

The new Enterprise @ Lincoln Building has been assessed against the BREEAM standard and was rated as “Excellent” at the design stage. At present the building is going through the post construction review for confirmation of its excellent rating.

### **Biodiversity**

- 2010 is the United Nations International Year of Biodiversity; as part of this the University has had biodiversity surveys undertaken of the Brayford Campus.
- The University has applied to take part in the Great British Elm Experiment, which aims to plant disease resistant elm trees around Britain.

## **Section 2 – Academic review**

### **Students**

The University continues to identify student numbers as one of the key risks it faces – and therefore great efforts continue to be made to meet recruitment targets and improve retention rates, in an increasingly competitive market place with an impending demographic downturn of 18-20 year olds.

Nonetheless, the University is achieving its aim of driving up the entry points for admission as it seeks to increase the quality of the institution. In this respect, the University of Lincoln has again been one of the leading institutions in the country with respect to student satisfaction according to the 2010 National Student Survey.

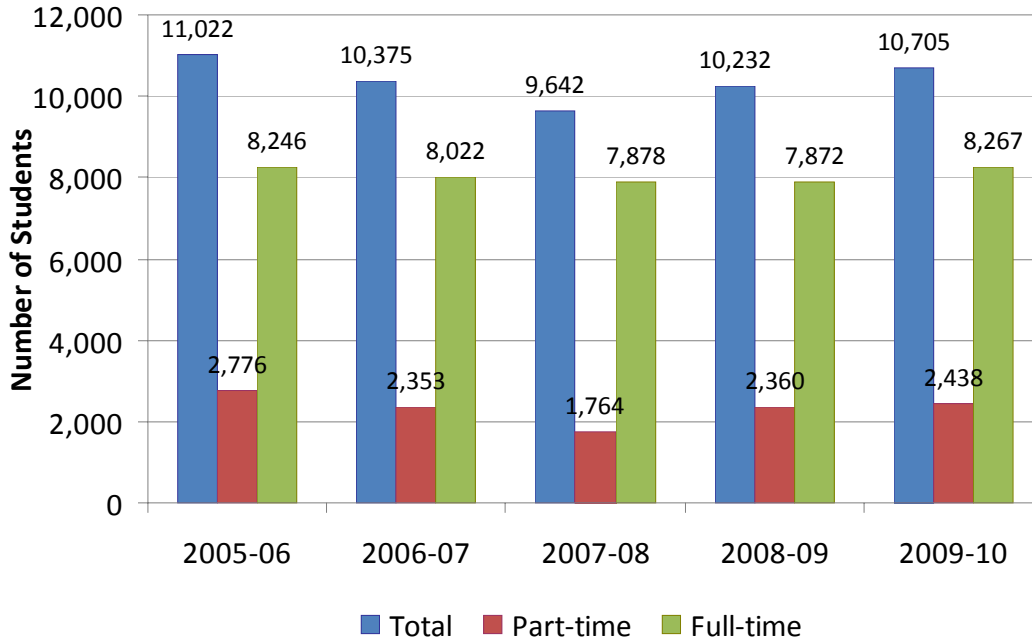
Following a major Students' Union-led awareness raising campaign, 69% (1,602) of final year Lincoln undergraduates took part in this year's survey - a response rate significantly above the national average for the fourth consecutive year.

The average score of the 22 main questions, across all subject areas, saw the University move up to 36 out of 153 Higher Education Institutions (HEIs), placing it in the top 25 per cent.

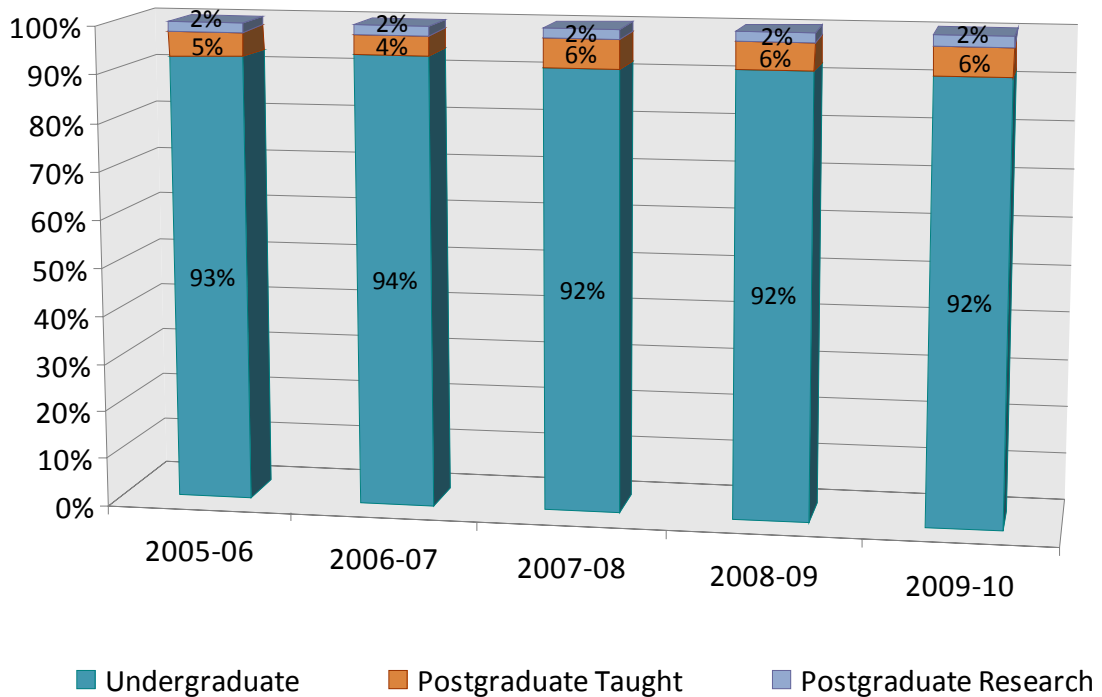
Accounting was ranked number one for student experience for the second successive year in 2010. The University also ranked in the top 10% of all HEIs in a number of other subject areas; Complementary Medicine came first out of 18 institutions, Fine Art second out of 58, Tourism second out of 47, Marketing second out of 56, Business fifth out of 93, Management fifth out of 86, Design sixth out of 73, Sociology seventh out of 88, and Psychology twelfth out of 104.

**UNIVERSITY OF LINCOLN  
OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 31 JULY 2010**

**Student Number Headcount as at 31 July by Mode of Attendance**

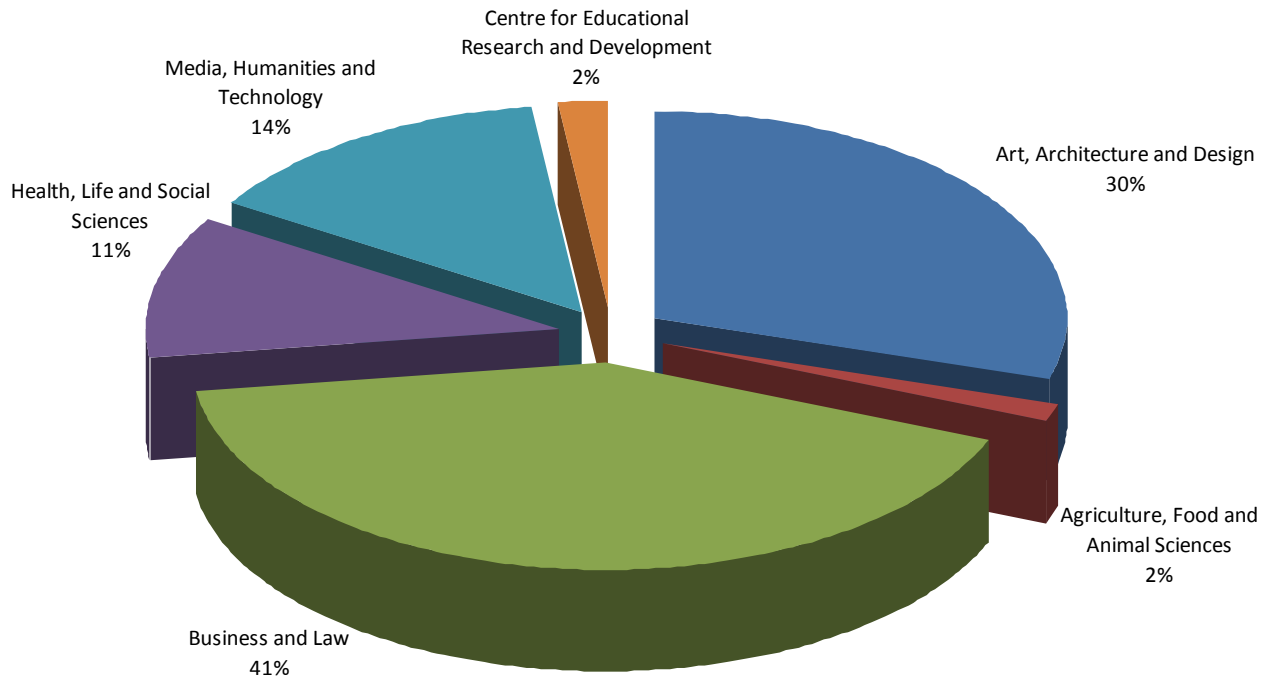


**Distribution of Undergraduate, Postgraduate Taught and Postgraduate Research Students (Total FTEs)**

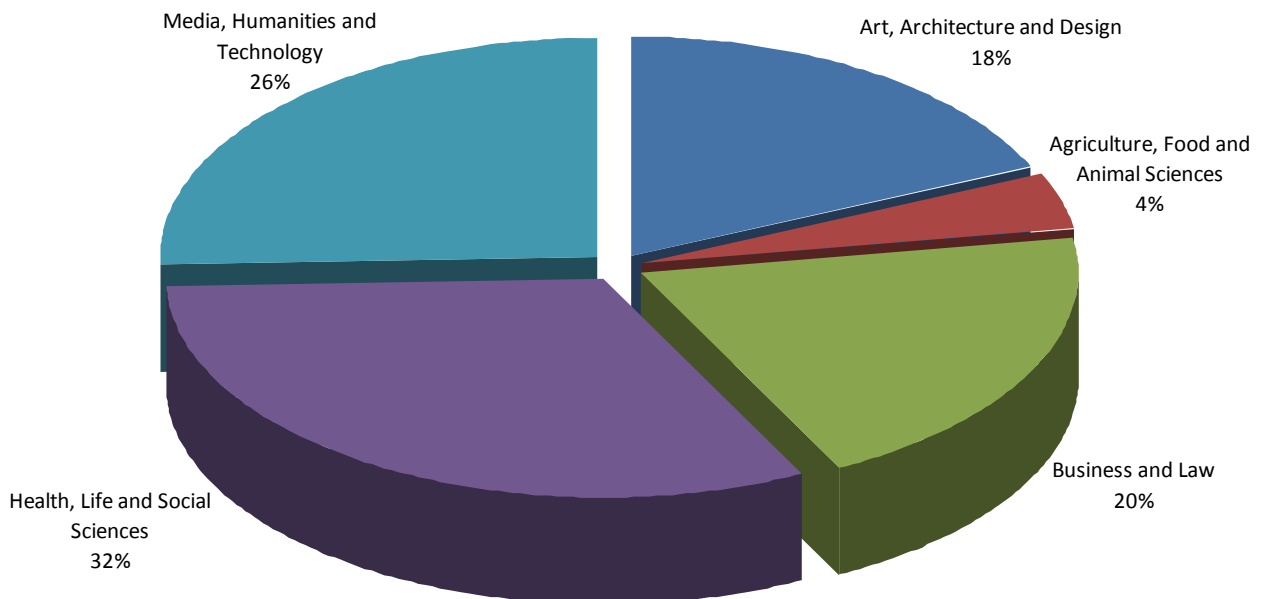


**UNIVERSITY OF LINCOLN  
OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 31 JULY 2010**

**Percentage of Postgraduate Students by Faculty as at 31 July 2010 (Total FTE)**



**Percentage of Undergraduate Students by Faculty as at 31 July 2010 (Total FTE)**



# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

#### **Academic portfolio and teaching and learning strategy**

The University's academic portfolio is critically reviewed for fitness for purpose on an annual basis by the Portfolio, Recruitment and Educational Partnerships Committee (PREP), a committee of the Executive Board. PREP is assisted in reviewing the academic portfolio by the provision of relevant data supplied by Planning. This data is used to inform academic decisions made by Deans and PREP as a whole.

Central to the University's academic strategy is the Teaching and Learning Strategy Implementation Plan. This is linked to the now completed Learning Landscape project in which the University, supported by the Funding Councils for England, Wales and Scotland, led a range of universities (including Loughborough, York and Warwick) in research into how the physical learning environment affects pedagogical interaction. The final report of the project Learning Landscapes in Higher Education was launched on 13 April 2010 at a conference held at Queen Mary University of London.

To support the implementation of the Teaching and Learning Strategy, the Centre for Educational Research and Development (GERD) and the Dean of Teaching and Learning continue to be vital, working in liaison with Faculties, Support Departments and the Students' Union in the University. A range of initiatives underpin the Strategy including the University's implementation of lessons learned from the national Learning Landscapes Project and the funding of educational initiatives by staff and support for research by undergraduate students. In connection with this latter, the University is leading a major national project entitled 'The Student as Producer' which is funded by the Higher Education Academy.

#### **Quality and Standards**

In December 2009 the University's Academic Board approved its formal response to the QAA Institutional Audit, which addressed the two advisable and three desirable recommendations made in the full Report.

During the academic year 2009-10 the University has built on its quality assurance systems and improved links with teaching and learning. In particular, the University continues to place a high priority on the student experience to ensure that the University maintains its 'impressive' relationship with its students which was highlighted in the QAA report.

Strong links have been established between the Office of Quality, Standards and Partnerships and the Students' Union. There are plans to involve students directly in quality assurance, with a pilot planned of student members on review panels.

The QAA have visited a number of the University's partner colleges during 2009-10 as part of the IQER (Integrated Quality Enhancement Review) process. This process is now more embedded, in supporting the implementation of higher education in FE colleges. The University's partner college Developmental Engagements have all had successful outcomes, and the one Summative Review resulted in a judgement of "Confidence" for both academic standards and quality of learning opportunities. The Ofsted inspection of the Further Education Department resulted in a "Satisfactory" outcome, which was a positive result for the University.

The University also conducts its own unit evaluation surveys across all undergraduate programmes, which have worked well in feeding into action plans in academic and support areas to effect continuous improvement across the institution.

#### **Research**

For the Research Assessment Exercise (RAE) 2008, the University submitted some 35% of its staff as being of national/international standard in 14 Units of Assessment. The results showed that 10 out of the 14 submissions had elements of world-leading research (4\*) and the vast majority had 50% or more outputs classified as internationally rated (2\*-4\*) in our overall research profile. The University continues to improve its profile within these subject areas, and within areas not submitted in RAE 2008, and anticipates a significantly stronger profile in REF 2014 with a larger proportion of academic staff submitted.

The University received £2m in Quality-Related (QR) funding in 2009-10, and this has been invested in strengthening its research base. Investments have included additional academic staff, postgraduate studentships, project investment funds and enhanced central support for research. The investments are monitored centrally through the Research Committee.



# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

The University continues to target growth in external research income, and has achieved significant increases in 2009-10, raising external research income to £1.8m – an increase of 40%. We anticipate continuing to grow external research income over the next few years.

#### Enterprise

The enterprise agenda offers a means of engaging and working in new ways with organisations outside the institution and our own students and graduates. It supports and drives crucial income generating activity, it is about how we engage with and benefit our community, how we enhance the future careers of our students and how we support our staff to develop new ideas and test them out in practice, informing their teaching and research.

The Academic Year 2009-10 has witnessed a significant increase in both the level and impact of enterprise activity across the institution as the new structures that we have developed over the past two years begin to deliver. However, this remains just the beginning of the challenge with much more yet to achieve.

#### Graduate Employability

Preparing our students to get the very best value from their degree and time at Lincoln is core to their experience. From the first Fresher's Fayre, through their studies and after they graduate they are able to access an increasing range of support to secure their career choices.

Given the current economic climate and the challenging employment conditions all graduates are experiencing, a reduction in the level of graduate employability was not unexpected. This was reflected in the Destination of Leavers from Higher Education (DLHE) survey results, which show a fall of 4.7% during the academic year. We have continued to invest centrally (Enterprise@Lincoln) and the Faculties (dedicated Employer Engagement Managers) to increase the level of support and opportunities for our students and graduates, working to address this key strategic priority.

During 2009-10 we have launched a range of new initiatives and enhanced existing activity, including;

- Establishing, in partnership with the Students' Union, a Job Shop providing opportunities for part-time employment as well as work placements to students during their studies. We have secured more than 8,000 paid, part-time, employment opportunities for our students. The Job Shop website has received 158,722 hits during the first year of operation;
- Working with employers to organise activities throughout the year, including: Enterprise & Employability Week, employer presentations, workshops and mentoring schemes in addition to sourcing and promoting over 1,600 graduate positions;
- Providing tailored employability support directly to 2,447 of our students, with our new Enterprise@Lincoln building providing an important physical focus for activities;
- Developing, in partnership with other East Midlands HEIs, a new internship scheme which has helped to provide over 100 paid internship positions for our students and graduates;
- Establishing new long-term relationships with major employers (e.g. Siemens, BBC and Interflora);
- Creating the 'Lincoln Award', an achievement award designed to enhance employability by providing recognition of extra curricular activities;
- Providing dedicated support to our students interested in starting their own business or becoming self-employed. We have established a new student enterprise society (250 members), continued to operate a bursary scheme to support students exploring this route (39 awards) and supported the creation of 15 new graduate businesses.

#### Section 3 – Staff

The delivery of the HR strategy sits at the heart of the University's vision and the achievement of the strategic objectives. The current strategy sets out our HR related objectives until 2012 and next year we will commence work on looking forward to our next strategic planning period.

Our annual review of progress in delivering the HR strategy demonstrates that in 2009-10 we delivered a number of important projects including:

- Introducing executive coaching for all members of the Executive Board;
- Implementing a competency framework for all professional services staff;
- Developing and implementing a sickness absence policy as well as improving our sickness reporting procedures by moving them on line;

**UNIVERSITY OF LINCOLN  
OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 31 JULY 2010**

- Further developing our workforce planning processes which have included introducing a phased retirement process;
- Further extended our flexible benefits to include a salary sacrifice scheme to support employees to undertake professional qualifications;
- Offered a voluntary severance scheme for academic staff; and
- Developed and published a University wide action plan to take forward the equality agenda.

The University achieved external recognition for its progress in the areas of reward and benefits and equality and diversity being shortlisted for four national awards and receiving a highly commended for developments in the area of flexible benefits.

The University conducted its second staff survey in November/December 2009 achieving a response rate of 61%. We published the results in February and created a clear action plan which aims to deliver improvements in:

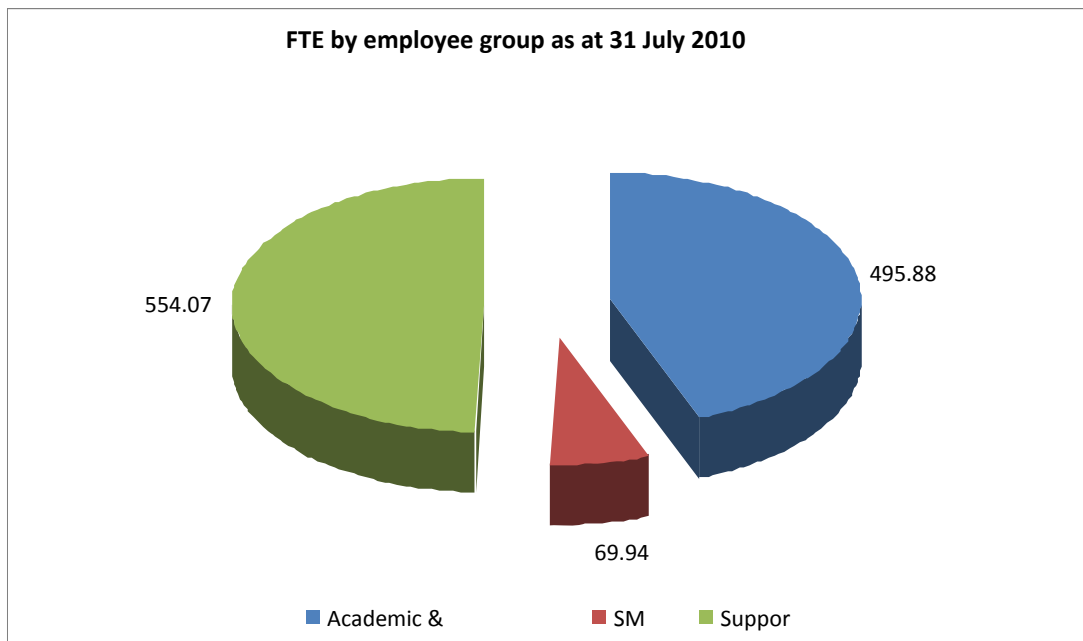
- how effectively we manage change;
- how effectively we communicate with staff;
- how clearly we identify career progression/enhancement opportunities; and
- actions we can take to further reduce bureaucracy and work collaboratively

Overall our results demonstrated a positive improvement since our last survey in November 2007 with 122 issues showing an improved score compared to 17 issues which showed some deterioration in score. The improvements we made in how able staff felt to recommend the University as a place to work or study were particularly pleasing as was the increase in the number of staff who had an appraisal and felt valued by the University.

The University conducted its third Equal Pay Review which provided a full comparison of all grades within the institution. The key highlights are that the overall gender pay gap is 1.66% better than the sector average. Over the period there was a further narrowing of the pay gap for academic and manual staff. The largest pay gap continues to be within our professional services staff with an under representation of males in grades 2-5 and females in roles at grade 8 and above, the University agreed to take a number of actions to make progress in this area.

During the year we welcomed our new Vice Chancellor, Professor Mary Stuart, the process of transition went very smoothly and many staff were actively involved during both the selection and induction phases of the process.

Our current staffing profile by employee group as at 31 July 2010 is set out below.



# UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010

## Section 4 – Physical Infrastructure and capital expenditure

### Estates Strategy 2009-10

The revised strategy was adopted by the Board of Governors in February 2010.

The strategy sets out the University's investment priorities over the next five years. The strategy also sets key targets in terms of space efficiency improvements and carbon reduction.

Progress made during the financial year includes:

- Completion of the Brayford Masterplan
- Completion of the Riseholme Vision Masterplan
- Completion of the University's first programme of space utilisation surveys, and
- Completion of key capital works

### Major projects in 2009-10 included:

- Successful completion of Enterprise@Lincoln
- Commencement of the Echo Building conversion to provide a centralised facility for the Business & Law Faculty and accommodation for the Lincolnshire Leadership & Management Centre through the refurbishment of social space. The new development will open to students in January 2011
- The Human Performance Centre has been constructed to provide a 700m<sup>2</sup> dedicated centralised facility for the Department of Sport Science
- Design of the new Engineering Hub has been completed and construction commenced. The building will be completed in July 2011
- Design of the new Arts Building, bridge and landscaping is underway for the commencement of this construction

In addition to the above, many smaller projects were initiated and completed which either;

- Improved the Health and Safety within the Estate
- Reduced energy consumption and the University's footprint
- Improved reliability and resilience
- Improve the working environment within the University's buildings, and
- Significantly improved facilities

## Section 5 - Results for the year and future developments

### Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its trading subsidiary undertakings.

### Review of the year

The consolidated results for the year are summarised in the financial highlights on page 1. Total income for the year increased by £6,964,000 to £87,239,000. The result for the year was a surplus on continuing operations of £631,000 compared to £1,848,000 in 2008-09. The surplus for the year is after charging for the exceptional diminution in value of a freehold building of £1,355,000. The surplus on continuing operations excluding this item was £1,986,000 compared to a surplus of £1,848,000 in 2008-09.

The University has restructured its budget and financial planning to ensure the long term financial position of the University is maintained in the climate of HEFCE funding cuts, student number caps, the general economic condition and the knock on effect on external income generation, and student recruitment and demographic in an increasingly competitive market.

### Balance sheet

The University continues to report net current assets and has complied with all financial covenants relating to loans during the year. It is confident of remaining compliant in future.

## **UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

The pension liability with East Riding Pension Fund has decreased by £1,987,000 to £33,440,000. Although the discount rate worsened and life expectancy assumptions increased during the year, a change in Government policy which links future pension increases to CPI rather than RPI has meant that the liability has fallen overall.

The University has become aware of an existing obligation to 'make good' four of its properties on the expiry of the related operating leases. Accordingly, a prior year adjustment has been made to include a provision of £1.4m in the balance sheet.

### **Cash flow**

The Consolidated Cash Flow statement shows that there was a net inflow of £4,635,000 (2009: net outflow of £558,000). Capital expenditure, including that on new buildings, totalled £12,148,000 (2009: £4,172,000) and represents a further significant investment in the physical resources of the University.

### **Treasury management and financial instruments**

The University's treasury operations are managed by the Finance Department within parameters defined formally and regularly reviewed by the Board of Governors. The University's treasury activity is routinely reported to the members of the Board of Governors and is subject to review by the internal auditors.

The University's financial instruments comprise borrowings, some cash and liquid resources. The main purpose of these financial instruments is to raise finance for the University's operations. During the year, the University negotiated a £15,000,000 loan facility with Alliance and Leicester Plc to finance the University's estates strategy. The new facility consists of a five year revolving facility which then converts to a twenty year amortising loan. All the University's debt is currently on floating interest rates, taking advantage of historically low rates of interest. However, it is the University's policy to regularly review the future interest rate expectations with a view to fixing a proportion of the debt.

The main risks arising from the University's financial instruments are interest rate and liquidity.

### **Future Developments**

The University, like most higher education institutions, is reviewing how it operates its business in response to the challenges faced with cuts in government funding. After the balance sheet date the University entered into a formal consultation with staff regarding the future of its Hull campus. A number of options were considered and the University's governing body approved the recommendation to close the campus in 2013 and to develop new ways of delivering programmes to people in Hull and the East Riding in the future.

The University has five year forecast plans that ensure sufficient surpluses are generated for investment in developing strategies and University infrastructure.

These plans consider the following issues

- The impact of annual staff pay reviews
- Achieving student number targets/ HEFCE grant levels and forecasted cuts
- The impact of changing interest rates on loan financing charges
- Increased utility charges, particularly as fixed price deals come to an end
- Increasing employer contributions to pension schemes
- Availability of investment for capital projects and developing strategies

# UNIVERSITY OF LINCOLN

## OPERATING AND FINANCIAL REVIEW

### FOR THE YEAR ENDED 31 JULY 2010

#### Section 6 Public benefit - the University as a charity

*Higher education matters. It helps to create the knowledge, skills and values that underpin a civilised society. Higher education institutions (HEIs) generate and diffuse ideas, safeguard knowledge, catalyse innovation, inspire creativity, enliven culture, stimulate regional economies and strengthen civil society.*

**(Independent Review into Higher Education Funding and Student Finance, October 2010)**

#### Charitable status and delivery of charitable objectives

The University of Lincoln is a Higher Education Corporation and, as such, is an exempt charity with the charitable objects of providing higher education and further education, and of carrying out research and publishing the results. Since 1 June 2010, the University has been regulated by HEFCE as the principal regulator of English HEIs as charities. The members of the Board of Governors, who include the Vice Chancellor and staff and student members, are the trustees of the charity. As such, the Board of Governors has due regard to the Charity Commission's general guidance on public benefit, and its supplementary guidance on the advancement of education.

The University of Lincoln's strategic objectives include being recognised for distinctive research that has a positive impact on society, being acknowledged as a leader in excellent teaching that is rooted in research, and producing independent, enquiring graduates who enjoy learning, are enterprising and are able to make a positive contribution to society. Our values include being a University that engages openly and enthusiastically with all our communities to advance knowledge, open up new opportunities and avenues, and improve society.

The preceding sections of this OFR give numerous examples of how the delivery of our institutional objectives contributes to the public benefit, including in the areas of engagement with businesses and the community, contribution to the local economy, working with partners including charities and the health service, stimulating and supporting enterprise and graduate employability, and focusing on our own environmental footprint.

In July 2009, HEFCE invited individual universities to participate in a pilot programme of studies about the broad benefit of higher education. The University of Lincoln volunteered to join in this exercise along with more than 20 other HE institutions. The results are published in 'Community Engagement – Impact of the University of Lincoln' (from [www.lincoln.ac.uk/publications](http://www.lincoln.ac.uk/publications))

The charity's direct beneficiaries are the students enrolled to the University's awards; and, although this may only become apparent over a period of time, those who benefit from the research undertaken at the University. The development of the University of Lincoln has provided the city and its wider region with a range of HE learning opportunities that was not available locally to previous generations of residents and their employers.

In the Faculty of Business and Law, educational provision in Business subjects takes the form of degree courses that are open to all suitable applicants, and also bespoke degree courses offered to specific client organizations for the benefit of their employees. Examples of the latter include courses offered to a major glass manufacturer (an in-house MBA), the NHS (an MSc in Commissioning) and the Armed Forces. The degree courses offered on the open market are for the most part professionally accredited, which adds value to the degrees in question and thereby enhances the employability of the graduates. In the case of the Chartered Management Institute, the first undergraduate student chapter of the CMI was established at the University of Lincoln, and the experience of running this has contributed immeasurably to the experience of the students involved. Undergraduate teaching and learning in Law is highly vocational in character, and value is added by practical dimensions such as the Law Clinic that is offered by students working under academic staff supervision. Students gain valuable experience also by visiting specific groups in the community to explain and discuss complex legal issues. This initiative, which is called Street Law, is aimed at honing students' communication skills. In the fields of both Business and Law, the University offers research and consultancy services in range of specialisms representing areas of particular expertise such as regional development, entrepreneurship, the voluntary sector, company and organizational performance enhancement, leadership and management, dispute resolution, EU law, human rights, and animal rights.

The Faculty of Art, Architecture and Design undertakes programmes of interrelated research, teaching and learning across a wide range of subjects. These include, *inter alia*, fields as diverse as Architecture, Jewellery, Fine Art, Graphic Design, and Conservation. This work is disseminated to our various

## **UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2010**

professional constituencies and the public in several ways - public lectures, conferences, publications, exhibitions, installations, museum & architectural restorations and interventions, consultancies, and various forms of knowledge transfer.

Through its Further and Higher Education activities, the Faculty of Agriculture, Food and Animal Sciences raises students' and the public's awareness of animal welfare and food and farming issues, including farm open days and the services of the Animal Behaviour Clinic through which the general public can draw on the expertise of the faculty's internationally recognised academic team in pet behaviour. In addition several hundred young learners engage with the Faculty's land-based education activity annually through well established links with local schools. The Faculty is also engaged with partners in promoting sustainability of Lincolnshire's rural communities, making a key contribution to community cohesion in rural South Lincolnshire through its 'flagship' language development programme for the foreign nationals working in the food sector and supporting rural families in crisis through our partnership with Lincolnshire Rural Support Network.

The Faculty of Health, Life and Social Sciences delivers a range of courses that supply graduates to the health, social care and third sector workforce to meet local, regional and national demands; and it carries out applied research in its disciplines that makes a real difference to the recipients of those services. Undergraduate programmes include social work, nursing, and complementary therapies. The successful Certificate in Health Sciences course is designed to allow disadvantaged students access to undergraduate health care programmes, including medicine, physiotherapy and nursing, and to progress to the University of Nottingham. The postgraduate portfolio includes a clinical psychology programme, also with the University of Nottingham. The Faculty also offers 'Learning beyond Registration' short courses including non-medical prescribing, history taking, diabetes, mental health and critical care. Local partnerships with organisations ranging from local NHS Trusts to voluntary agencies underpin high quality research conducted by University staff on such subjects as mental health and homelessness.

The Faculty of Media, Humanities and Technology offers a wide range of academic programmes that draw from and contribute to society. The work of the members of academic staff takes many forms from internationally-renowned traditional research projects through to public forms of media including television and radio production. The Faculty has developed a national reputation in the production of media for public appreciation and students in the School of Media have won Royal Television Society Awards variously at Midlands Region and national levels in 2005, 2007, 2008, 2009 and 2010. The School of Performing Arts is funded by the University of Lincoln as a premier venue for the region and produces public works from both the amateur and professional sectors. The Faculty is also home to Siren FM, England's first 24-7 community radio station, licensed by OFCOM, serving both the greater Lincoln area and also globally by internet streaming. The Schools of Journalism and Media regularly make media product for charitable bodies at low or no-cost, for example supporting Westgate School, Yarborough School, the Fire Service, Lincoln City Football Club, Reiners charity, etc, and supporting an array of community and social initiatives run by council departments. The Faculty regards itself as an advocate and support for change in all areas of public understanding of knowledge, including appreciation of our shared history, and for example has recently become the home of the Lincolnshire Echo archives (to be developed into a public study centre).

### ***Admissions policy and financial support***

The University welcomes difference and diversity among its students and seeks to help each one to flourish academically and personally through its programmes. Our Admissions policy is therefore governed by two principles: the applicant's ability to benefit from the chosen course; and fair and equal treatment for all applicants.

In common with other HEIs in England, the University of Lincoln charges tuition fees which, for UK/EU students, are subject to statutory regulation. For the academic year 2009-10, the standard fee for all full-time undergraduate UK/EU students was set at £3,225. Most of these students are eligible for UK government funding to pay their tuition fees via a tuition fee loan; and will only have to pay back the loan after they have graduated and are earning in excess of £15,000 per year.

The University has a team of professional staff committed to ensuring that students with particular needs receive good advice and appropriate financial assistance. Our aim is that no-one should be deterred from applying to the University of Lincoln or consider leaving their course due to financial issues. In 2009-10 the University disbursed over £3.5 million in financial support for students studying Higher Education courses and over £230,000 for those studying Further Education courses through hardship funds, scholarships and bursaries.

**UNIVERSITY OF LINCOLN  
OPERATING AND FINANCIAL REVIEW  
FOR THE YEAR ENDED 31 JULY 2010**

***Trustees' expenses***

No members of the Board receive any payment for the work they do as Governors or as trustees, but reasonable expenses (chiefly for travelling and subsistence, and attendance at conferences and specialist training events or other external meetings on behalf of the Board) are reimbursed. For the academic year 2009-10, a total amount of £5,000 was paid in respect of claims made by 11 Governors.

The governing body includes members of the University staff who are paid as employees but who receive no supplementary payment for trusteeship.

There were no payments in the year to any Governor for services provided to the University. Note no. 36 to these accounts detail relevant transactions between the University and organisations in which members of the Board of Governors have or may have an interest.

# STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

The University of Lincoln is an independent corporation, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government. Following consultation with stakeholders, a revised version of the University's Articles of Government was approved by the Privy Council on 6 October 2009, replacing the institution's original Articles which had been essentially unchanged since 2001.

The following statements are provided to enable readers of the accounts of the University of Lincoln and of this Operating and Financial Review to obtain a better understanding of the governance and legal structure of the University.

## ***Responsibilities of the Board of Governors***

The Board of Governors is the executive governing body, responsible for matters including the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction. One of the Board's most important, albeit infrequent, responsibilities is the appointment of the Vice Chancellor and the Board was very pleased, after a thorough selection process, to have been able to appoint Professor Mary Stuart as Vice Chancellor from 1 November 2009.

The Board of Governors has a majority of independent members, chosen in accordance with the criteria contained in the legislation. The chair is elected from among the independent members. The Board also includes co-opted members and representatives of the University's staff and of the student body. No members of the Board receive any payment for the work they do as Governors.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the University or its close educational partners. It is particularly concerned with general issues relating to the learning and teaching and research work of the University.

Based on the Articles, and on guidance from the Committee of University Chairs (CUC), the primary responsibilities of the Board of Governors are as follows:

1. To approve, review and develop the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To appoint the Vice Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
3. To delegate authority to the Vice Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for avoiding conflicts of interest.
5. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the approved Strategic Plan and key performance indicators.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself, including taking account of the views of the University Executive.
7. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint a Clerk to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability. The present Clerk to the Board has institutional managerial responsibilities as University Secretary.



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable it to do so.

### **Summary of University's Structure of Corporate Governance**

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education which has been provided by the Committee of University Chairs in its Guide for Members of HE Governing Bodies in the UK, which includes the Governance Code of Practice. The Vice Chancellor, as chief executive officer, is the head of the University and has a general responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the financial memorandum between the University and the Higher Education Funding Council for England, the head of the institution is the accountable officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

Between 1 August 2009 and 31 July 2010, the Board of Governors met on five occasions. Between Board meetings, much of its detailed work was initially handled by committees. The chairs, and the majority of the members of these committees, were drawn from independent and co-opted members of the Board. Student and staff members also served on some of these committees, subject to the provisions of the Articles and Funding Council guidance. The deliberations and decisions of these committees were formally reported to the Board of Governors.

The chief responsibilities of the committees of the Board are summarised below:

- the **Governance and Nominations Committee** advises the Board upon the recruitment and selection of new Governors, the composition of its committees and generally keeps the effectiveness of governance under review.
- the **Human Resources Committee** advises upon the development and implementation of HR strategy and guides and monitors equality and diversity.
- the **Finance and Resources Committee**, inter alia, recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.
- the **Estates Committee** maintains oversight of the University's estates strategy and its implementation, including the strategic context in which new projects emerge, the academic and business requirements underlying them and the way in which projects are managed.
- the **Remuneration Committee** determines the remuneration of the most senior staff, including the Vice Chancellor.
- the **Audit Committee** meets at least four times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports with recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN**

Committee and once a year the Committee meets the internal and external auditors on their own for private discussions.

In September 2009 the Board established a working party comprising the Vice Chancellor, lay and staff and student Governors, and members of the Executive Board, to undertake a fundamental review of governance structures and processes. In April 2010, the Board debated the report of the working party and approved recommendations for change, including a reduction in the size of the governing body and an increase to the number of meetings each year. The Board also agreed that from 1 August 2010, it would retain only the Audit Committee and the Remuneration Committee, and that the business previously undertaken by the other committees would come before the full Board or, as appropriate, be dealt with by the Vice Chancellor and the Executive.

As chief executive, the Vice Chancellor is required to develop the institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro Vice Chancellors, as deputies to the head of the institution, and the senior administrative officers all contribute in essential ways to these aspects of the work, but the ultimate responsibility for approval of the strategic direction and financial plans rests with the Board of Governors.

The University maintains a register of interests of members of the Board of Governors which may be consulted by arrangement with the Clerk to the Board of Governors. In accordance with the Articles of Government of the University, the University Secretary has been appointed as Clerk to the Board of Governors. In that capacity, he/she provides independent advice on matters of governance to all members of the Board.

### ***Internal Control***

This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the University's accounts and of the Operating and Financial Review to understand how the principles have been applied.

The Board of Governors of the University of Lincoln has responsibility for maintaining and reviewing the effectiveness of a sound system of internal control which supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which they are responsible. Such a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process, which accords with the internal control guidance of the Combined Code as deemed appropriate for Higher Education, has been in place for the year ended 31 July 2010 and up to the date of approval of the annual report and accounts.

The role of the Board of Governors in relation to risk is at overview level. The Board is not responsible for managing risk at operational level. It does, however need to ensure that a robust system exists for identifying, evaluating and managing risk within the University, and that this process is subject to regular review. The Board of Governors' review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the members of the Executive Board 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.

The Audit Committee plays a key role in ensuring the fulfilment of the Board of Governors' responsibilities, as set out in the CUC Governance Code of Practice, for "ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment ...". The Audit Committee monitors the effectiveness of risk management processes and policy development and reports to the Board of Governors on progress. The Board receives an annual report from the Audit Committee which reviews and comments on the internal control systems, including risk management, value for money, the management and quality assurance of data submitted to funding bodies, the work of the internal and external auditors and other audit matters including the outcomes of external academic quality audits.

The University has a Risk Management Policy that sets out the approach to risk management; key elements of the process; roles, responsibilities and reporting procedures relating to risk management in faculties, service areas and the University companies. In accordance with the Policy, the Executive Board receives reports setting out key performance and risk indicators and considers possible control issues

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN**

brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training.

During 2009-10 responsibility for the coordination of risk management in the University transferred from, the University Registrar and the Head of Quality, Standards and Partnerships to the Director of Finance and Head of Planning. During the year the University has continued to develop and embed its risk management processes across the institution. The University's risk management arrangements are well developed at a corporate level and are evolving locally.

At a corporate level we have a high level management assurance map which records the top 10 risks and reporting arrangements ensure that Audit Committee, the Board of Governors and Executive Board understand the strategic importance of managing these risks effectively.

The Governors' Audit Committee has continued its active oversight of University risk management, receiving three progress reports in October 2009, March 2010 and June 2010, responsibility for risk management having transferred to Planning in early 2010. The Board of Governors has also received reports in November 2009 and June 2010.

The Executive Board has regularly reviewed the management of high level institutional risks. The High Level Assurance Map, and specifically the top ten risks and actions to mitigate the risks, has been reviewed in September 2009, October 2009, November 2009, December 2009, January 2010, March 2010, May 2010. Work continues on the use of SMART (Specific, Measurable, Achievable, Realistic and with Timescales) terminology, particularly in relation to improvement actions within clearly identified deadlines.

Whilst management of the institution's corporate level risks are clearly in place, risk management arrangements at the lower departmental and Faculty level have been identified as more fragmented and require further developmental work to improve process and embed good practice across the institution.

As a result of the transfer of responsibility of risk management during the year an appraisal of current process and practices has been undertaken resulting in a number of recommendations of areas that need to be enhanced in order to improve the effectiveness of risk management, control and governance processes across the institution, but primarily at a local level. These recommendations have also been endorsed by the recent risk management audit carried out by KPMG.

A number of improvements to the process going forward into 2010/11 are being suggested including: the development of an institutional risk management strategy, more detailed risk management guidance to improve the quality and consistency of local risk registers, development of a more detailed risk management methodology including institutional appetite for risk and the development of a more detailed training framework for risk owners.

## **STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF LINCOLN**

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

In the preparation of the financial statements the Board of Governors has ensured that:

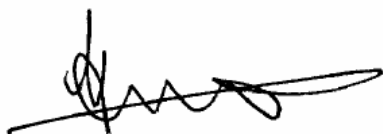
- suitable accounting policies are selected and applied consistently
- judgments and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements

The Board of Governors has taken reasonable steps to:

- ensure that the funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that the funds from the Learning and Skills Council, Skills Funding Agency and Young People's Learning Agency are used only for the purposes for which they have been given and in accordance with the Funding Agreements with the Learning and Skills Council, Skills Funding Agency and Young People's Learning Agency
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and to prevent and detect fraud
- secure the economical, efficient and effective management of the University's resources and expenditure

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors
- Financial Regulations, detailing financial controls and procedures; and
- a professional Internal Audit team operating to standards defined in the HEFCE Accountability and Audit Code of Practice, whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Governors with regular reports on internal audit activity within the University, and independent opinions on the adequacy and effectiveness of the University's system of internal control, including internal financial control, together with recommendations for improvement.



Mr G Secker – Chair of the Board



Professor M Stuart - Vice Chancellor

## **REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF LINCOLN**

We have audited the group and University financial statements (the 'financial statements') of the University of Lincoln for the year ended 31 July 2010 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the group and University balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes on pages 38 to 56. These financial statements have been prepared under the accounting policies set out therein.

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

### **Respective responsibilities of the University's board of governors and auditors**

The governing body's responsibilities for preparing the Operating and Financial Review and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 26.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Skills Funding Agency. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review and consider the implications for our report if we become aware of any apparent misstatements within it or material inconsistencies with the financial statements. We are not required to consider whether the statement of internal control (included as part of the Operating and Financial Review) covers all risks and controls, or to form an opinion on the effectiveness of the institution's corporate governance procedures or its risk and control procedures.

### **Basis of opinion**

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

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

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE BOARD OF GOVERNORS OF THE  
UNIVERSITY OF LINCOLN**

**Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2010 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the funding council, the Training and Development Agency for Schools and the Skills Funding Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Skills Funding Agency.

*Grant Thornton UK LLP*

**GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
Leeds  
23 November 2010**

## UNIVERSITY OF LINCOLN

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2010

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

#### **Basis of preparation**

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

#### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

#### **Basis of consolidation**

The consolidated financial statements include the University and all of its subsidiary undertakings, ULEX Limited, UL Learning Resources Limited and Riseholme Park Farms Limited. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The activities of the University of Lincoln Student Union have not been consolidated because the University does not control the Student Union. The University also has a one-third membership interest in Lincoln Student Solutions Limited, a company limited by guarantee and with charitable status. The University's interest in this company is not consolidated as an associate, or joint venture due to the underlying nature of its interest. The University has treated its interest as a fixed asset investment at nil cost.

In the University's financial statements, investments in subsidiary undertakings are stated at cost less provision for diminution in value.

#### **Recognition of income**

Income from research grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Tuition fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent grants from the Funding Councils are recognised in the period in which they relate.

Non-recurrent grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

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

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

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account as a debit, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned

## **UNIVERSITY OF LINCOLN**

### **STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2010**

and accounted for through the balance sheet by debiting or crediting the endowment asset, crediting or debiting the endowment fund and is reported in the statement of total recognised gains and losses.

#### **Agency arrangements**

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

#### **Maintenance of premises**

The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

#### **Foreign currency translation**

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 at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

#### **Accounting for retirement benefits**

The University contributes to the Universities Superannuation Scheme (USS), the East Riding Pension Fund (ERPF) and the Teachers Pension Scheme (TPS). All schemes are defined benefit schemes which are contracted out of the Second State Pension (S2P).

The assets of the USS and TPS are held in separate trustee-administered funds. Because of the nature of the schemes, the schemes' assets are not hypothecated to individual institutions and scheme-wide contribution rates are set. The University is therefore exposed to actuarial risks associated with other institutions employees and is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore as required by FRS 17 (Retirement benefits), accounts for the schemes as if they were defined contribution schemes. As a result, the amount charged to the income and expenditure account represents the contributions payable to the schemes in respect of the accounting period.

The University is able to identify its share of assets and liabilities of the ERPF and thus the University fully adopts FRS 17 (Retirement Benefits).

Where there is a change in the measure of inflation that dictates the rate of future pension increases of the ERPF, any past service gain or loss will be recognised in the Statement of Recognised Gains and Losses.

The University continues to make a small and diminishing number of supplementation payments to retired members and dependants of former members of the ERPF. These liabilities are estimated under FRS17 and are included in the Financial Statements.

#### **Tangible fixed assets**

##### **(a) Land and buildings**

The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. A review of impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University between 10 and 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and



## UNIVERSITY OF LINCOLN

### STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2010

are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

#### (b) Equipment

Equipment costing less than £20,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life at rates of 15% to 33.33% per annum.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to deferred capital grants and released to the income and expenditure account over the expected useful economic life of the related equipment.

#### **Leased assets**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

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

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

#### **Stock and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. For work in progress, cost is calculated as the direct cost of time and bought in goods and services. Payments received in excess of project costs are included in creditors. Where necessary, provision is made for obsolete, slow moving and defective stocks and work in progress.

#### **Taxation**

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax. Irrecoverable Value Added Tax on inputs is included in the costs of those inputs. Any irrecoverable Value Added Tax allocated to tangible fixed assets is included in their cost.

The University's subsidiary companies operate as commercial organisations and certain of these are subject to taxation.

**UNIVERSITY OF LINCOLN**  
**STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2010**

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

**Cash flows and liquid resources**

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

**Investments**

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets. Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value. Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

**Provisions**

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

**UNIVERSITY OF LINCOLN  
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 JULY 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Income</b>			
Funding body grants	1	43,027	42,156
Tuition fees and education contracts	2	31,713	27,841
Research grants and contracts	3	1,816	1,333
Other income	4	10,559	8,521
Endowment and investment Income	5	<u>124</u>	<u>424</u>
<b>Total income</b>		<b><u>87,239</u></b>	<b><u>80,275</u></b>
<b>Expenditure</b>			
Staff costs	6	47,663	45,162
Other operating expenses		31,953	28,009
Exceptional item - diminution in value of tangible fixed asset	10	1,355	-
Depreciation	13	3,688	3,739
Interest and other finance costs	8	<u>1,949</u>	<u>1,517</u>
<b>Total expenditure</b>	9	<b><u>86,608</u></b>	<b><u>78,427</u></b>
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		<b>631</b>	<b>1,848</b>
Taxation	11	<u>-</u>	<u>-</u>
<b>Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax</b>		<b><u>631</u></b>	<b><u>1,848</u></b>

All items of income and expenditure arise from continuing operations.

**UNIVERSITY OF LINCOLN**  
**STATEMENT OF GROUP HISTORICAL COST SURPLUSES AND DEFICITS**  
**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
<b>Surplus after depreciation of tangible fixed assets at valuation and before tax</b>		631	1,848
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	23	29	28
Inherited debt release	23	<u>6</u>	<u>6</u>
<b>Historical cost surplus for the year before taxation</b>		<u>666</u>	<u>1,882</u>
<b>Historical cost surplus for the year after taxation</b>		<u>666</u>	<u>1,882</u>

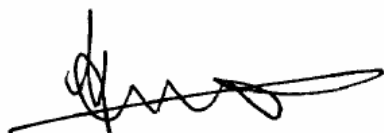
**UNIVERSITY OF LINCOLN**  
**STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES**  
**FOR THE YEAR ENDED 31 JULY 2010**

	Notes	2010 £'000	2009 £'000
<b>Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax</b>		631	1,848
New endowments	22	111	12
Actuarial loss in respect of pension schemes	32	(3,439)	(16,469)
Pension past service credit	32	6,862	-
Diminution in value of revalued asset	23	<u>(998)</u>	<u>-</u>
<b>Total recognised gains and losses relating to the year</b>		3,167	(14,609)
Prior year adjustment	37	<u>(1,400)</u>	<u>-</u>
<b>Total gains and losses recognised since last report</b>		<u>1,767</u>	<u>(14,609)</u>
 <b>Reconciliation</b>			
Opening reserves and endowments		23,062	
Prior year adjustment	37	<u>(1,400)</u>	
Opening reserves and endowments (adjusted)		21,662	
Total recognised gains for the year		<u>3,167</u>	
Closing reserves and endowments		<u>24,829</u>	

**UNIVERSITY OF LINCOLN**  
**BALANCE SHEETS AS AT 31 JULY 2010**

	Notes	Group 2010 £'000	University 2010 £'000	Group 2009 £'000 restated	University 2009 £'000 restated
<b>Fixed assets</b>					
Tangible assets	13	98,581	86,410	96,010	83,563
Investments	14	<u>30</u>	<u>11,823</u>	<u>30</u>	<u>12,113</u>
		98,611	98,233	96,040	95,676
<b>Endowment assets</b>					
	15	141	141	30	30
<b>Current assets</b>					
Stocks	16	341	189	293	96
Debtors	17	5,700	6,617	5,571	6,036
Short term deposits		10,023	10,023	13,427	13,427
Cash at bank and in hand		<u>5,857</u>	<u>5,173</u>	<u>920</u>	<u>231</u>
		21,921	22,002	20,211	19,790
Creditors: Amounts falling due within one year	18	<u>(14,847)</u>	<u>(14,796)</u>	<u>(16,243)</u>	<u>(15,710)</u>
<b>Net current assets</b>		7,074	7,206	3,968	4,080
<b>Total assets less current liabilities</b>					
		105,826	105,580	100,038	99,786
Creditors: Amounts falling due after more than one year	19	(15,363)	(15,363)	(15,761)	(15,761)
Provisions for liabilities and charges	20	<u>(1,631)</u>	<u>(1,631)</u>	<u>(1,445)</u>	<u>(1,445)</u>
<b>Total net assets excluding pension liability</b>		88,832	88,586	82,832	82,580
Pension liability	32	<u>(33,440)</u>	<u>(33,440)</u>	<u>(35,427)</u>	<u>(35,427)</u>
<b>Total net assets including pension liability</b>		<u>55,392</u>	<u>55,146</u>	<u>47,405</u>	<u>47,153</u>
<b>Deferred capital grants</b>					
	21	30,563	30,563	25,743	25,743
<b>Endowments</b>					
Restricted expendable	22	141	141	30	30
<b>Reserves</b>					
Income and expenditure account excluding pension reserve	24	57,832	57,586	55,730	55,478
Pension reserve	25	<u>(33,440)</u>	<u>(33,440)</u>	<u>(35,427)</u>	<u>(35,427)</u>
Income and expenditure account including pension reserve		24,392	24,146	20,303	20,051
Revaluation reserve	23	<u>296</u>	<u>296</u>	<u>1,329</u>	<u>1,329</u>
<b>Total reserves</b>		<u>24,688</u>	<u>24,442</u>	<u>21,632</u>	<u>21,380</u>
<b>TOTAL</b>		<u>55,392</u>	<u>55,146</u>	<u>47,405</u>	<u>47,153</u>

These financial statements on pages 29 to 56 were approved by the Board of Governors on 23 November 2010 and were signed on its behalf by:



G Secker - Chair of the Board



Professor M Stuart - Vice Chancellor

**UNIVERSITY OF LINCOLN  
CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2010**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Net cash inflow from operating activities	26	6,778	4,168
Returns on investments and servicing of finance	27	(39)	(144)
Capital expenditure and financial investment	28	(5,273)	731
Management of liquid resources	29	3,293	(4,729)
Financing	30	<u>(124)</u>	<u>(584)</u>
Increase/(decrease) in cash in the year		<u>4,635</u>	<u>(558)</u>

**Reconciliation of net cash flow to movement in net debt**

	<b>Notes</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Increase/(decrease) in cash in the year		4,635	(558)
Change in short term deposits	29	(3,293)	4,729
Change in debt	30	<u>125</u>	<u>584</u>
Change in net debt resulting from cash flows and movement in net debt in the year		1,467	4,755
Net debt at 1 August		<u>(1,457)</u>	<u>(6,212)</u>
Net debt at 31 July	31	<u>10</u>	<u>(1,457)</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

<b>1</b>	<b>Funding body grants</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	<b>Recurrent grants</b>		
	Higher Education Funding Council for England (HEFCE)	38,638	36,948
	Learning and Skills Council (LSC)	1,504	2,827
	Skills Funding Agency (SFA)	426	-
	Young People's Learning Agency (YPLA)	634	-
	<b>Specific grants</b>		
	HEFCE – Higher Education Innovation Fund	850	568
	HEFCE – Learning and Teaching Strategy	71	641
	HEFCE – Learning Landscapes	48	240
	HEFCE – Other specific grants	65	29
	LSC – Other specific grants	20	57
	YPLA – Other specific grants	2	-
	<b>Deferred capital grants released in the year</b>		
	Buildings	221	221
	Equipment	<u>548</u>	<u>625</u>
		<u>43,027</u>	<u>42,156</u>
<b>2</b>	<b>Tuition fees and education contracts</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Full-time home and EU students	26,939	23,979
	Full-time international (non EU) students	1,353	1,108
	Part-time students	1,859	1,604
	Short courses and summer schools	1,265	1,008
	Further education students	<u>297</u>	<u>142</u>
		<u>31,713</u>	<u>27,841</u>
<b>3</b>	<b>Research grants and contracts</b>	<b>2010</b>	<b>2009</b>
		<b>£'000</b>	<b>£'000</b>
	Research Councils	335	109
	UK based charities	216	94
	UK Central /Local Govt/Health/Hospitals	885	689
	UK Industry	161	156
	European Union	118	182
	Overseas	101	31
	Other grants and contracts	<u>-</u>	<u>72</u>
		<u>1,816</u>	<u>1,333</u>



**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**4 Other income**

	2010	2009
	£'000	£'000
Residences, catering and conferences	3,915	3,944
Other income generating activities	2,852	1,948
Released from deferred capital grants	747	443
Other income	<u>3,045</u>	<u>2,186</u>
	<u>10,559</u>	<u>8,521</u>

**5 Endowment and investment income**

	2010	2009
	£'000	£'000
Income from short term investments	<u>124</u>	<u>424</u>

**6 Staff costs**

The average weekly number of persons employed by the University during the year, expressed as full time equivalents, was:

	2010	2009
	Number	Number
Teaching departments	696	678
Teaching support services	127	129
Other support services	62	60
Administration and central services	221	221
Premises	<u>21</u>	<u>19</u>
	<u>1,127</u>	<u>1,107</u>

	2010	2009
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	38,593	36,991
Social security costs	3,023	2,940
Other pension costs (see note 32)	5,230	4,517
Staff restructuring costs	<u>817</u>	<u>714</u>
	<u>47,663</u>	<u>45,162</u>

**7 Senior staff emoluments**

	2010	2009
	£'000	£'000
The emoluments of the former Vice Chancellor, Professor David Chiddick, until 31 October 2009 were as follows:		
Salary	69	197
Benefits	-	9
Pension costs	<u>7</u>	<u>28</u>
	<u>76</u>	<u>234</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**7 Senior staff emoluments (continued)**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
The emoluments of the current Vice Chancellor, Professor Mary Stuart from 1 November 2009 were as follows:		
Salary	143	-
Benefits	1	-
Pension costs	<u>23</u>	<u>-</u>
	<u>167</u>	<u>-</u>

Remuneration of other higher paid staff, excluding employer's pension contributions:

	<b>2010</b>	<b>2009</b>
	<b>Number</b>	<b>Number</b>
£100,000 - £109,999	3	4
£110,000 - £119,999	<u>1</u>	<u>1</u>

**8 Interest and other finance costs**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
On loans wholly or partly repayable in more than five years	189	565
Net charge on pension scheme	<u>1,760</u>	<u>952</u>
	<u>1,949</u>	<u>1,517</u>

**9 Analysis of total expenditure by activity**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Academic departments	37,265	33,452
Academic services	8,961	7,806
Administration and central services	17,978	18,312
Premises	13,935	11,108
Residences and catering operations	4,419	4,147
Research grants and contracts	1,488	1,081
Other expenditure	<u>2,562</u>	<u>2,521</u>
	<u>86,608</u>	<u>78,427</u>
Other operating expenses include:		
External auditors remuneration in respect of audit services*	33	33
External auditors remuneration in respect of taxation services**	2	4
External auditors remuneration in respect of other services***	2	2
Hire of equipment – operating lease rentals	<u>773</u>	<u>787</u>

\* Includes £30,000 in respect of the University (2009: £30,000)

\*\* Includes £nil in respect of the University (2009: £nil)

\*\*\* Includes £2,000 in respect of the University (2009: £2,000)

Trustees

No trustee has received any remuneration/waived payments from the Group during the year (2009: £nil).

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**10 Exceptional items**

	2010	2009
	£'000	£'000
Diminution in value of tangible fixed asset	<u>1,355</u>	<u>-</u>

During the year, a diminution in the carrying value of one of the University's freehold buildings was recognised and this has been reflected in the financial statements.

**11 Taxation**

	2010	2009
	£'000	£'000
UK corporation tax at 21%	<u>-</u>	<u>-</u>

**12 Surplus on continuing operations for the year**

The surplus on continuing operations for the year is made up as follows:

	2010	2009
	£'000	£'000
University's surplus for the year	637	2,119
Deficit of related undertakings	(296)	(274)
Consolidation adjustment	<u>290</u>	<u>3</u>
	<u>631</u>	<u>1,848</u>

**13 Tangible fixed assets**

<b>Group</b>	<b>Assets in the course of construction</b>	<b>Freehold Land and Buildings</b>	<b>Leasehold Land and Buildings</b>	<b>Fixtures, Fittings and Equipment</b>	<b>Total</b>
	£'000	£'000	£'000	£'000	£'000
<b>Cost or valuation</b>					
At 1 August 2009	6,541	88,760	9,538	11,269	116,108
Additions	6,416	1,771	300	145	8,632
Disposals	-	-	-	(95)	(95)
Written off	-	-	-	(2,868)	(2,868)
Reclassification	-	11	(11)	-	-
Transfers	<u>(2,811)</u>	<u>2,680</u>	<u>-</u>	<u>131</u>	<u>-</u>
<b>At 31 July 2010</b>	<u>10,146</u>	<u>93,222</u>	<u>9,827</u>	<u>8,582</u>	<u>121,777</u>
<b>Depreciation</b>					
At 1 August 2009	-	11,195	1,932	6,971	20,098
Charge for year	-	1,889	267	1,532	3,688
Eliminated on disposals	-	-	-	(75)	(75)
Diminution in value of fixed asset	-	2,353	-	-	2,353
Written off	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,868)</u>	<u>(2,868)</u>
<b>At 31 July 2010</b>	<u>-</u>	<u>15,437</u>	<u>2,199</u>	<u>5,560</u>	<u>23,196</u>
<b>Net book value</b>					
<b>At 31 July 2010</b>	<u>10,146</u>	<u>77,785</u>	<u>7,628</u>	<u>3,022</u>	<u>98,581</u>
At 31 July 2009	<u>6,541</u>	<u>77,565</u>	<u>7,606</u>	<u>4,298</u>	<u>96,010</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**13 Tangible fixed assets (continued)**

<b>University</b>	<b>Assets in the course of construction £'000</b>	<b>Freehold Land and Buildings £'000</b>	<b>Leasehold Land and Buildings £'000</b>	<b>Fixtures, Fittings and Equipment £'000</b>	<b>Total  £'000</b>
<b>Cost or valuation</b>					
At 1 August 2009	6,541	74,262	9,538	10,080	100,421
Additions	6,416	1,771	300	145	8,632
Disposals	-	-	-	(95)	(95)
Written off	-	-	-	(2,302)	(2,302)
Reclassification	-	11	(11)	-	-
Transfers	<u>(2,811)</u>	<u>2,680</u>	<u>-</u>	<u>131</u>	<u>-</u>
<b>At 31 July 2010</b>	<b><u>10,146</u></b>	<b><u>78,724</u></b>	<b><u>9,827</u></b>	<b><u>7,959</u></b>	<b><u>106,656</u></b>
<b>Depreciation</b>					
At 1 August 2009	-	9,001	1,932	5,925	16,858
Charge for year	-	1,612	267	1,532	3,411
Eliminated on disposals	-	-	-	(74)	(74)
Diminution in value of fixed asset	-	2,353	-	-	2,353
Written off	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,302)</u>	<u>(2,302)</u>
<b>At 31 July 2010</b>	<b><u>-</u></b>	<b><u>12,966</u></b>	<b><u>2,199</u></b>	<b><u>5,081</u></b>	<b><u>20,246</u></b>
<b>Net book value</b>					
<b>At 31 July 2010</b>	<b><u>10,146</u></b>	<b><u>65,758</u></b>	<b><u>7,628</u></b>	<b><u>2,878</u></b>	<b><u>86,410</u></b>
At 31 July 2009	<u>6,541</u>	<u>65,261</u>	<u>7,606</u>	<u>4,155</u>	<u>83,563</u>

On adoption of FRS 15 (Tangible Fixed Assets), the University followed the transitional provision to retain the book value of land and buildings which were revalued in 1994 by a firm of chartered surveyors, but not to adopt the policy of revaluations in the future.

At 31 July 2010, freehold land and buildings included £5,889,000 (2009: £4,189,000) in respect of land which is not depreciated.

**14 Fixed asset investments**

<b>Group</b>	<b>Other Investments £'000</b>
<b>Cost</b>	
At 1 August 2009 and 31 July 2010	<u>30</u>
<b>Net book value</b>	
At 1 August 2009 and 31 July 2010	<u>30</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**14 Fixed asset investments (continued)**

<b>University</b>	<b>Shares in related undertakings £'000</b>	<b>Other investments £'000</b>	<b>Total £'000</b>
<b>Cost</b>			
At 1 August 2009 and 31 July 2010	<u>14,534</u>	<u>30</u>	<u>14,564</u>
<b>Amounts written off</b>			
At 1 August 2009	2,451	-	2,451
Written off in year	<u>290</u>	<u>-</u>	<u>290</u>
At 31 July 2010	<u>2,741</u>	<u>-</u>	<u>2,741</u>
<b>Net book value</b>			
At 31 July 2010	<u>11,793</u>	<u>30</u>	<u>11,823</u>
At 31 July 2009	<u>12,083</u>	<u>30</u>	<u>12,113</u>

The University holds 100% of the ordinary share capital of ULEX Limited, a company incorporated in England and Wales. The nature of its business is the provision of consultancy, training, conference and research facilities and the operation of the University's bars, shops and entertainment provision.

The University holds 100% of the ordinary share capital of UL Learning Resources Limited, a charitable company incorporated in England and Wales. The nature of its business is the provision of learning resource facilities.

The University holds 100% of the ordinary share capital in Riseholme Park Farms Limited, a company incorporated in England and Wales. The nature of its business is farming.

The University holds a 33.3% interest in Lincoln Student Solutions Limited, a charitable company limited by guarantee incorporated in England and Wales. The nature of its business is the provision of student residential accommodation.

Other investments represent shares in CVCP Properties plc, a company owned by Universities UK and its member institutions.

**15 Endowment Asset Investments**

<b>Group and University</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
<b>Balance at 1 August</b>	30	18
Additions	138	18
Disposals	<u>(27)</u>	<u>(6)</u>
<b>Balance at 31 July</b>	<u>141</u>	<u>30</u>
Represented by:		
Bank Balances	<u>141</u>	<u>30</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**16 Stocks**

	<b>Group 2010 £'000</b>	<b>University 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>University 2009 £'000</b>
Goods for resale	38	38	36	-
Raw materials and consumables	262	151	205	96
Work in progress at cost less applicable progress payments	<u>41</u>	<u>-</u>	<u>52</u>	<u>-</u>
	<u>341</u>	<u>189</u>	<u>293</u>	<u>96</u>

**17 Debtors**

	<b>Group 2010 £'000</b>	<b>University 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>University 2009 £'000</b>
<b>Amounts falling due within one year:</b>				
Trade debtors	3,353	3,331	2,677	2,488
Amounts owed by subsidiary undertakings	-	951	-	914
Other debtors	55	48	83	50
Prepayments and accrued income	<u>2,082</u>	<u>2,077</u>	<u>2,574</u>	<u>2,347</u>
	5,490	6,407	5,334	5,799
<b>Amounts falling due after more than one year:</b>				
Prepayments and accrued income	<u>210</u>	<u>210</u>	<u>237</u>	<u>237</u>
	<u>5,700</u>	<u>6,617</u>	<u>5,571</u>	<u>6,036</u>

**18 Creditors: Amounts falling due within one year**

	<b>Group 2010 £'000</b>	<b>University 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>University 2009 £'000</b>
Secured loans	664	664	624	624
Unsecured loans and overdrafts	302	302	-	-
Payments received in advance	3,056	3,056	2,763	2,720
Trade creditors	1,900	1,899	1,898	1,864
Amounts owed to subsidiary undertakings	-	38	-	-
Other creditors	2,005	2,008	1,839	1,837
Other taxation and social security	1,416	1,404	1,267	1,247
Accruals and deferred income	<u>5,504</u>	<u>5,425</u>	<u>7,852</u>	<u>7,418</u>
	<u>14,847</u>	<u>14,796</u>	<u>16,243</u>	<u>15,710</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**19 Creditors: Amounts falling due after more than one year**

	<b>Group</b>	<b>University</b>	<b>Group</b>	<b>University</b>
	<b>2010</b>	<b>2010</b>	<b>2009</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Secured loans	14,545	14,545	15,210	15,210
Unsecured loans and overdrafts	500	500	-	-
Other taxation and social security	198	198	421	421
Accruals and deferred income	<u>120</u>	<u>120</u>	<u>130</u>	<u>130</u>
	<u><b>15,363</b></u>	<u><b>15,363</b></u>	<u><b>15,761</b></u>	<u><b>15,761</b></u>

	<b>Group and University</b>	
	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Secured and unsecured loans</b>		
Secured and unsecured loans are repayable as follows:		
Due within one year or on demand	966	624
Due between one and two years	702	665
Due between two and five years	2,413	2,258
Due in five years or more	<u>11,930</u>	<u>12,287</u>
	16,011	15,834
Due within one year or on demand	<u>(966)</u>	<u>(624)</u>
Due after more than one year	<u><b>15,045</b></u>	<u><b>15,210</b></u>
Secured loans repayable by 2028	<u><b>14,545</b></u>	<u><b>15,210</b></u>
Unsecured loan repayable by 2035	<u><b>500</b></u>	<u><b>-</b></u>

In 2010, the University obtained additional unsecured loan facilities of £15,000,000 from Alliance and Leicester plc to finance the University's estates strategy. As at 31 July 2010, the University had drawn down £500,000 of this facility. The revolving facility extends to 2015, at which time the loan will term for 20 years. A five-year repayment holiday has been negotiated for the period up to 2015.

The University's loans with Dexia (£15,209,000 at 31 July 2010) remain unchanged and annual repayments of £664,000 will continue to be made. During the year, interest was payable at rates between 1.12% and 1.27%. These loans are secured on the Art, Architecture and Design Building and the Media, Humanities and Technology Building

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**20 Provisions for liabilities**

	<b>Restructuring costs £'000</b>	<b>Dilapidations £'000</b>	<b>Total £'000</b>
<b>Group and University</b>			
At 1 August 2009	45	-	45
Prior year adjustment (see note 37)	<u>-</u>	<u>1,400</u>	<u>1,400</u>
At 1 August 2009 (adjusted)	45	1,400	1,445
Paid in year	(176)	-	(176)
Transferred to creditors	(455)	-	(455)
Charged to income and expenditure account	<u>817</u>	<u>-</u>	<u>817</u>
At 31 July 2010	<u>231</u>	<u>1,400</u>	<u>1,631</u>

The restructuring provision relates to redundancy costs and associated pension costs.

The dilapidations provision relates to a contractual obligation under certain of the operating leases.

**21 Deferred capital grants**

<b>Group and University</b>	<b>Funding Council</b>		<b>Other Grants</b>		<b>Total £'000</b>
	<b>Land &amp; Buildings £'000</b>	<b>Equipment £'000</b>	<b>Land &amp; Buildings £'000</b>	<b>Equipment £'000</b>	
At 1 August 2009	13,786	1,597	9,216	1,144	25,743
Grants received	4,166	-	1,052	1,118	6,336
Released to income and expenditure account	<u>(221)</u>	<u>(548)</u>	<u>(306)</u>	<u>(441)</u>	<u>(1,516)</u>
At 31 July 2010	<u>17,731</u>	<u>1,049</u>	<u>9,962</u>	<u>1,821</u>	<u>30,563</u>

**22 Endowments**

<b>Group and University</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Balances at 1 August		
Capital	27	16
Accumulated Income	<u>3</u>	<u>2</u>
	30	18
New endowments	111	11
Investment Income	<u>-</u>	<u>1</u>
At 31 July	<u>141</u>	<u>30</u>
Represented by:		
Capital value	<u>138</u>	<u>27</u>
Accumulated Income	<u>3</u>	<u>3</u>

All endowments are restricted expendable.



**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**23 Revaluation reserve**

	<b>Group £'000</b>	<b>University £'000</b>
At 1 August 2009	1,329	1,329
Transfer to/(from) revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(29)	(29)
Inherited debt release	(6)	(6)
Diminution in value of revalued asset	<u>(998)</u>	<u>(998)</u>
At 31 July 2010	<u>296</u>	<u>296</u>

**24 Income and expenditure account reserve**

	<b>Group £'000</b>	<b>University £'000</b>
At 1 August 2009	57,130	56,878
Prior year adjustment (see note 37)	<u>(1,400)</u>	<u>(1,400)</u>
At 1 August 2009 (adjusted)	55,730	55,478
Surplus on continuing operations before transfer from revaluation reserve	631	637
Transfer from revaluation reserve	35	35
Add back pension deficit	<u>1,436</u>	<u>1,436</u>
At 31 July 2010	<u>57,832</u>	<u>57,586</u>

**25 Pension reserve**

	<b>2010 £'000</b>	<b>2009 £'000</b>
At 1 August	(35,427)	(18,696)
Actuarial loss	(3,439)	(16,469)
Past service credit	6,862	-
Deficit retained within reserves	<u>(1,436)</u>	<u>(262)</u>
At 31 July	<u>(33,440)</u>	<u>(35,427)</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on continuing operations after depreciation of assets at valuation and before taxation	631	1,848
Depreciation	3,688	3,739
Exceptional item – diminution in value of fixed asset	1,355	-
Deferred capital grants released to income	(1,516)	(1,289)
Profit on disposal of tangible fixed assets	(15)	-
Interest receivable	(124)	(424)
Interest payable	189	565
Adjustment for bad and doubtful debts	(48)	(94)
Increase in stocks	(43)	(65)
Increase in debtors	(502)	(648)
Increase in creditors	1,541	244
Increase in provisions	186	30
Pension costs less contributions payable	<u>1,436</u>	<u>262</u>
Net cash inflow from operating activities	<u>6,778</u>	<u>4,168</u>

**27 Returns on investments and servicing of finance**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Interest received	150	453
Interest paid	<u>(189)</u>	<u>(597)</u>
Net cash outflow from returns on investments and servicing of finance	<u>(39)</u>	<u>(144)</u>

**28 Capital expenditure and financial investment**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Payments to acquire tangible fixed assets	(12,148)	(4,172)
Proceeds from sale of tangible fixed assets	36	-
Deferred capital grants received	6,728	4,891
Endowment funds invested	<u>111</u>	<u>12</u>
Net cash (outflow)/inflow from capital expenditure and financial investment	<u>(5,273)</u>	<u>731</u>

**29 Management of liquid resources**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Increase in endowment assets	(111)	(12)
Decrease/(increase) in short term deposits	<u>3,404</u>	<u>(4,717)</u>
Net cash inflow/(outflow) from management of liquid resources	<u>3,293</u>	<u>(4,729)</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**30 Financing**

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
New bank loans	500	-
Repayments of amounts borrowed	<u>(624)</u>	<u>(584)</u>
Net cash outflow from financing	<u>(124)</u>	<u>(584)</u>

**31 Analysis of changes in net debt**

	<b>At</b>			<b>At</b>
	<b>1 August</b>	<b>Cash</b>	<b>Non-cash</b>	<b>31 July</b>
	<b>2009</b>	<b>flows</b>	<b>changes</b>	<b>2010</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	920	4,937	-	5,857
Endowment assets	30	111	-	141
Short term deposits	13,427	(3,404)	-	10,023
Debt due within one year	(624)	(302)	(40)	(966)
Debt due after one year	<u>(15,210)</u>	<u>125</u>	<u>40</u>	<u>(15,045)</u>
	<u>(1,457)</u>	<u>1,467</u>	<u>-</u>	<u>10</u>

**32 Pension schemes**

The University's employees belong to two principal pension schemes, the Teacher's Pension Scheme (TPS) and the East Riding Pension Fund (ERPF). In addition, contributions are paid to the Universities Superannuation Scheme (USS) for a small number of staff. The total pension cost for the year was:

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
ERPF charge to the Income and Expenditure account	2,333	1,720
TPS contributions paid	2,552	2,520
USS contributions paid	<u>345</u>	<u>277</u>
Total pension cost	<u>5,230</u>	<u>4,517</u>

**ERPF**

The ERPF is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 July 2010 was £3,382,000 of which employers' contribution totalled £2,526,000 and employees' contributions totalled £856,000. The employer's contribution rate is 18.5%. The employees' contribution rate is based on earnings per annum and ranges from 5.5% to 7.5%.

ERPF is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the ERPF actuary reviews the progress of the ERPF scheme.

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**32 Pension schemes (continued)**

Under the definitions set out in FRS17, the ERPF is a multi-employer defined benefit pension scheme. In the case of the ERPF, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2010.

The pension scheme assets are held in a separate trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

In July 2010, the Government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the East Riding Pension Fund rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue a final Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change as a prior period adjustment in the financial statements for the following year

**FRS17**

The following information is based upon a full actuarial valuation of the fund at 31 March 2007, updated to 31 July 2010 on an FRS17 basis by a qualified independent actuary.

The material assumptions used by the actuary for FRS17 at 31 July 2010 were:

	<b>2010</b>	<b>2009</b>
Pension Increase rate	2.9%	3.7%
Salary Increase Rate (see note below)	4.9%	5.2%
Expected return on assets	6.6%	6.8%
Discount rate for liabilities	5.4%	6.0%

The salary increase assumption is 1% for the first 2 years and 4.9% from 2012.

The recommended mortality assumptions have to date been based on those adopted for the most recent funding valuation. These have been set after extensive analysis of actual LGPS pensioner experience and consultation with individual funds. Based on these assumptions average future life expectancies at age 65 are summarised below:

	<b>2010</b>	<b>2009</b>
<i>Current pensioners</i>		
Males	22.7	21.5
Females	26.1	24.4
<i>Future pensioners</i>		
Males	24.8	22.6
Females	28.3	25.5

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**32 Pension schemes (continued)**

**ERPF (continued)**

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

	2010		2009		2008	
	Long term return %	Fund Value £'000	Long term return %	Fund Value £'000	Long term return %	Fund Value £'000
Equities	7.3%	39,003	7.3%	34,715	7.8%	36,279
Bonds	4.8%	5,798	5.3%	4,773	5.7%	4,207
Property	5.3%	3,162	5.3%	1,736	5.7%	2,486
Cash	4.4%	<u>4,744</u>	4.3%	<u>2,170</u>	4.8%	<u>2,491</u>
Total market value of assets		<u>52,707</u>		<u>43,394</u>		<u>45,463</u>

The following amounts at 31 July 2010 were measured in accordance with the requirements of FRS17.

<b>Analysis of amount shown in balance sheet</b>	<b>2010 £'000</b>	<b>2009 £'000</b>
Fair value of employer assets	52,707	43,394
Present value of funded obligations	(83,882)	(76,562)
Present value of unfunded obligations	<u>(2,265)</u>	<u>(2,259)</u>
Deficit in the scheme – net pension liability	<u>(33,440)</u>	<u>(35,427)</u>
<b>Analysis of the amount charged to staff costs within operating surplus</b>		
Current service charge	2,235	1,701
Losses on curtailments	<u>98</u>	<u>2</u>
Total operating charge	<u>2,333</u>	<u>1,703</u>
<b>Analysis of the amount charged to interest payable</b>		
Expected return on pension scheme net assets	3,017	3,382
Interest on pension scheme liabilities	<u>(4,777)</u>	<u>(4,334)</u>
Net charge	<u>(1,760)</u>	<u>(952)</u>
<b>Analysis of the amount recognised in statement of total recognised gains and losses</b>		
Actual return less expected return on pension scheme assets	4,289	(7,223)
Past service gains	6,862	-
Experience gains and losses	<u>(7,728)</u>	<u>(9,246)</u>
Actuarial gain/(loss) to statement of recognised gains and losses	<u>3,423</u>	<u>(16,469)</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**32 Pension schemes (continued)**

**ERPF (continued)**

<b>Movement in deficit during year</b>	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
Deficit in scheme at 1 August 2009	(35,427)	(18,696)
Movement in year:		
Current service charge	(2,235)	(1,701)
Employer contributions	2,526	2,262
Contribution in respect of unfunded benefits	131	131
Loss on curtailments	(98)	(2)
Net return on assets	(1,760)	(952)
Actuarial gain/(loss)	<u>3,423</u>	<u>(16,469)</u>
Deficit in scheme at 31 July 2010	<u>(33,440)</u>	<u>(35,427)</u>

<b>Analysis of the movement in the present value of scheme liabilities</b>	<b>2010</b> <b>£'000</b>	<b>2009</b> <b>£'000</b>
At the beginning of the year	78,821	64,159
Current service cost	2,235	1,701
Interest cost	4,777	4,334
Contributions by members	856	809
Actuarial losses	7,728	9,246
Past service gains	(6,862)	-
Loss on curtailments	98	2
Estimated unfunded benefits paid	(131)	(131)
Estimated benefits paid	<u>(1,375)</u>	<u>(1,299)</u>
At the end of the year	<u>86,147</u>	<u>78,821</u>

<b>Analysis of the movement in the fair value of scheme assets</b>	<b>2010</b>	<b>2009</b>
At the beginning of the year	43,394	45,463
Expected return on assets	3,017	3,382
Contributions by members	856	809
Contributions by employer	2,526	2,262
Contributions in respect of unfunded benefits	131	131
Actuarial gain/(losses)	4,289	(7,223)
Estimated unfunded benefits paid	(131)	(131)
Estimated benefits paid	<u>(1,375)</u>	<u>(1,299)</u>
At the end of the year	<u>52,707</u>	<u>43,394</u>

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**32 Pension schemes (continued)**

**ERPF (continued)**

<b>History of experience gains and losses</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>	<b>31 July</b>
<b>Cumulative</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Present value of scheme liabilities	(86,147)	(78,821)	(64,159)	(64,226)	(65,271)
Fair value of scheme assets	<u>52,707</u>	<u>43,394</u>	<u>45,463</u>	<u>52,834</u>	<u>45,358</u>
Deficit in the scheme	<u>(33,440)</u>	<u>(35,427)</u>	<u>(18,696)</u>	<u>(11,392)</u>	<u>(19,913)</u>
Difference between the expected and actual return on assets:					
% of scheme assets	4,289	(7,223)	(13,052)	2,282	3,041
	8.1%	16.6%	28.7%	4.3%	6.7%
Experience (losses)/gains on scheme liabilities:					
Present value of liabilities	59	46	2,647	21	(4)
% of scheme liabilities	0.1%	0.1%	4.1%	0.0%	0.0%

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £16,904,000 (2009: loss £13,465,000).

Defined benefit scheme assets do not include any of the institution's own financial instruments, or any property occupied by the institution.

The amount projected to be charged to operating profit for the year ending 31 July 2011 is £3,501,000. The estimated employer's contribution for the year ending 31 July 2011 is £2,384,000.

**TPS**

TPS is valued every five years by the Government Actuary. Contributions are paid by the Institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is 14.1% of pensionable salaries.

**USS**

USS is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the USS actuary reviews the progress of the USS scheme.

The contribution rate payable by the University to USS was 14% of pensionable salaries until 30 September 2009 and 16% of pensionable salaries from 1 October 2009. The actuary to USS has confirmed that it is appropriate to take the pensions costs in the institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 2008 valuation has regard to the deficit disclosed by that valuation, the benefit improvements introduced subsequent to the valuation and the need to spread deficit in a prudent manner over the future working lifetime of current scheme members.

**FRS17**

Under the definitions set out in FRS17 (Retirement Benefits), the TPS and USS are multi-employer pension schemes. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account equalled the contributions payable to the scheme for the year.

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**33 Financial commitments**

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

	<b>Group 2010 £'000</b>	<b>University 2010 £'000</b>	<b>Group 2009 £'000</b>	<b>University 2009 £'000</b>
<b>Land and buildings</b>				
Expiring within one year	39	39	9	237
Expiring between two and five years inclusive	433	433	-	-
Expiring in over five years	<u>394</u>	<u>394</u>	<u>752</u>	<u>752</u>
	<u>866</u>	<u>866</u>	<u>761</u>	<u>989</u>
<b>Other</b>				
Expiring within one year	311	311	5	5
Expiring between two and five years inclusive	53	53	524	524
Expiring in over five years	<u>3</u>	<u>3</u>	<u>-</u>	<u>-</u>
	<u>367</u>	<u>367</u>	<u>529</u>	<u>529</u>

**34 Capital commitments**

Provision has not been made for the following capital commitments at 31 July 2010:

	<b>Group and University</b>	
	<b>2010 £'000</b>	<b>2009 £'000</b>
Commitments contracted for	4,354	1,296
Authorised but not contracted for	<u>19,763</u>	<u>9,647</u>
	<u>24,117</u>	<u>10,943</u>

**35 Amounts disbursed as agent**

	<b>2010</b>		<b>2009</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>a) Access to Learning Fund</b>				
<b>Income</b>				
Funding Council Grants	315		340	
Interest earned	<u>-</u>		<u>2</u>	
		315		342
<b>Expenditure</b>				
Disbursed to students	298		336	
Fund running costs	<u>2</u>		<u>6</u>	
		<u>(300)</u>		<u>(342)</u>
Excess of income over expenditure		<u>15</u>		<u>-</u>



**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**35 Amounts disbursed as agent (continued)**

**b) Learning and Skills Council**

**Income**

Funding Council Grants	238		243	
Interest earned	<u>-</u>		<u>1</u>	
		238		244
<b>Expenditure</b>				
Disbursed to students	219		244	
Fund running costs	<u>12</u>		<u>-</u>	
		<u>(231)</u>		<u>(244)</u>
Excess of income over expenditure		<u>7</u>		<u>-</u>

**c) General Social Care Council (GSCC)**

**Income**

Received from GSCC	838		868	
<b>Expenditure</b>				
Payments to placement providers	<u>(790)</u>		<u>(868)</u>	
Excess of income over expenditure		<u>48</u>		<u>-</u>

Funding Council grants are available solely for students, the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

**36 Related party transactions**

Due to the nature of the University's operations and the composition of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations. All major contracts undertaken by the University are subject to an independent tender process controlled by the procurement department. The members of the Board of Governors have no influence over this process or the awarding of contracts to suppliers.

All transactions greater than £1,000 are listed below:

Transactions totalling £52,956 relating to the rental of facilities took place with The Corporate Body of Lincoln Cathedral, where the Very Rev'd Philip Buckler is the Dean.

Transactions totalling £11,669 relating to the hire of sports facilities took place with Lincoln Minster School, where Mr R Buttery is a member of the local management board.

Transactions totalling £235,677 relating to the engineering contract took place with Siemens Industrial Turbo Machinery Ltd, where Mr N Muntz is a director.

Transactions totalling £347,207 relating to block grant, rental charges and supported activities, took place with the University of Lincoln Students' Union.

Transactions totalling £65,883 relating to franchise arrangements, took place with Hull College, a college of which Dr E McMahon is chief executive/principal.

No amounts over £1,000 were due to/from the University at 31 July 2010.

The University has taken advantage of the exemption allowed by FRS8 (Related Party Disclosures) not to disclose transactions between group companies.

**UNIVERSITY OF LINCOLN**  
**NOTES TO THE ACCOUNTS - 31 JULY 2010**

**37 Prior year adjustment**

In October 2010, the University became aware of an existing obligation to "make good" four properties on the expiry of the related operating leases. The Board of Governors have estimated that a dilapidations provision of £1.4m has arisen in prior years. In accordance with FRS3 (Reporting Financial Performance), this has been disclosed as a prior year adjustment.