



UNIVERSITY OF
LINCOLN

Financial Statements 2012/2013

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Key highlights

for the year ended 31 July 2013

This year represents another year of significant progress for the University of Lincoln. A strong financial result combined with many exciting developments leaves the institution in good shape to face the ongoing challenge of the new environment and to continue to build on recent success.

Financial highlights

	2013 £000	2012 £000
Total income	103,037	96,498
Surplus for the year	3,135	3,092
Net cash flow from operating activities	10,468	11,649
Cash and short term deposits	31,274	20,994
Capital expenditure	15,251	29,486
Net debt	21,731	17,486

Strategic plan

The University continues to make solid progress against the current Strategic Plan (approved by the Board of Governors in November 2011). This plan sets out the overall direction for the development of the University, with the aim of becoming a leading provider of higher education nationally and increasing its global reputation.

Applications levels

The University received a major increase in the number of applications for September 2013. The record number, from the UK and abroad, is the highest in the University's history. Numbers of students wanting to study at Lincoln have soared by more than 25%.

National Student Survey 2013

The University achieved strong results in the NSS 2013, with a number of areas showing improvements on last year. Overall satisfaction increased, along with the average score across all 22 institutional questions. Several courses have been rated in the top 10 nationally for those subject areas and the Accountancy programme is ranked best in the country for the fifth year running.

Science and Innovation Park

The collaboration between the University and Lincolnshire Co-operative to transform a disused 10-acre site in the heart of the city into a world-class science and innovation park is progressing well. The joint venture company has been formed and construction has commenced on the first phase of the development. Lincoln will soon become home to some of the finest scientific minds and most innovative high-tech businesses in the UK.

Quality Assurance Agency

The QAA Reviewers visited Lincoln in the autumn of 2012 and their report produced an excellent outcome for the University. The QAA review team formed positive judgments about the higher education provision at the University of Lincoln, being a clear endorsement of the hard work that takes place across the University to maintain and improve learning and teaching.

School of Pharmaceutical Science

A new School of Pharmaceutical Sciences has been officially established at the University. The School will be located within the first phase of the Lincoln Science and Innovation Park, which will offer state of the art laboratories and clinical teaching spaces.

Schools of Mathematics and Chemistry

The University will provide more research and development opportunities to support innovation in business by introducing its new Schools of Mathematics and Chemistry. This is being supported by £6.8 million of 'Catalyst' investment from the HEFCE, and builds on the highly successful model established through the development of the Lincoln School of Engineering.

Times Higher Award for Lincoln School of Engineering

The collaboration between the School of Engineering and Siemens has been recognised with the Times Higher Education award for Outstanding Employer Engagement. The partnership with Siemens Industrial Turbomachinery Limited began in 2009 with the founding of the first new School of Engineering in the UK for more than 20 years. The collaboration has proven to be a huge success, satisfying a demand both in research and employment terms.

Lincoln Growth Fund

Lincoln businesses will benefit from up to £1 million of funding to create new jobs and grow the local economy. The Lincoln Growth Fund has been launched after a successful bid to the Government's Regional Growth Fund from the University of Lincoln, with partners the Lincolnshire Echo and Lincolnshire Co-operative.

Campus masterplan

The vision of how the University's main Brayford Pool Campus might look ten years from now has been approved by the Council's Planning Committee. The outline planning application, which includes new academic buildings, office space and student accommodation, sets out a blueprint for potential development over the next decade.

University Technical College

The creation of the Lincoln UTC, which is being jointly developed and supported by Lincoln College, the University of Lincoln and Siemens in Lincoln, was announced in May 2012. It will specialise in engineering and core science. Development of the new facility is on target with a planned opening date of September 2014.

Art, Architecture & Design

The extension of the Art, Architecture & Design Building on the Brayford campus has now been completed. This prestigious development, which opened to students from September 2013, consolidates the College of Arts into a new purpose built facility in the heart of the campus.

Operating and financial review

for the year ended 31 July 2013

The Operating and Financial Review describes the main trends, factors and issues underlying the University of Lincoln's performance during the year ended 31 July 2013, its current financial position at the year end and factors likely to affect the University in the future. It has been prepared in line with guidance provided by the Reporting Statement on the Operating and Financial Review issued by the UK Accounting Standards Board and the Statement of Recommended Practice on Accounting for Higher Education Institutions (2007).

Section 1 - Objectives and Strategies of the University

Our vision

By 2016 the University will be recognised internationally as having a distinctive reputation for a strong ethos of partnership with employers and students and providing a research-engaged academic experience which has at its heart a personal student experience.

The University will continue to develop, maintaining its progress to be amongst the top 20% of UK institutions in terms of student satisfaction. The University will have significant relationships locally, nationally and internationally with employers, industries and other universities. Knowledge and research at Lincoln will include a strong focus on the big questions of our time, and our outputs will aim to have positive impacts on the needs of society. Lincoln graduates will take their learning and leadership skills and make positive contributions to the economies and societies within which they develop their careers.

Our mission

"A University looking to the future, where we serve and develop our local, national and international communities by creating purposeful knowledge and research, confident and creative graduates and a dynamic and engaged workforce."

Our strategic objectives

The University's strategic objectives are:

- to continuously improve the learning environment based on a personal engagement with all students, with high quality research-engaged teaching and learning, where students create and develop new knowledge in collaboration with their lecturers;
- to promote an internationalised culture of enterprise and innovation across the University's communities - locally, regionally and internationally, working closely with employers;
- to develop and promote purposeful knowledge and research and develop innovative practices working to support the changing environment;
- to help students develop into highly engaged, employable and creative-thinking graduates who contribute to the development of society and the economy; and
- to create a financial environment to allow the institution to invest in our future.

Our measures of success

The measures of success will be:

- increasing and diversifying income streams;
- increasing postgraduate and international student numbers;
- increasing the proportion of research active staff and associated research funding streams;
- continuing to achieve high levels of student satisfaction in the National Student Survey;
- increasing levels of graduate employability and improving starting salaries;
- increasing the number of internships and graduate placements; and
- increasing a flexible and work-based portfolio.

Where we are now

The Higher Education landscape continues to change significantly and the current environment is challenging for all institutions. Lincoln is well placed to respond to this new environment. The University has become more focused on its measures of success and has clear targets for reaching its objectives. The University launched its new strategic plan in November 2011, against the background of the significant changes taking place in the sector. The new plan retains and builds on key elements of the strategic objectives from the previous plan, and will continue to take advantage of some of Lincoln's key strengths.

The University has continued to make good progress over the last year towards achieving its vision. It is currently ranked 52nd out of 117 institutions in the Times Good University Guide. Over the last four years Lincoln has risen 51 places in the rankings.

The transition to the new 'funding regime' presented a massive challenge to all institutions. Lower student number controls and uncertain demand patterns will impact income and expenditure accounts across the sector. Lincoln has responded well to this challenge with continued income growth and diversification in 2012/13, and a record number of applications for the 2013/14 academic year.

Investment in facilities and infrastructure has continued over the last year. The new £11m extension to the Art, Architecture and Design Building opened as planned in September 2013, and work has commenced on the Joseph Banks Laboratories and Minster House, the first phase of the new Lincoln Science and Innovation Park. The completion of this first phase, due to open in September 2014, will mark a significant step forward in the development of science, technology and innovation at both the University and in the City of Lincoln.

There have been many exciting developments in the year across all areas of the University. This will continue into 2013/14, particularly with the establishment of the Schools of Pharmacy, Mathematics and Chemistry, the growth of the Science and Innovation Park and the opening of the University Technical College.

Section 2 - Our Operating Environment

Competition

Lincoln's key competitors continue to be large institutions, mainly located in major UK cities. The University has a distinctive advantage when compared with these competitors, in that it is located in a safe, pleasant, compact city with a high quality of living.

The University's 'competitor' set has already begun to change as the University continues to rise up the league tables as average entry points continue to increase, 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 Higher Education landscape in which the University operates has significantly changed. Higher Education has faced cuts of 80% of teaching funding. Funding for home/EU Undergraduate students has transferred from institutions to a system of loans for students. These significant changes to the sector, along with an environment where full-time undergraduate student numbers are tightly controlled, create a number of challenges and opportunities for institutions.

The key focuses of the University will continue to be:

- Diversifying income streams;
- Development of STEM (Science, Technology, Engineering, Mathematics) provision: and
- Ensuring that student number controls are optimized.

Changes and reductions to the way in which institutions are funded mean that one of the University's key focuses is on diversifying its income streams. The University continues to scenario and sensitivity plan to ensure that it is able to deliver sustainable and viable plans going forward.

Future growth in student numbers will be limited, and the HEFCE funding only provided in relation to STEM subject areas or highly qualified students. The University of Lincoln has developed a clear strategy around growth in these subjects.

Demand for higher education

The lifting of the fees cap to £9,000 with the intention of creating a more competitive market, alongside the significant cuts to the Higher Education sector funding, has created a situation of considerable uncertainty within the sector. The Government has also made it easier for the private sector to enter the higher education market, thus extending the range of potential competitors. The University 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 have been undertaken. Foremost among these was a review of STEM subjects, which focused on how provision could be developed and 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 continue to become increasingly internationalised, with growing levels of staff, student and graduate mobility as well as more globally-aware curricula and pedagogy.

In order to position the University in a period of great uncertainty the aim is to focus on creating high levels of student satisfaction in all facets of student 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. The institution will also be seeking to increase international student numbers, while at the same time ensuring they have the support they require to prosper both academically and socially.

Section 3 - Review of The Year

This section sets out the main trends, factors and issues underlying the University of Lincoln's performance during the year ended 31 July 2013, its current financial position at the year end and factors likely to affect it in the future.

Financial Management and Sustainability

The University continues to make substantial progress in diversifying income, re-structuring costs and creating an operating model to establish financial stability and sustainability. It is a challenging time for Higher Education, and whilst the University is well placed to maintain financial stability and will continue to invest in strategic priorities, it is essential that investments are based on the initiatives that deliver the most tangible and beneficial outcomes.

The impact of the new 'funding regime' is having a significant effect on the finances of every university. The reliance on HEFCE controlled income at the University of Lincoln means that to ensure its financial sustainability, there is a need to continue to grow and diversify other income streams, and plan and control the cost base.

The University needs to do this whilst growing its reputation, continuing to build on its successes and ensuring that it continues to invest in its strategic objectives.

This year's results represent another year of significant progress. Continuing income growth and effective cost control initiatives have delivered a record year of operating surpluses. The 2012/13 result and the increased year end cash balances leave the University well positioned to embrace the on-going funding challenges and ensure the financial stability and sustainability of the University. The institution feels it has the strength and resources to fund further planned developments and strategic investments in order to deliver an even better experience to its current and future students.

The financial performance for the year and financial position at the year-end are considered in further detail in Section 4 of this Operating and Financial Review.

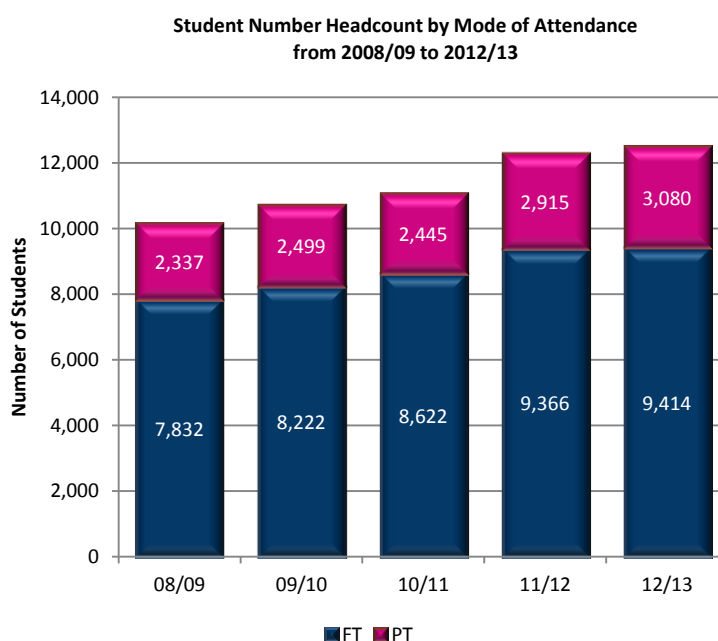
Academic Review

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 with the average entry score for 2012/13 being 338 tariff points (2012: 322 tariff points).

The profile of the student population is set out in the graphs below.



Total headcount for the year ended 31 July 2013 has increased to 12,494 (2012: 12,281).

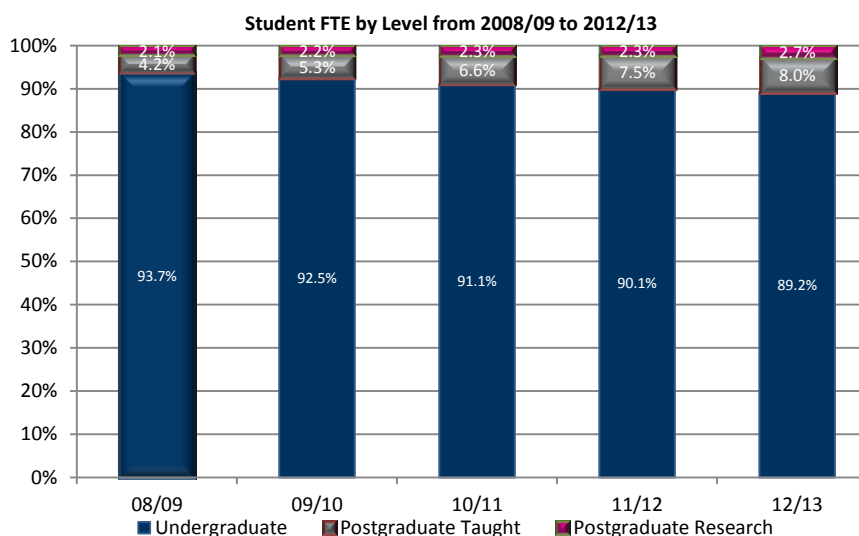
The proportion of part-time students has increased to 24.7% in 2013 from 23.7% in 2012.

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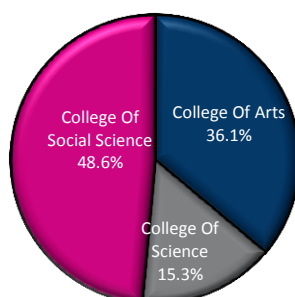
The University continues to grow postgraduate numbers.

For the year ended 31 July 2013 postgraduate students represented 10.7% of the population (2012: 9.8%).

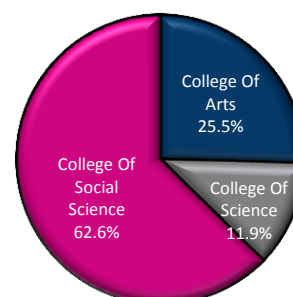


The profile of undergraduate and postgraduate student FTE by college, for the year ended 31 July 2013, is set out below.

Undergraduate FTE by College for 2012/13



Postgraduate FTE by College for 2012/13



Academic portfolio

The University reviews its academic portfolio annually to ensure that it is fit for purpose, fit for market and sustainable. The review is undertaken by the Senior Management Team and through the strategic Annual Conversations involving senior colleagues from the Vice Chancellor's Office, the Planning and Business Intelligence Unit, Finance, Human Resources and the three academic Colleges.

Comprehensive data provided by the University's Planning & Business Intelligence Unit, Colleges and the Marketing & Communications Department informs academic portfolio planning decisions. While initiatives for developing the academic portfolio are also discussed in the Annual Conversation process, consideration of such initiatives by the Senior Management Team ensures that the resource implications of any academic developments are fully considered.

Teaching and learning strategy

The University's teaching and learning strategy is contained in its Teaching and Learning Plan 2011-2016. The Plan aligns with and is designed to implement the University's Strategic Plan 2011-2016. The Key Performance Indicators contained in the University's Strategic Plan are reflected in the Teaching and Learning Plan and are supplemented by a number of second tier Key Performance Indicators that are specific to the Plan.

The foundation of the Teaching and Learning Plan is the University's Research Engaged Teaching Project (known as 'Student as Producer') which has been adopted as the central organising principle and main vehicle for the delivery of student education at all levels within the University. It involves the inclusion of research and research-like activities in all parts of the curriculum and the introduction of students to these at the earliest stages of their academic careers. In this way students become active participants in their own education and collaborate with academics in the production and dissemination of knowledge and meaning. Student as Producer is also premised on broad and deep student engagement in all aspects of the University's life, which further contributes to the breadth of their learning experience.

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Quality and standards

The University has also recently approved a Digital Education Strategy which is designed to support the University's Strategic Plan 2011-16 and to complement the Teaching and Learning Plan 2011-16. It addresses the objectives of the Strategic Plan and the KPIs which have been set around the use of the digital technologies and digital media in the Teaching and Learning Plan. It is also designed to ensure that the University of Lincoln has a digital education environment which not only meets its communities' and stakeholders' immediate needs and expectations, but which also positions the University to prepare for and negotiate an uncertain digital future with confidence.

During the academic year 2012/13 the University underwent formal review by the Quality Assurance Agency (QAA), under the Institutional Review of Higher Education Institutions in England and Northern Ireland (IRENI) process. Institutional Review is the process by which the QAA judges standards and quality, across all provision, in universities in England and Northern Ireland. It involves a thorough evaluation of the institution's educational provision and results in a published report that makes judgments and recommendations about academic standards and quality, as well as highlighting good practice. The outcome is very important in terms of confirming the quality and standards of teaching and learning activities. It also provides a valuable opportunity for institutions to gain insights and feedback from the independent QAA team.

The QAA Reviewers visited Lincoln in the autumn of 2012 and their report produced an excellent outcome for the University. In the four areas where formal judgments are given, the QAA review team formed the following judgments about the higher education provision at the University of Lincoln:

- Academic standards at the University **meet UK expectations** for threshold standards.
- The quality of student learning opportunities at the University **meets UK expectations**.
- Information about learning opportunities produced by the University **meets UK expectations**.
- The enhancement of student learning opportunities at the University **is commended**.

This very welcome result is a clear endorsement of the hard work that takes place across the University to maintain and improve learning and teaching. The QAA team also identified the following features of good practice at the University of Lincoln:

- The systematic engagement of students at all levels across a wide range of quality assurance and enhancement processes.
- The 'Getting Started' information pack and associated processes for new students.
- The use of the 'Lincoln Award' in recognising a range of extra-curricular activities undertaken by a significant and increasing number of students.
- The impact of the 'Student as Producer' initiative on the enhancement of student engagement at all levels and on learning and teaching practice across the University.

The Institutional Review report for the University of Lincoln is available via the following University website link: <http://www.lincoln.ac.uk/home/qaa/>; and also on the QAA's website.

The University has continued to develop its quality assurance systems to further embed student engagement and the Student as Producer principles, with students taking seats as full members on all (Re)Validation and Periodic Academic Review panels.

The University's Annual Programme Monitoring reports and processes have been revised to explicitly require consideration of Student as Producer's impact on the curriculum and of how students are engaged in the review and development of programmes. The report asks programme teams to summarise how they have responded to issues raised by students, and also how these responses were fed back to students to close the loop. Guidance to Schools on Periodic Academic Review Self-Evaluation Documents has been updated to encourage a more explicit reflection throughout the document on how student feedback has helped shape the curriculum and the student experience.

The University has continued to strengthen its standing in the professions, having received formal accreditation from the National Council for the Training of Journalists and the Chartered Institute of IT. The new School of Pharmacy successfully passed through the first two stages of accreditation for its MPharm programme by the General Pharmaceutical Council, with the third scheduled for the end of 2013.

Careers and employability

Preparing students to get the very best value from their degree and time at Lincoln is core to their experience. From their first Open Day to their 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.

The economic climate has provided challenging employment conditions for all new graduates. In spite of this, and reflecting the high priority Lincoln places on supporting its graduates after they have finished their studies, the University of Lincoln has improved its position in relation to graduate employability and remain ahead of the sector. The Destination of Leavers from Higher Education (DLHE) survey results show 91% of 2011/12 students were in employment within six months of completing their course and 68% had secured graduate-level positions. Lincoln remains above the sector average for both these measures. The University has continued to invest in this critical area to increase the level of support and opportunities for its students and graduates.

During 2012/13 the University built on and enhanced existing activity, including:

- Growing, in partnership with the Students' Union, the Student Job Shop. This continues to provide opportunities for part-time employment as well as work placements to students during their studies.

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- Working with employers to organise activities throughout the year, including: Find Your Feet (Careers Fair) which welcomed over 1,300 visitors over a 4 hour period, employer presentations, workshops and mentoring schemes in addition to sourcing and promoting over 1,600 graduate positions;
- Providing over 2,600 tailored employability interactions with students, with the University's Enterprise@Lincoln building providing an important physical focus for activities;
- Building on the presence within the Colleges, allowing the University to develop bespoke services and careers development support to the programmes of study working in collaboration with key academics.
- Directly funding a graduate internship scheme which has helped to provide over 90 paid internship positions for Lincoln students and graduates;
- Developing long-term relationships with major employers (e.g. Siemens, Channel 4, Morrisons, Wilkinson);
- Developing partnerships with key organisations in graduate recruitment such as the AGR and Gradcore, offering an intensive 'Gradcore' programme to raise aspirations of students looking to work for large national graduate recruiters. This scheme attracted over 193 applicants for just 20 places. Demonstrating encouraging levels of interest in such high salaried opportunities.
- Growing the 'Lincoln Award', an achievement award designed to enhance employability by providing recognition of extra-curricular activities, with over 896 students now enrolled; and 208 completing. This was commended as an example of best practice by the University's recent QAA assessment.
- Providing dedicated support to students interested in starting their own business or becoming self-employed. The University has continued to operate a bursary scheme to support students exploring this route and supported the creation of over 20 new graduate businesses.
- The service successfully passed its external Matrix quality standard assessment framework which recognised a high standard of achievement and service delivery, with an innovative approach.

Research, Enterprise and Income Diversification

The University's external income and contribution levels from research, educational contracts and consultancy activity experienced growth. This has been particularly pleasing during a difficult economic period for the wider economy.

As the institution continues to invest strategically in research a key driver has been the recruitment, retention, training and development of high calibre researchers and postgraduate research students; not only to enhance capacity and capability for cutting-edge research and the University's reputation, but also to ensure that its students will be educated in an outstanding research-informed environment.

Towards this end the University has developed provision for researcher development by establishing a Continuous Personal and Professional Development (CPPD) framework to guide staff at all levels through their academic careers, identifying areas for development both in the short term and in supporting progression of long term aspirations and career planning. Alongside this Lincoln is developing support structures for early career researchers, recognising the requirement for support and mentoring of junior members of staff.

With a strong focus on high quality research the University has created an annual £500,000 Research Investment Fund to assist academic staff with the development of new strategic research opportunities to support the research infrastructure through PhD studentships, equipment and the pump-priming of new avenues of research in line with the strategic plan. This pump-priming funding will provide opportunity to leverage significant external funding and return on investment.

In a challenging funding environment the University continues to promote research of international excellence and impact, building strong academic leadership. As the institution builds on its success over the past year in securing prestigious Research Council funding, such as a recent £308,880 BBSRC grant and £546,000 EPSRC grant, it recognises the need to diversify its income streams and develop its activities with other funders such as the Technology Strategy Board and EU where it has secured further funding over the past year, including a number of Marie Curie fellowships.

With many funding streams shifting towards fellowship models supporting people throughout their careers, attracting high calibre early career researchers has allowed the University to secure funding for existing areas of strength and bridge gaps between key areas, crucial to build a sustainable research culture and ensure the future strength of Lincoln in an increasingly competitive funding landscape.

The University's external income activity has grown year on year and compared with the previous financial year has seen increases in income of 12% research, 29% consultancy and 71% education. A total of 310 bids were submitted during 2012/13 with a value of £28,585,853, an increase in the number of bids submitted compared to 2011/12 of 24% and by value of 18%.

Taking on board the recommendations of the Wilson review, the University is developing its activities with industrial partners and utilising government funding to leverage larger external investment, building strategic research collaborations to translate the outputs of its high quality research to provide innovative solutions to real world problems. This will further enhance the development of academic staff and build on the existing IP portfolio. This also allows the University to be defined as an anchor institution to its surrounding region, addressing grand challenges, delivering impact concerned with wider social outcomes and enhancing its stature and reputation. In order to maximise the scientific, economic, social, cultural impact of research the University is seeking to further engage with research users/stakeholders throughout the research lifecycle, from design to delivery.

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The University continues to build on its relationships with its strategic partners, such as Siemens and the Lincolnshire Co-operative, whilst developing its support for local and national SMEs, in particular through its portfolio of innovative Knowledge Transfer Partnerships (KTPs), including two recently funded projects with Castlet and Mortons.

To further develop a research support environment that is facilitatory and enabling, Lincoln has invested in the creation of four new posts, recruiting a new Head of Research and three College Research Officers to drive a proactive interdisciplinary research culture, encouraging innovation.

As it continues to invest strategically in research infrastructure, facilities and research support the University has developed its Awards Management System to support research proposal development from initial budget through to post-award project management. This cradle to grave approach also allows the institution to monitor its income generation per discipline and identify where the need for support is in the academic community and tailor this accordingly.

The University continues to recognise and reward staff who are performing to the highest levels, both in providing financial support for research through its revised incentivisation scheme and through promotion of its success to raise awareness of its academic profile with key stakeholders.

As a result of a series of facilitated workshops and training sessions Lincoln is leveraging strategic areas of academic strength and bringing people together to foster new collaborations which span across departments to address problem-based issues. Through the creation of Research Centres and groups the interdisciplinary themes will be progressed by cross-cutting structures and vehicles, and will also be accounted for as such in planning and budgeting.

Increasingly research funders require statements of intent at bidding stage regarding the intention to fulfil public engagement. The new Office for Public Engagement (see below) offers researchers full support to devise innovative and impactful aspects of their proposals, often drawing on best practice advice from the National Co-ordinating Centre for Public Engagement at Bristol. Successful researchers will be supported and projects will be monitored to ensure maximum public engagement.

Lincoln has a thriving research portfolio, which should be evidenced by a strong return in the upcoming REF2014. To further develop a forward-looking research culture, particularly around publishing practice and impact planning, the University will link with other professional research managers nationally to help Lincoln be a major voice and beneficiary of innovative thinking and best practice in these areas.

Engagement with Business and Contribution to the Local Community

Engagement with strategic business partners

In 2012/13 the University continued to build upon its engagement with strategic business partners, looking to develop wider and deeper relationships of the type it has with Siemens (it is one of only 5 UK principal partner institutions). The success of this partnership continues to attract national attention, including a prestigious Lord Stafford Award and being highlighted in the, government-commissioned, Wilson Review as an important example of the way in which industry and academia can collaborate.

During the year the University has established the Lincoln Science & Innovation Park (LSIP) in a joint venture with Lincolnshire Co-operative (levering initially up to £14m investment) to create a hub of science and technology adjacent to the Brayford Campus, bringing together academic expertise and commercial tenants. Complementing this the University has taken on the management of the Think Tank Innovation Centre, a 33,000 ft² facility next to the LSIP site creating a shared management structure with its incubation centre, Sparkhouse, providing integrated support to new-start and growing businesses. The University will act as the investment magnet for high-value industrial co-location. The University of Lincoln, the City of Lincoln Council and Lincolnshire County Council see the development as the heart of a new high-skills employment zone to stimulate the economy of the city and wider region.

The University continues to make significant strides in its engagement with industry and business through work-based learning opportunities with Lincolnshire Co-operative, the Ministry of Defence (MoD) and others. Lincoln's established model of responding to industry demand remains central to its work going forward.

The University continues to work extensively on the student demand side, creating key progression pathways to build employer links, including the establishment of the Lincoln UTC (with Siemens, British Sugar, Lindum and Micrometric) and the University Academy at Holbeach. It seeks to develop this work further as a particular mission for the institution, in research, in student learning and in continuing professional development. The University's blend of engagement, producing the industry-ready graduates and high-impact applied research they need and want, is truly innovative.

Community engagement

The University has been integrally involved in its local community and economy since its establishment in Lincoln in 1996. Its publication 'Community Engagement – Impact of the University of Lincoln', circulated to all stakeholders, demonstrates the clear benefits to the local economy and the institution's intention to foster further debate about how this can be enhanced in future years.

With an estimated annual impact on the local economy of circa £200m, and attributed with the creation of more than 3,000 new jobs within the city itself, the direct influence from the University on the local economy is clear.

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The University has signed up to the national Concordat for Public Engagement, established a dedicated Office, set strategy and begun auditing and mapping of the institution's existing activities. Public Engagement champions across the institution have joined a new committee to share the best practice and good work already being undertaken, whilst planning the augmentation of public engagement activities. Specific initiatives already underway include location and site-specific drama performances by staff and students from the School of Performing Arts, a Summer Scientist Week for parents with children aged 3-10, and innovative social media analytics for organisations as diverse as national PR agencies through to Lincoln Cathedral.

Business Incubation

Sparkhouse continues to grow successfully, having now supported over 250 new businesses to establish and develop. The centre is national award-winning and Sparkhouse was this year accredited as 'leading edge' by UKBI, 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 100% occupied and the shared facilities heavily utilised by staff, students, graduates and growing businesses.

Greater Lincolnshire LEP

The University remains an active participant and supporter in developing the Greater Lincolnshire Local Enterprise Partnership (LEP), providing a local business-led forum to drive economic development within the region. The Vice-Chancellor is a member of the LEP Board, with additional support and input provided by a wide range of staff.

CPD in Lincolnshire

Complementing Lincolnshire's Leadership & Management Centre, the University has established the Professional Development Centre in the College of Social Science, recognising the opportunity to provide the health sector in Lincolnshire with a higher quality of local Continued Professional Development (CPD) provision. These centres provide the facilities, expertise and focus required to significantly grow the CPD offer to strategic employers, enhancing productivity and performance.

Lincoln Academy

This year is the 11th season of the Lincoln Academy, the University's umbrella series of high-quality events open to the public. The Engine Shed continues to operate as the largest live music venue in the sub-region, 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.

Community volunteers team

In partnership with the Students' Union, there are over 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 FM, the University's community radio channel (the first in Lincoln), completed its first five-year licence from OFCOM and was duly awarded a further five year extension in recognition of the 18,000 hours of original programming broadcast by community and student volunteers.

Staff

Strategy

During 2012/13 the University's strategic focus was on delivering the key projects and initiatives highlighted within the 'People Plan'. The overall ambition and focus of its work is to create an environment which challenges staff to develop and grow with the University. This set the context and meant that the institution has concentrated its energy on organisational structure and development frameworks.

Progress

Lincoln's review of progress in delivering the HR related strategic objectives demonstrates that in 2012/13 the University delivered a number of key projects including:

- Implementing the CPPD Framework to support the development of all staff;
- Establishing the School of Life Sciences through internal redeployment as well as recruiting a significant number of new staff including professorial appointments;
- Creating and implementing new administrative structures within each of the new Colleges; a significant change programme that directly impacted over 100 staff;
- Supporting the closure of the Hull campus including working with staff to either effect a positive redeployment or helping them leave the University through a voluntary scheme;
- Procuring, in partnership with Lincoln College, a new occupational health provider;
- Raising the awareness of staff around the need for financial planning by delivering financial awareness sessions and creating on line reward statements; and
- Working with the Student Union to pilot students becoming an integral part of selection panels for all academic appointments.

In addition the University has been working in collaboration with its academic union, UCU, to develop and pilot a new academic workload model which it intends to roll out across the whole organisation over the coming 12 months.

Operating and financial review

for the year ended 31 July 2013

Employee branding

Following the implementation of its new E-recruitment system the University has commenced work on developing its brand to ensure it increases its attractiveness to potential applicants. This is monitored through the volume and quality of applicants which for academic roles have increased by 40% over two years.

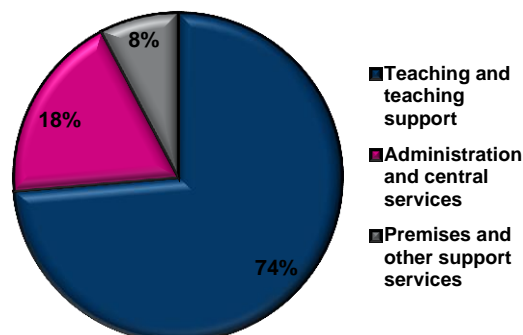
The University received external recognition from the HR profession for its initiatives in developing the workforce.

Staffing profile

The graph opposite sets out the current average staffing profile by employee group during the year ended 31 July 2013.

Average total staff numbers have remained relatively static year on year with 1,158 FTEs during year ended 31 July 2013 (2012: 1,201 FTEs).

Staffing Profile by Employee Group - year ended 31 July 2013



Physical Infrastructure and Capital Expenditure

Estates strategy

The current Estates Strategy was adopted by the Board of Governors in February 2010. The strategy sets out the University's investment priorities over the 2009-14 period. The strategy also sets key targets in terms of carbon reduction and space efficiency improvements and links with institutional ICT investment planning.

Progress

Progress against the Estates Strategy during the 2012/13 financial year includes:

- An improvement of 43 places in the Times Higher Education Student Experience Survey, from 66th position nationally in 2012 to 23rd position nationally in 2013, led by strong performances on 'centralised/convenient facilities' (5th nationally), 'high-quality facilities' (14th nationally) and 'good environment on/near campus' (14th nationally).
- Construction of the new extension to the Art, Architecture and Design Building and remodeling of the existing AAD Building, to enable the consolidation of the School of Art and Design from its previous nine buildings. At over 12,400 square metres, the extended AAD Building surpasses the Main Admin Building as the largest building on campus.
- Design and the start of construction of the Joseph Banks Laboratories and Minster House, to provide new accommodation for the Schools of Life Sciences and Pharmacy as the first phase of development of the new Lincoln Science & Innovation Park.
- Construction of the 'Phase 1.5' extension to the University Library, providing much-needed additional study spaces, seminar rooms and group workspace for all students.
- City of Lincoln Council approval in March of the Brayford Pool campus masterplan, which defines scale, massing and use mixes for the remaining building plots on the campus for a 10-year period. This outline planning consent will facilitate the timely delivery of high-quality, integrated buildings and landscaping.
- Design of a campus-wide landscaping strategy and detailed planning for the first phase of implementation.
- Expansion of the Nursing clinical simulation suite and Health and Social Care offices in the Think Tank Innovation Centre.
- Continued development of the Planon facility management software suite, which will improve the efficiency and effectiveness of the key estate management processes. Phase 1 (space management) was successfully completed in 2012 and has enabled significant progress in space management. Phase 2 (asset and maintenance management) is underway and expected to complete late 2013.
- Many improvements to central pool teaching spaces to support enhanced teaching and learning, most notably the expansion of the Jackson Lecture Theatre to accommodate growing lecture group sizes, and reconfiguration of the third floor of the Main Admin Building to better support Student as Producer.

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- Further development of new approaches to student survey analysis and action planning, which has translated to a number of improvements across the campus, including improvements to teaching and learning spaces.
- The first two phases of the four-phase Lincoln Courts improvement programme, resulting in substantially improved student experience in the refurbished rooms for 2012/13 and 2013/14.
- Development of hard and soft facilities maintenance contract using NEC3 contract to provide services contracts across all campuses until 2016.

Environment and Sustainability

Policies	A new Environmental and Sustainability Strategy was approved by the Senior Management Team in February 2013. The Strategy sets out the agenda for environmental issues up to 2017.
Energy and carbon emissions	<p>Carbon dioxide emissions at the University have fallen from 9,781 tonnes in 2005/6 to 8,149 tonnes in 2011/12. This equates to a 17% reduction in emissions, therefore the University is currently on track to meet the 2020 HEFCE target.</p> <p>In December 2011 the University received £330,000 from HEFCE and Salix Finance as part of the Revolving Green Fund 2. Part of this funding was used to refurbish Courts 13-17 in the Student Village. The resulting changes have reduced consumption of electricity and gas by 23% and 14% respectively in comparison with the previous year.</p>
Benchmarking	In the People and Planet Green League the University of Lincoln was ranked in 56 th place. In 2008 the organisation finished 102 nd in the League. The University was selected as a finalist in the EAUC Green Gown Awards.
Sustainable transport	<p>A long-term support agreement was made with Sustrans to keep the popular CycLin bike hire scheme running up to 2017. The scheme is fully subscribed and has a waiting list. Plans are being made to extend the scheme.</p> <p>A Transport Assessment of the site was made as part of the Brayford Campus Masterplan project. This will be used as the basis for a new Staff and Student Travel Survey in October 2013.</p>
Sustainable buildings	As part of the Planning Permission for the Brayford Campus Masterplan the University will be targeting a BREEAM rating of "Very Good" for future construction projects. The Environment Team has developed a set of standard specifications for major projects to ensure that environmental issues are taken into consideration in projects.

Future Developments

The University, like most higher education institutions, is reviewing how it operates its business in response to the ongoing challenges of the new funding regime. The Government's reduction in student number caps, along with changing student behaviours and demand patterns, will force changes to the University's student profile and portfolio. The University continually monitors the market and will manage these changes to enhance its mission and performance.

The University has five year forecast plans that ensure sufficient surpluses are generated for investment in development strategies and the physical and technological infrastructure. In order to maintain its financial sustainability, the University will need to continue to grow and diversify its income streams, and plan and control the cost base. It needs to do this whilst growing its reputation, continuing to build on its successes and ensuring that it continues to invest in its strategic objectives. The University recognises, in the current economic climate, the need to develop innovative partnerships and find creative funding solutions and will continue to seek out such opportunities.

Whilst 2012/13 was a very challenging year seeing reduced demand across the sector, the outlook for 2013/14 is positive. The University achieved a record number of student applications for September 2013 from both the UK and overseas, resulting in a strong intake both in terms of quantity and quality of students. The development of the Schools of Pharmacy, Mathematics and Chemistry, alongside the progression of the Science and Innovation Park will make 2013/14 a very exciting year for the University.

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Section 4 - Financial Performance

This year's results represent another year of significant progress. Continuing income growth and operating surpluses, along with a strong balance sheet, indicate the financial stability and sustainability of the University. The institution has the strength and resources to fund further planned developments and strategic investments in order to deliver an even better experience to its current and future students.

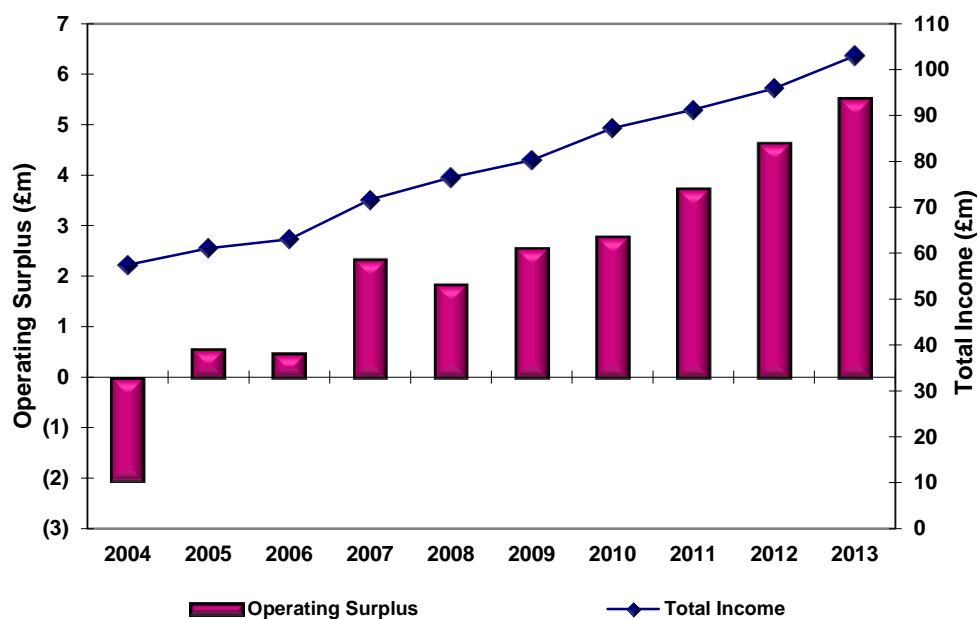
Income and Expenditure Account

Historical
trend

Income and Expenditure Account – Year Ended 31 July 2004 to 31 July 2013

	2004 £000	2005 £'000	2006 £000	2007 £000	2008 £000	2009 £000	2010 £000	2011 £000	2012 £000	2013 £000
Income	57,483	61,059	63,047	71,652	76,462	80,275	87,239	91,255	95,915	103,032
Operating costs	(54,281)	(54,923)	(58,176)	(65,028)	(69,612)	(72,457)	(78,814)	(82,252)	(85,338)	(89,545)
EBITDA	3,202	6,136	4,871	6,624	6,850	7,818	8,425	9,003	10,577	13,487
Depreciation	(3,640)	(3,312)	(2,807)	(3,259)	(3,948)	(3,739)	(3,688)	(3,892)	(4,253)	(4,995)
Interest and financing	(1,600)	(2,261)	(1,584)	(1,031)	(1,057)	(1,517)	(1,949)	(1,378)	(1,694)	(2,975)
Operating Result	(2,038)	563	480	2,334	1,845	2,562	2,788	3,733	4,630	5,517
Staff restructuring	(146)	(536)	(2,341)	(665)	(421)	(714)	(817)	(1,693)	(1,321)	(782)
Profit on disposal	846	105	13,461	935	396	-	15	-	583	-
Other 'exceptional'	-	(580)	(870)	-	-	-	(1,355)	(581)	(800)	(1,600)
Taxation	1	(3)	5	(6)	-	-	-	-	-	-
Net surplus/(deficit)	(1,337)	(451)	10,735	2,598	1,820	1,848	631	1,459	3,092	3,135

Financial Performance - Historical Trend
Year Ended 31 July 2004 to 31 July 2013



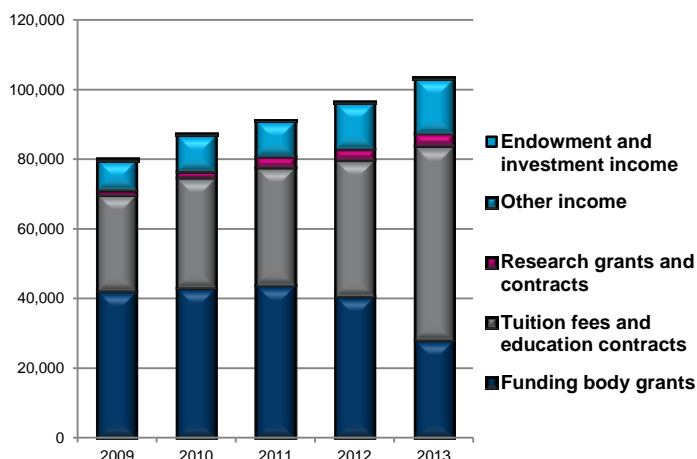
Operating and financial review

for the year ended 31 July 2013

Income

The University's income is derived from three principal sources: funding body grants, tuition fees and education contracts and other income. As a consequence of the changes to the overall funding model for English HEIs the amount of income being received from funding body grants has substantially reduced in 2012/13. As the University progresses through years two and three of the new fee regime this will reduce further with compensating increases in tuition fee income.

Income Analysis - Year Ended 31 July 2009 to 2013



Current year tuition fees are 55% of total income (2012: 41%), with funding body grant income representing 27%. (2012: 42%)

Tuition fees are forecast to increase to 72% by 2014/15 with funding body grant income forecast to reduce to 8%.

Other income includes income from student amenities and commercial activities (residences, bars, shops, property rentals etc.) along with other sundry income sources for the University.

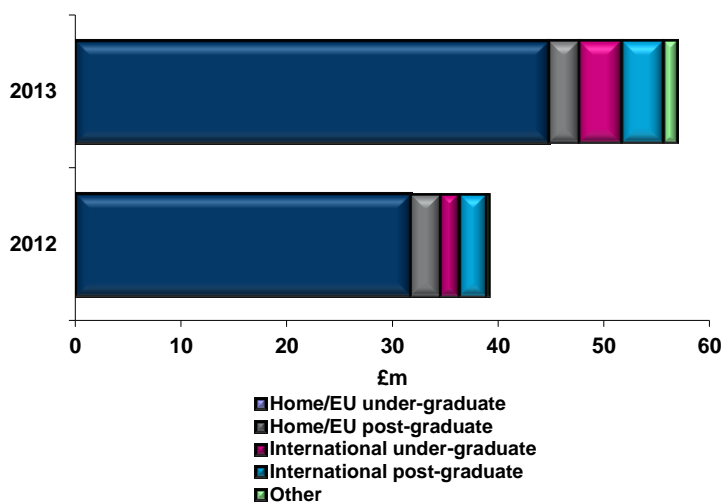
Income before exceptional items increased by 7.4% year on year, from £95.9m in 2011/12 to £103.0m in 2012/13. The reduction in funding body grant income of £12.6m was more than offset by increases in tuition fee income and other income. Tuition fee growth is considered in further detail below. The growth in other income is primarily derived from residences, with 2012/13 being the first full year following the re-acquisition of the Lincoln Courts.

**Analysis of Tuition Fees and Education Contracts
Year Ended 31 July 2013 vs 31 July 2012**

Tuition fee income has increased by £17.6m from 2011/12 to 2012/13.

As noted, the increase in the home/EU under-graduate fee income is as a consequence of the new fee regime.

The increase in international and post-graduate fee income is consistent with the University's strategy of growing these areas of the student population



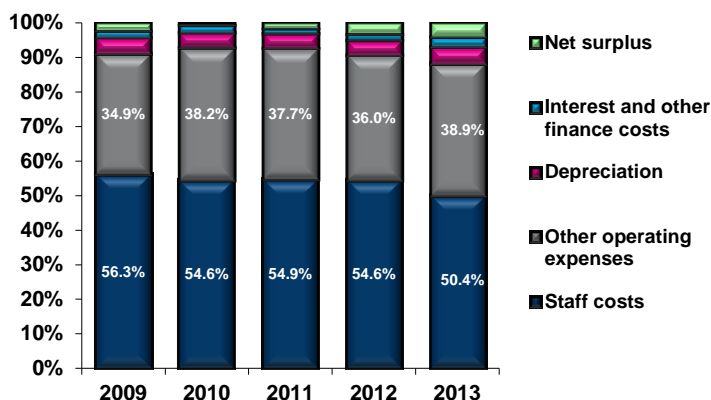
Operating and financial review

for the year ended 31 July 2013

Expenditure

The main expenditure item is staff costs. This incorporates wages and salaries, social security costs, pension costs and restructuring costs. Other operating expenses incorporate all other costs and include direct academic non-pay costs, premises costs, commercial activities and all central services.

Expenditure Analysis - Year Ended 31 July 2009 to 2013



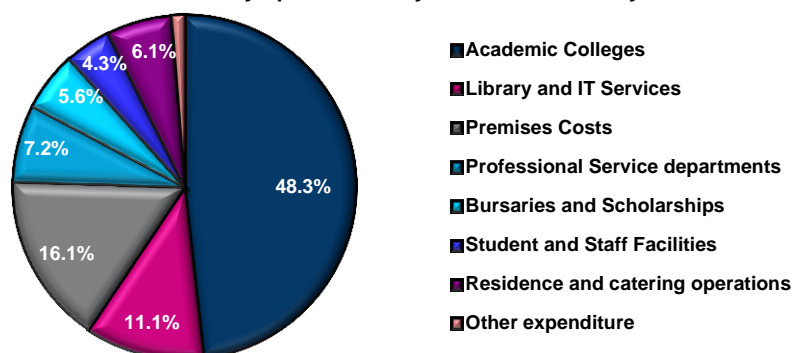
Despite the increased income and activity levels, total staff costs have remained relatively static year on year and now represent a reduced proportion of income.

Other operating expenses have increased as a proportion of income reflecting increased student related spend.

The University's total annual expenditure increased by 7.0% during 2012/13. The University has ensured that staff costs have been closely monitored and controlled with the increased student income being invested in improving the student experience. Substantial investment has been made in the Academic Colleges supporting the research-led teaching agenda along with significant levels of increased bursaries and scholarships.

The chart below shows a breakdown of the University's expenditure in 2012/13.

Where the University Spent its Money - Year Ended 31 July 2013



Non-operating items

Certain items have been excluded from the operating result set out on page 12 due to their non-operational nature. This includes staff restructuring, profits on disposals of assets and asset write downs due to permanent diminutions in value. In addition, during the current year the University recognised a potential liability arising from an ongoing dispute on a historical educational contract.

Balance Sheet

The consolidated balance sheet is detailed in the financial statements that follow. Total net assets (excluding the pension liability) have increased by £2.3m to £99.8m (2012: £97.5m). The liability in respect of the Local Government Pension Scheme (LGPS) has reduced to £34.4m (2012: £40.4m).

The University continues to show a satisfactory financial position and has complied with all financial covenants relating to the borrowings during the year.

Tangible assets

Tangible fixed assets have increased to £139.7m (2012: £129.5m), with capitalised expenditure during the year of £15.3m. Key projects included:

- the completion of the extension of the Art, Architecture & Design Building;
- the extension of the Library; and
- the continued backlog refurbishment works at the Lincoln Courts student residences.

In addition to the above, the University continues to invest in the overall quality and attractiveness of the physical estate and the technological environment.

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The capital expenditure programme over the years has been sustained through the improvement in the University's operating surplus and capital grant assistance, balanced with considered and responsible external borrowings

Net current assets

Net current assets have increased to £16.0m (2012: £9.4m). The University continues to manage working capital to ensure that sufficient liquid funds are available to meet short term liabilities.

Long term liabilities

Creditors due after one year of £52.7m (2012: £38.4m) primarily relate to bank loans. The increase relates to the final drawdown of the Santander facility (£14.5m) and the latest tranche of The Royal Bank of Scotland plc facility (£0.7m) offset by the capital repayments made on the existing borrowings (£0.8m). There have been no breaches of any existing or new loan covenant during the year

Pension liability

As noted above, the net liability in respect of the Local Government Pension Scheme (LGPS) has fallen to £34.4m (2012: £40.4m). The provision is based on estimates provided by the University's actuary in accordance with FRS17. The shortfall and deficit position at the current year end are in line with most other public sector bodies. However, the funding position has improved during the year because pension scheme assets have been valued upwards and the yield on long dated gilts has increased. Gilt yields are used to estimate the current level of pension scheme liabilities and increases in gilt yields will typically reduce the current value of the pension liability. The University does not anticipate that the funding shortfall will have any material impact on its ongoing activities.

The provision relates to the shortfall of assets in the scheme required to fund future pension liabilities, and does not relate to any significant payment liability arising in the short or medium term.

Reserves

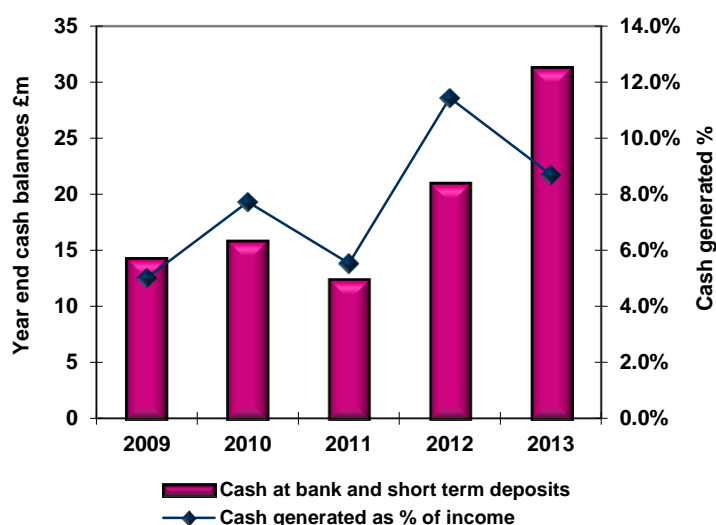
Total reserves have increased to £32.5m (2012: £23.4m). The movement reflects the surplus for the year of £3.1m transferred to reserves and the actuarial gain on the pension scheme of £6.0m.

Cashflow

Cash generated

The consolidated cashflow statement shows that the net cash inflow from operating activities during the year was £10.5m (2012: £11.6m). Cash at bank and short term deposits (including endowment assets) increased from £21.2m at 31 July 2012 to £31.4 m at 31 July 2013.

Cash Analysis - Year Ended 31 July 2009 to 2013



Cash generated from operations was 8.6% of total income for 2012/13, against a strategic KPI target of 6%. For the purposes of internal reporting this is stated after net interest charges, effectively representing cash generated for reinvestment.

All capital payments were funded from bank facilities drawn down during the year (see comment below under 'Borrowings and net debt').

The cash generated from operations has therefore been used to increase cash reserves

Borrowings and net debt

As at 31 July 2013 the University's borrowings amounted to £53.2m (2012: £38.7m). Cash at bank and short term deposits (including endowment assets) were £31.4m (2012: £21.2m) resulting in a net debt position of £21.7m (2012: £17.5m).

During the year the University drew down the remainder of the Santander facility (£14.5m) and latest tranche of The Royal Bank of Scotland plc facility (£0.7m). A further £2.8m is due to be drawn down from The Royal Bank of Scotland plc facility over the period to December 2015 to fund the continuing backlog refurbishment works at The Lincoln Courts.

Most of the University's borrowings are now on fixed interest rates (see below).

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Treasury Management and Financial Instruments

Treasury management

The University's treasury operations are managed 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.

Financial instruments

The University's financial instruments comprise borrowings, cash and liquid resources. The main purpose of these financial instruments is to provide finance for the University's operations.

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

The University has fixed the interest rate of 98.7% of all drawn down borrowings and 93.7% including the undrawn Royal Bank of Scotland plc facility.

The University fixed the interest rate on all its Dexia loans from January 2012.

The interest rate on the Santander facility was fixed from July 2013. At 31 July 2013 the full £15m facility had been drawn down.

The interest rate of the first tranche of £24.3m with The Royal Bank of Scotland plc was fixed for the full term of the loan (25 years). The balance of the facility (£3.5m) remains unfixed. The University will continually review the future interest rate expectations with a view to fixing the final tranches of the debt.

All interest rate fixes are arranged directly with the lender. The University does not have any other hedges or derivatives.

Going Concern and Liquidity

The University ended the year with cash resources (including endowment assets) of £31.4m and bank borrowings of £53.2m, leaving net debt standing at £21.7m. All of the University's external funding is long-term in nature with

98.5% repayable beyond one year and 82.3% repayable beyond five years. All bank loan covenants are expected to remain compliant in future years.

The University's current forecasts, taking into account reasonable sensitivities in relation to key risks, show that the University can operate within its current facilities and available headroom.

On this basis, the Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of signature of these financial statements.

Section 5 – Key Performance Indicators

The University has adopted a range of Key Performance Indicators (KPIs), through which it monitors its activities and measures its success, taking appropriate actions to rectify areas of concern.

Its KPIs are aligned to the University's strategic objectives and performance is measured by a number of factors in each area. Challenging targets are set for the period of the Strategic Plan based on the University's increasing expectations.

These are reviewed by management and reported to the Board of Governors on a regular basis.

Strategic Objective	KPI	Measures
To continuously improve the learning environment based on a personal engagement with all students, with high quality research-engaged teaching and learning where students create and develop new knowledge in collaboration with their lecturers	To delight the University's students	% of overall Student Satisfaction (Qu22) in the National Student Survey
		% of postgraduate taught students who agree or definitely agree that the overall experience met with their expectations
		Overall mean satisfaction score from the Postgraduate Research Experience Survey (PRES)
		% of International (including EU) students that would recommend Lincoln as a place to study in the International Student Barometer survey
To promote an internationalised culture of enterprise and innovation across communities - locally, regionally and internationally, working closely with employers	To promote a culture of enterprise and innovation	Average income per academic FTE based on the HE Business Interaction Survey
		Number of deep and strong global partnerships
To develop and promote purposeful knowledge and research and develop innovative practices working to support the changing environment	To develop and promote purposeful knowledge and research	'The Times' league table research score
To help students develop into highly engaged, employable and creative-thinking graduates who contribute to the development of the society and economy	To create, employable highly engaged graduates	Percentage of graduates in graduate employment based on 'The Times' league table
To create a financial environment to allow the University to invest in its future	To create financial sustainability	Cash generated from operations (after net interest charges) as a % of total income

Section 6 – Risks and Uncertainties

The University has a systematic method of assessing and managing risks to its effective operation and development. During the academic year, these processes continue to be reviewed and developed to refine and improve existing systems.

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

The University-wide 'high level' Risk Register has been 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, and the University's Senior Management Team regularly reviews and acts on prioritised risks.

Members of the Senior Management Team provide regular briefings to the Audit Committee, allowing Governors to monitor the assessment, mitigation and response to institutional risk. Further detail on the University's risk management policies is set out in the 'Statement of corporate governance and internal control' on pages 21 and 22 of these financial statements.

Section 7 – Public Benefit: The University as a Charity

'Education is both a private and a public good. The more educated individuals are, the more likely they are to realise their ambitions, to experience good health, to access less social support and to make a contribution to local and national economies. They are also more likely to contribute positively to civil society. ... [UK Universities] also sit at the heart of civil society – transforming lives, delivering wider social benefits, and contributing to new forms of economic prosperity.'

(Universities UK - Response to the Higher Education White Paper)

'Our universities are great national assets. Through their research, scholarship, teaching and knowledge exchange activities universities are inherently valuable, creating and transmitting knowledge for its own sake, and crucial in supporting the economy to recover from the down turn.'

(Letter to HEFCE from Vince Cable MP and David Willetts MP setting out BIS allocations for HE funding for 2012/13)

The University of Lincoln aims to be a leading force in advocating and demonstrating the public benefit of higher education, as expressed in the quotations above and in many other accounts of the impact of the university sector. Lincoln's Mission is to be 'A University looking to the future, where we serve and develop our local, national and international communities by creating purposeful knowledge and research, confident and creative graduates and a dynamic and engaged workforce'. The University is proud of its ability to develop purposeful knowledge, seeking to solve the big questions of the day; and is committed to focusing its research in the future on making a positive contribution to society in its time.

As an illustration of this, the University of Lincoln is cited as an example of excellence which demonstrates the regional economic impact of universities, in the October 2013 report by Sir Andrew Witty, Chief Executive of GlaxoSmithKline, who was commissioned by the Government to review the ways in which universities drive innovation and business creation. The report, 'Encouraging a British Invention Revolution: Review of Universities and Growth' highlights the significance of the creation in 2009 of the Lincoln School of Engineering, in collaboration with Siemens plc, and the contribution made to small business growth by Sparkhouse, the University's business incubation centre. Among Sir Andrew Witty's recommendations is for universities to have a single point of entry for small businesses wishing to access expertise. Lincoln already has this structure in place with its Enterprise department, providing access to business support such as research collaboration and graduate recruitment.

The University of Lincoln has also been shortlisted for the award of Entrepreneurial University of the Year in the Times Higher Education Awards 2013.

Charitable Status

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, as amended in December 2011, and its supplementary guidance on the advancement of education.

Delivery of Charitable Objectives

The University of Lincoln's strategic objectives include helping students to develop into highly engaged, employable and creative-thinking graduates who contribute to the development of the society and economy; developing and promoting purposeful knowledge and research and developing innovative practices working to support the changing environment; and promoting an internationalised culture of enterprise and innovation across its communities - locally, regionally and internationally, working closely with employers. The Strategic Plan for 2011-16 acknowledges that the shape of higher education in the next decade will be very different from today. The University of Lincoln will seek to respond as new opportunities emerge but will remain committed to its mission to be a driver of transformational change for students, staff, its communities and partners. As the University goes into the future it will continue to nurture its traditional values whilst remaining at the cutting edge of educational transformation.

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.

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 the University's own environmental footprint. Further examples may be found in 'Community Engagement – Impact of the University of Lincoln' (see://www.lincoln.ac.uk/home/abouttheuniversity/press/publications). The sections below give a picture of how these principles are embedded in the work of the three Colleges that form the central academic structure of the University. There are also activities and projects that go across the Colleges - one such project in 2013 was a cross-

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for the year ended 31 July 2013

disciplinary collaboration between academics from the University of Lincoln's School of Computer Science, School of Psychology and School of Architecture who were all involved in the development of a unique digital garden which won a Gold medal at this year's RHS Chelsea Flower Show. The Digital Capabilities garden responded to live Twitter activity, enabling the public to directly influence how the garden appeared at any one time, with the inner depths of the garden only being seen when public excitement about the Flower Show was at its peak.

College of Arts

The College of Arts comprises the Schools of Architecture, Art & Design, Humanities, Media, Journalism, and Performance, and undertakes programmes of interrelated research, teaching and learning across a wide range of subjects. This work is disseminated to various professional constituencies and the public in several ways – public lectures, conferences, online and printed publications, exhibitions, installations, museum and architectural restorations and interventions, consultancies, the public environment performances, and various forms of knowledge transfer.

For example, Lincoln academics and consultants in plastic surgery from major UK hospitals are working alongside each other to develop drawing and modelling skills to improve the experience of patients who undergo facial or breast reconstructive surgery by instilling in surgeons the same aesthetic principles which underpin artists' understanding of the form of the human body. Students and staff regularly engage with the community through such means and via projects with specific partners.

The College offers a wide range of academic programmes which draw from and contribute to society. It is home to Siren FM, England's first 24/7 communication radio station, licensed by OFCOM, which serves both the greater Lincoln area and also globally via internet streaming, and also provides content for a European Community Radio network to an audience of 2m listeners. The Schools of Journalism and Media regularly make media product for charitable bodies at low or no cost. The School of Journalism conducts an annual Schools Newspaper Project through which Lincolnshire schools benefit from academic and industry experts visiting to help groups of school children make their first attempt at newspaper journalism. The University advocates and supports change in all areas of public understanding of knowledge, including appreciation of shared history. The Media Archive of Central England (MACE), which contains the recorded media history of our region, is based within the College. Relationships with professional bodies are particularly effective – for example, the School of Architecture hosts the East Midlands Regional Office of the RIBA.

The English and History programmes within the School of Humanities are committed to ensuring that their world-class research engages general audiences and more specialized groups outside of academic life. The School has a particularly strong record of interaction with the local community in Lincolnshire: medieval historians have worked closely with Lincoln Cathedral to organize public events that examine the significance of the Cathedral's copy of Magna Carta, in the light of 800th anniversary of the signing of the document in 2015.

Part of the School of Performing Arts, the Lincoln Performing Arts Centre (LPAC) runs a free weekly drop-in session called "Little Pacts" which hosts developmental drama activities for pre-school aged children. It also ran two days of workshops with third-year Drama undergraduates for the county's adopted children in partnership with Lincolnshire Social Services (LSS). The second project with LSS involves training social workers in child protection issues by the use of a "training house" the School helped design. Here drama students are trained in role play and simulation techniques and participate in an extended role play exercise in the house where social workers come to call to make assessments of the welfare of young children. The School's work with Lincoln Hospital has seen second-year students studying Applied Drama work with Hepatitis C patients on the prejudices surrounding this disease. This work is currently nominated for a 2013 Nursing Times award.

Frequency, the University's digital arts festival is now a major biennial event in the East of England arts calendar. A partnership not only of disciplines within the College, its great success is due also to working with the City and County Councils, other District Councils and, especially, Arts Council England. Such relationships are crucial to the University's successful public engagement.

College of Science

The College of Science comprises the Schools of Computer Science, Life Sciences, Engineering, and Pharmacy; and the Department of Agriculture.

In the last year the College has engaged in high profile public engagement activities; for example, it submitted an exhibit ("Animal Vision") at the Royal Society's Summer Science Exhibition, and hosted the "Young Physicist of the Year" event.

The College continues to develop public benefit in its research. The School of Computer Science continues its work in medical imaging for diabetes and cancer, where major projects have been launched this year, and the School of Life Sciences in its research on biomedicine, including the molecular basis of disease. The National Centre for Food Manufacturing works closely with employers to provide industrial research and training in the food industry.

The Office of Naval Research in the US has enlisted the expertise of academics from the School of Life Sciences to improve the training of explosive detection dogs, which are usually trained to alert handlers to specific odours - a time-consuming process, especially as the composition of different explosives varies greatly. This study will explore whether dogs are capable of learning by categorisation, a cognitive process that is thought to play a major role in the way humans and animals naturally process new information, and so be trained to recognise the significance of a group of odours, rather than having to learn each scent individually.

A second year Engineering student was announced the overall winner of the 'Design4Recycling' competition, intended to encourage tomorrow's engineers to think sustainably by creating designs to help the plastics and waste

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industries improve recycling rates. The student designed a recycling bin fit for future waste needs, which the judges felt was not only thoroughly researched, but also demonstrated a strong commercial understanding of the markets the finished product would support – in this instance offices and public buildings.

The College continues to be closely involved in setting up the new Lincoln University Technical College, which will begin to recruit its first pupils from September 2014.

The College has established a School of Pharmacy, with strong links to local business, including a close partnership with Lincolnshire Cooperative, the largest community pharmacy provider in the region. This is expected to address shortfalls in staff recruitment in the region. The University has also secured substantial funding from the Higher Education Funding Council for England to establish new Schools of Chemistry and Mathematics, and these will have a strong focus on industrial collaboration, and help with the development of the local economy. The College recognises that universities have a central role to play in their regional economy and the new Schools will support the development of the recently established Lincoln Science and Innovation Park, further growing this multi-million pound partnership with Lincolnshire Co-operative based around the new School of Pharmacy. The University of Lincoln, through a strong science course portfolio will act as the investment magnet for high-value, industrial co-location. Working with key stakeholders this will create a new high-skills employment zone in the heart of the city, boosting the economic recovery and providing companies with the graduates and research capabilities they require

College of Social Science

The College of Social Science consists of six Schools - Psychology, Health and Social Care, Business, Law, Social and Political Sciences, and Sport and Exercise Science, plus the Centre for Educational Research and Development (CERD).

The School of Health and Social Care delivers a range of courses that supply graduates to the health, social care and third sector workforce to meet local, regional and national demands. Undergraduate programmes include nursing (adult and mental health fields), social work and health and social care. The School also offers 'Learning beyond Registration' short courses including non-medical prescribing, diabetes, mental health, critical care and clinical leadership.

The Lincoln Institute of Health is a new and developing cross-university research collaboration, formed to research key health and social care problems using a multidisciplinary and multi-professional 'bench-to-bedside' approach. The LIH seeks to work in partnership with health, social care and third sector services nationally and regionally, as well as with academic partners and policy groups, undertaking research designed to understand the fundamental molecular and cellular mechanisms that underpin disease, to develop and deliver diagnostic tools and therapeutic treatments to improve human health, and to improve the practical delivery of health and social care to make positive changes to people's lives.

Health researchers from the Community and Health Research Unit (CaHRU) at the University of Lincoln, in conjunction with Lincolnshire Community Health Services NHS Trust, are taking part in an international clinical trial exploring whether electronic 'telemonitoring' systems could help in the treatment of elderly people with complex health problems. These systems enable doctors to remotely receive useful clinical data, such as blood oxygen levels, through technology installed in the patient's own home. The aim is to help patients better manage their own condition and alert health professionals more quickly to early warning signs of deterioration, potentially improving patients' quality of life and reducing the number of emergency hospital admissions.

The School of Psychology delivers a range of undergraduate psychology programmes including psychology with clinical and forensic options. The postgraduate portfolio includes a taught doctoral clinical psychology programme run jointly with the University of Nottingham. Staff have won grants from the UK research councils for projects with a real impact – how to help children with visual impairment; to improve our diagnosis of language delay; to explore our perception of movement.

The Lincoln Business School (LBS) has continued to build on its excellent record of offering courses for those in work. Links with Britain's armed forces continue to grow, and the LBS was pleased to launch three new work-based distance learning degree programmes designed specifically for serving members and available to personnel across the Army, Navy and RAF, as well as their civilian colleagues in the Ministry of Defence.

The School carried out a two-year study of around 100 small and medium sized enterprises – the Economic Snapshot Survey – with support from the Lincolnshire and Rutland Employment and Skills Board, examining the relationship between businesses' perception of the economy and their growth ambitions. The survey confirmed that the two greatest obstacles to the growth of SMEs were the continued reluctance of banks to lend to small businesses, and the bite of public spending cuts.

Research by academics from LBS into entrepreneurial learning has informed and influenced national and international policy on enterprise education, including the Quality Assurance Agency's 2012 guidance on enterprise and entrepreneurship in higher education.

Undergraduate teaching and learning in the Lincoln Law School is highly vocational in character. Value is added by practical experience such as the Law Clinic where students can gain real-life experience under academic staff supervision. Students also gain valuable experience visiting a range of community groups to explain and discuss complex legal issues.

All staff of the School of Social & Political Sciences are research active and are working on a wide range of topic areas including: e-petitions, intelligence and security services, single parent family policy, young people and politics,

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citizenship, pedagogical issues such as assessment and feedback; and area studies, such as Chinese and Russian politics, to name but a few.

The School of Sport & Exercise Science hosted the Egyptian Paralympic team, who were ably supported by some of its students – one of these, an international dressage rider, interrupted her studies and achieved gold and two silver medals at the Paralympics. Another student received national recognition for her volunteering work with inclusion projects

Business innovation and incubation

The University's award-winning business incubation centre, Sparkhouse, opened in 2003. Since then it has helped over 250 new companies to get started and grow. Many of these businesses have been started by the University's own graduates, relating in particular to the innovative use of technology, including product design, graphic design, marketing and architecture. Recognising that not every new business requires a physical office space, the University developed and launched a virtual office scheme to expand the offer of support to a wider section of the local economy. This service is tailored to individual need but at its heart remains access to accredited incubation support and advice helping businesses thrive in a difficult economic climate

Admissions Policy and Student Support

The University welcomes difference and diversity among its students and seeks to help each one to flourish academically and personally through its programmes. The 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 through the Office for Fair Access (OFFA). For the academic year 2012/13, the standard fee for all new full-time undergraduate UK/EU students was set at £9,000, in line with the majority of English Universities. Most of these students are eligible for UK government funding to pay their tuition fees via a tuition fee loan and for maintenance support, based on a means tested assessment. Graduates will only have to pay back the loan once they are earning in excess of £21,000 per year. Continuing undergraduate students remain on the previous fee levels, set by central Government each year.

The increase in tuition fees for 2012/13, approved through OFFA, was linked to the provision for students from low income backgrounds, of the University of Lincoln Support Package. This package of support means that all eligible students (approximately one in three of the University's 2012/13 entrants) receive £3000 in direct financial support in the first year of their course, with lower amounts being available for future years. This Support Package enables students and their families to use the financial support they receive flexibly, in the way that best meets their own needs and as such is an explicit commitment to student choice and empowerment.

The University has a team of professional staff committed to ensuring that students with particular needs receive good advice and appropriate financial assistance. The aim is that no-one should be deterred from applying to the University of Lincoln, or considers leaving their course, due to financial issues. In 2012/13 the University disbursed (including through the Lincoln Support Package) £2,554,446 in financial support for students.

The University is committed to putting policies and processes in place that provide members of underrepresented groups with fair opportunities to gain access to our academic programmes, including providing appropriate support where necessary. It will ensure students from lower socio-economic backgrounds are given support to aid their social mobility.

The University offers its students a comprehensive support package, including academic study skills, careers, advice, financial support, sports and exercise facilities, health and counselling services, and specialist assessment and support for students with disabilities

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 2012/13, a total amount of £6,000 was paid in respect of claims made by 10 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 36 to these accounts summarises 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

for the year ended 31 July 2013

The University of Lincoln is an independent institution, 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 its Instrument and Articles of Government. 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 Governance Code of Practice of the Committee of University Chairs (CUC) states that "Every higher education institution shall be headed by an effective governing body, which is unambiguously and collectively responsible for overseeing the institution's activities". The Board of Governors is the University of Lincoln's 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.

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 members appointed from the University's staff and the student body. The Vice Chancellor of the University, Professor Mary Stuart, is a member of the Board of Governors. 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 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. 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.
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.

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 CUC 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 (HEFCE), the Vice Chancellor 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 2012 and 31 July 2013, the Board of Governors met on eight occasions. It also held an Awayday, together with the Senior Management Team, with the theme of 'Governor as Producer' (reflecting the University's educational principle, Student as Producer), including focusing on its responsibility for determining the educational character and mission of the University. The Board has two sub-committees. The Remuneration Committee, whose role is to determine the remuneration of the most senior staff, including the Vice Chancellor, met twice. The Audit Committee met four times; its role includes the consideration of detailed reports with recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers reports from the Funding Council relating to the University's business, and monitors adherence to regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The University's external and internal auditors attend Audit Committee meetings, and once a year the Committee meets the auditors on their own for private discussions.

Statement of corporate governance and internal control

for the year ended 31 July 2013

The University of Lincoln Court, which was set up in June 2011 in recognition of the part played by the people and businesses of Lincolnshire in the establishment of the University, brings together major figures of the region and beyond in business, education, arts and the professions who have a serious interest in the University and its future, and who can act as ambassadors and advocates of the institution in many wider forums. The Court met in November 2013, presided over by the Chancellor, Lord Adebawale of Thornes CBE.

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 Deputy Vice Chancellors 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 provides independent advice on matters of governance to all members of the Board.

Internal Control

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 corporate strategies, 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 approach to internal control is risk-based, including an evaluation of the likelihood and impact of risks becoming a reality. Review procedures cover business, operational, reputational and compliance as well as financial risk. 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 has been in place for the year ended 31 July 2013 and up to the date of approval of the annual report and financial statements.

The role of the Board of Governors in relation to risk is at overview level, and Governors are not responsible for managing risk at operational level. The Board 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. Review of the effectiveness of the system of internal control is informed by the work of the internal auditor 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 auditor in their management letter and other reports.

The Audit Committee plays a key role in ensuring the fulfilment of the Board's responsibilities, as set out in the UK Corporate Governance Code. 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.

The University has a Risk Management Policy and Strategy that set out the approach to risk management; key elements of the process; roles, responsibilities and reporting procedures relating to risk management in the Colleges, professional service areas and the University companies. In accordance with the Policy and Strategy, the Senior Management Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training. There is also a Risk Appetite Statement, approved by the Board of Governors.

At a corporate level the University maintains a high level management risk register which details the chief risks to the institution and the actions that the University has in place to mitigate them, incorporating a current articulation of the risks by the relevant risk owners as well as updates on improvement actions and progress to date. Reporting arrangements ensure that Audit Committee, the Board of Governors and the Senior Management Team understand the strategic importance of managing these risks effectively.

The Audit Committee has continued its active oversight of University risk management, receiving reports from the Director of Planning and Business Intelligence (the department with lead responsibility for risk management), following review and re-scoring of the high level risk register by the Senior Management Team in November 2012 and June 2013. The Committee commended these report as assurance that the Executive was keeping the institutional risk profile under appropriate scrutiny, and taking a proactive approach to Risk Management. The Board of Governors also received reports on risk management, in November 2012 and July 2013.

The University's Public Interest Disclosure Policy ('Whistle-Blowing') formally sets out a process whereby employees and students may raise any concerns about malpractice, and how any such concerns should be dealt with.

In October 2012, the Board of Governors approved revisions to the University's Financial Regulations.

Statement of responsibilities of the board of governors

for the year ended 31 July 2013

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 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 University, the Board of Governors is required to approve 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 and the 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, and the Skills Funding Agency are used only for the purposes for which they have been given; and in accordance with the Financial Memorandum with HEFCE (and any other conditions which HEFCE may from time to time prescribe) and with the funding agreements with the Skills Funding 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 and other irregularities; and
- 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, which have been approved by the Board of Governors; and
- a professional Internal Audit team operating to standards defined in the HEFCE Audit Code of Practice, whose annual programme is approved by the Audit Committee 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 H Biddle – Chair of the Board

Professor M Stuart - Vice Chancellor

Independent auditor's report to the board of governors of the University of Lincoln

for the year ended 31 July 2013

We have audited the financial statements of the University of Lincoln for the year ended 31 July 2013 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of group historical cost surpluses and deficits, the statement of group total recognised gains and losses, the group and University balance sheets, the consolidated cash flow statement and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 July 2013 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

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

In our opinion:

- in all material respects, income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2013 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2013 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum, with the funding council.

Matter on which we are required to report by exception

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

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, UK

Statement of accounting policies

for the year ended 31 July 2013

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 financial statements comprise the consolidated results of the University of Lincoln, its subsidiaries and the University's share of the results and reserves of its joint venture companies. Intra-group sales and profits are eliminated fully on consolidation. Full details of the activities of the subsidiary companies are disclosed in Note 13.

The activities of the University of Lincoln Student Union have not been consolidated as it is a separate entity with its own governance and reporting arrangements. The University also has a one-third membership interest in Lincoln Student Solutions Limited (LSSL), a company limited by guarantee and with charitable status. In accordance with FRS 2 (Accounting for Subsidiary Undertakings), the University does not consolidate LSSL, as it does not have sufficient control over the company's activities. The University has treated its interest in LSSL 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 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.

Statement of accounting policies

for the year ended 31 July 2013

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 TPS and USS are multi-employer pension schemes and the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS and USS are therefore treated as defined contribution schemes and the contributions are recognised as they are payable each year.

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 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.

Statement of accounting policies

for the year ended 31 July 2013

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.

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 a 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.

Joint venture entities

The University's share of income and expenditure in joint venture entities is recognised in the University's income and expenditure account in accordance with FRS 9 (Associates and Joint Ventures). Similarly, the University's share of assets and liabilities in joint venture entities is recognised in the University's balance sheet in accordance with FRS 9. The gross equity method is used when consolidating joint venture entities.

Consolidated income and expenditure account

for the year ended 31 July 2013

		2013	2012
	Note	£000	£000
Income			
Funding body grants	1	28,067	40,669
Tuition fees and education contracts	2	56,802	39,214
Research grants and contracts	3	3,436	3,064
Other income	4	14,455	12,763
Exceptional item – profit on disposal of tangible fixed asset	10	-	583
Endowment and investment Income	5	277	205
Total income		103,037	96,498
Less: share of income from joint ventures	14	(5)	-
Net income		103,032	96,498
Expenditure			
Staff costs	6	51,921	52,717
Other operating expenses		40,068	33,992
Depreciation	12	4,995	5,053
Interest and other finance costs	8	2,975	1,694
Total expenditure	9,10	99,959	93,456
Share of operating profit in joint venture	14	1	-
Surplus after depreciation of tangible fixed assets at valuation		3,074	3,042
Surplus for the year transferred from accumulated income in endowment funds		61	50
Surplus for the year retained within reserves	24	3,135	3,092

All items of income and expenditure arise from continuing operations.

The notes on pages 34 to 50 form part of these financial statements.

Statement of group historical cost surpluses and deficits

for the year ended 31 July 2013

		2013	2012
	Note	£000	£000
Surplus after depreciation of tangible fixed assets at valuation		3,074	3,042
Valuation gains realised on disposal of tangible fixed asset	23	-	290
Historical cost surplus for the year before taxation		<u>3,074</u>	<u>3,332</u>
Historical cost surplus for the year after taxation		<u>3,074</u>	<u>3,332</u>

The notes on pages 34 to 50 form part of these financial statements.

Statement of group total recognised gains and losses for the year ended 31 July 2013

		2013	2012
	Note	£000	£000
Surplus after depreciation of tangible fixed assets at valuation		3,074	3,042
New endowments	22	4	94
Endowments reallocated as unrestricted expendable	22	(21)	(146)
Actuarial gain/(loss) on pensions	25	5,952	(15,945)
Total recognised gains and losses relating to the year		<u>9,009</u>	<u>(12,955)</u>
Reconciliation			
Opening reserves and endowments		23,669	
Total recognised gains and losses for the year		<u>9,009</u>	
Closing reserves and endowments		<u>32,678</u>	

The notes on pages 34 to 50 form part of these financial statements.

Balance sheet

as at 31 July 2013

	Note	Group		University	
		2013	2012	2013	2012
		£000	£000	£000	£000
Fixed assets					
Tangible assets	12	139,683	129,528	139,683	129,528
Investments	13	30	30	205	10,843
Investment in joint venture:	14				
Share of gross assets		1,145	-	1,145	-
Share of gross liabilities		(1,144)	-	(1,144)	-
		139,714	129,558	139,889	140,371
Endowment assets	15	174	252	174	252
Current assets					
Stocks	16	348	295	175	116
Debtors	17	8,538	6,999	8,596	7,172
Short term deposits		15,017	17,510	15,017	17,510
Cash at bank and in hand		16,257	3,484	16,026	3,107
		40,160	28,288	39,814	27,905
Creditors: Amounts falling due within one year	18	(24,167)	(18,894)	(24,030)	(29,357)
Net current assets/(liabilities)		15,993	9,394	15,784	(1,452)
Total assets less current liabilities		155,881	139,204	155,847	139,171
Creditors: Amounts falling due after more than one year	19	(52,661)	(38,390)	(52,661)	(38,390)
Provisions for liabilities and charges	20	(3,461)	(3,286)	(3,461)	(3,286)
Total net assets excluding pension liability		99,759	97,528	99,725	97,495
Pension liability	32	(34,370)	(40,404)	(34,370)	(40,404)
Total net assets including pension liability		65,389	57,124	65,355	57,091
Deferred capital grants	21	32,711	33,455	32,711	33,455
Endowments					
Restricted expendable	22	174	252	174	252
Reserves					
Income and expenditure account excluding pension reserve	24	66,874	63,821	66,840	63,788
Pension reserve	25	(34,370)	(40,404)	(34,370)	(40,404)
Income and expenditure account including pension reserve		32,504	23,417	32,470	23,384
Total funds		65,389	57,124	65,355	57,091

The financial statements on pages 26 to 50 were approved by the Board of Governors on 28 November 2013 and were signed on its behalf by:

H Biddle - Chair of the Board

Professor M Stuart - Vice Chancellor

The notes on pages 34 to 50 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 July 2013

	Note	2013 £000	2012 £000
Net cash inflow from operating activities	26	10,468	11,649
Returns on investments and servicing of finance	27	(1,601)	(617)
Capital expenditure and financial investment	28	(13,112)	(26,288)
Management of liquid resources	29	2,493	(12,422)
Financing	30	14,447	23,687
Increase/(decrease) in cash in the year		12,695	(3,991)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the year		12,695	(3,991)
Change in short term deposits	29	(2,493)	12,422
Change in debt	30	(14,447)	(23,687)
Change in net debt resulting from cash flows and movement in debt		(4,245)	(15,256)
Net debt at 1 August		(17,486)	(2,230)
Net debt at 31 July	31	(21,731)	(17,486)

The notes on pages 34 to 50 form part of these financial statements.

Notes to the accounts

for the year ended 31 July 2013

1 Funding body grants	2013	2012
	£000	£000
Recurrent grants		
Higher Education Funding Council for England (HEFCE)	26,069	36,490
Skills Funding Agency (SFA)	706	1,094
Young People's Learning Agency (YPLA)	-	1,119
Education Funding Agency (EFA)	-	483
Specific grants		
HEFCE – Higher Education Innovation Fund	510	470
HEFCE – Other specific grants	20	-
Deferred capital grants released in the year		
Buildings	407	405
Equipment	355	608
	28,067	40,669
2 Tuition fees and education contracts		
Full-time home and EU students	42,357	30,775
Full-time international (non EU) students	7,607	4,026
Part-time students	2,089	2,304
Short courses and summer schools	4,588	1,824
Further education students	161	285
	56,802	39,214
3 Research grants and contracts		
Research Councils	934	667
UK based charities	379	309
UK Central / Local Government / Health / Hospitals	861	1,097
UK industry	786	676
European Union	401	233
Overseas	75	82
	3,436	3,064
4 Other income		
Residences, catering and conferences	7,822	6,192
Other income generating activities	6,167	6,043
Released from deferred capital grants	466	528
	14,455	12,763
5 Endowment and investment income		
Income from expendable endowments	-	2
Income from short term investments	277	203
	277	205

Notes to the accounts

for the year ended 31 July 2013

6 Staff costs

	2013	2012
	£000	£000
Wages and salaries	42,015	41,843
Social security costs	3,280	3,591
Other pension costs (see note 32)	5,839	5,962
Staff restructuring costs	787	1,321
	<u>51,921</u>	<u>52,717</u>

Average staff numbers by major category, expressed on a full time equivalent basis

	Number	Number
Teaching departments	734	753
Teaching support services	119	125
Other support services	66	74
Administration and central services	216	226
Premises	23	23
	<u>1,158</u>	<u>1,201</u>

7 Senior staff emoluments

The emoluments of the Vice Chancellor were as follows:

	£000	£000
Salary	210	189
Benefits in kind	2	2
Pension costs	34	30
	<u>246</u>	<u>221</u>

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

	Number	Number
£100,000 - £109,999	8	4
£110,000 - £119,999	1	2
£120,000 - £129,999	2	1
£130,000 - £139,999	-	1

8 Interest and other finance costs

	£000	£000
On loans wholly or partly repayable in more than five years	1,936	1,109
Net charge on pension scheme	1,039	585
	<u>2,975</u>	<u>1,694</u>

Notes to the accounts

for the year ended 31 July 2013

9 Analysis of total expenditure by activity

	2013	2012
	£000	£000
Academic departments	42,926	43,145
Academic services	11,955	8,820
Administration and central services	20,830	16,797
Premises	12,625	14,421
Residences and catering operations	7,362	6,464
Research grants and contracts	2,799	2,616
Other expenditure	1,462	1,193
	<u>99,959</u>	<u>93,456</u>
Other operating expenses include:		
External auditor's remuneration in respect of audit services*	34	31
External auditor's remuneration in respect of other services**	34	102
Hire of equipment – operating lease rentals	149	116

* Includes £32,000 in respect of the University (2012: £29,000)

** Includes £34,000 in respect of the University (2012: £28,000)

10 Exceptional items

Exceptional items comprise significant items of income or expenditure which are considered to be of a non-operational nature. During the current year the University recognised a potential liability arising from an ongoing dispute on a historical educational contract. In the prior year, exceptional items comprised profits on disposals of assets and asset write downs due to permanent diminutions in value.

Exceptional items of expenditure items are included within the statutory format headings to which they relate as follows:

	2013	2012
	£000	£000
Other operating expenses	1,600	-
Depreciation	-	800

Exceptional income arising from the profit on disposal of tangible fixed assets is shown on the Income and Expenditure Account.

11 Surplus on continuing operations for the year

	2013	2012
	£000	£000
University's surplus for the year	3,134	3,103
Surplus/(deficit) of related undertakings	1	(282)
Consolidation adjustment	-	271
	<u>3,135</u>	<u>3,092</u>

Notes to the accounts

for the year ended 31 July 2013

12 Tangible fixed assets

Group	Assets in course of construction £000	Freehold land and buildings £000	Leasehold land and buildings £000	Fixtures fittings equipment £000	Total £000
Cost or valuation					
At 1 August 2012	2,879	133,268	10,402	9,062	155,611
Additions	12,810	1,045	277	1,119	15,251
Disposals	(101)	(656)	-	(1,386)	(2,143)
Transfers	(4,005)	1,070	836	2,099	-
At 31 July 2013	11,583	134,727	11,515	10,894	168,719
Depreciation					
At 1 August 2012	-	17,011	3,665	5,407	26,083
Charge for year	-	2,873	251	1,871	4,995
Disposals	-	(656)	-	(1,386)	(2,042)
At 31 July 2013	-	19,228	3,916	5,892	29,036
Net book value					
At 31 July 2013	11,583	115,499	7,599	5,002	139,683
At 31 July 2012	2,879	116,257	6,737	3,655	129,528

University

Cost or valuation					
At 1 August 2012	2,879	132,612	10,402	8,439	154,332
Additions	12,810	1,045	277	1,119	15,251
Disposals	(101)	-	-	(763)	(864)
Transfers	(4,005)	1,070	836	2,099	-
At 31 July 2013	11,583	134,727	11,515	10,894	168,719
Depreciation					
At 1 August 2012	-	16,355	3,665	4,784	24,804
Charge for year	-	2,873	251	1,871	4,995
Disposals	-	-	-	(763)	(763)
At 31 July 2013	-	19,228	3,916	5,892	29,036
Net book value					
At 31 July 2013	11,583	115,499	7,599	5,002	139,683
At 31 July 2012	2,879	116,257	6,737	3,655	129,528

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 2013, freehold land and buildings included £6,826,000 (2012: £6,675,000) in respect of land which is not depreciated.

Notes to the accounts

for the year ended 31 July 2013

13 Fixed asset investments

Group	Other investment		
Cost	£000		
At 1 August 2012 and 31 July 2013	30		
Net book value			
At 1 August 2012 and 31 July 2013	30		
University	Shares in related undertakings	Other investment	Total
	£000	£000	£000
Cost			
At 1 August 2012	14,106	30	14,136
Reduction in issued share capital	(13,931)	-	(13,931)
At 31 July 2013	175	30	205
Amounts written off			
At 1 August 2012	3,293	-	3,293
Disposals	(3,293)	-	(3,293)
At 31 July 2013	-	-	-
Net book value			
At 31 July 2013	175	30	205
At 31 July 2012	10,813	30	10,843

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, although the company has not traded during the year.

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, although the company has not traded during the year.

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.

As at both balance sheet dates, the University held a one-third share in Lincoln Student Solutions Limited, a company limited by guarantee and with charitable status. In accordance with FRS 2 (Accounting for Subsidiary Undertakings), this company was not consolidated as the University did not have sufficient control over the company's activities. The University treated its interest as a fixed asset investment at nil cost. This company was dissolved on 27 August 2013.

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

During the year, UL Learning Resources Limited reduced its issued share capital by £13,931,000 and £10,638,000 was repaid to the University as sole shareholder.

14 Investment in joint venture

On 5 February 2013, the University entered into a joint venture agreement with Lincolnshire Co-operative Limited. The joint venture company, Lincoln Science and Innovation Park Limited (LSIP), is limited by shares. LSIP is jointly owned by the Lincolnshire Co-operative Limited, who hold 75% of the shares, and the University of Lincoln, who hold 25% of the shares. The arrangement is treated as a joint venture and is accounted for using the gross equity method, such that 25% of the company's gross assets and liabilities are incorporated into the consolidated balance sheet of the University and 25% of its net income is reported in the University's consolidated income and expenditure account.

Notes to the accounts

for the year ended 31 July 2013

14 Investment in joint venture (continued)

The Group's 25% share of the joint venture is as follows:

	2013	2012
	£000	£000
Income and Expenditure Account		
Income	5	-
Surplus before tax	1	-
Balance Sheet		
Fixed assets	1,117	-
Current assets	28	-
	1,145	-
Creditors: amounts falling due within one year	(1)	-
Creditors: amounts falling due after more than one year	(1,143)	-
Share of net assets	1	-

15 Endowment asset investments

Group and University

Balance at 1 August	252	354
Endowments reallocated as unrestricted expendable	(21)	(146)
New endowments	4	94
Decrease in cash balances held for endowment funds	(61)	(50)
Balance at 31 July	174	252
Represented by:		
Bank Balances	174	252

16 Stocks

	Group		University	
	2013	2012	2013	2012
	£000	£000	£000	£000
Goods for resale	110	49	110	49
Raw materials and consumables	69	73	65	67
Work in progress at cost less applicable progress payments	169	173	-	-
	348	295	175	116

17 Debtors

Amounts falling due within one year:

Trade debtors	4,719	4,234	4,719	4,225
Amounts owed by subsidiary undertakings	-	-	100	207
Other debtors	150	160	133	152
Prepayments and accrued income	3,482	2,391	3,457	2,374
	8,351	6,785	8,409	6,958

Amounts falling due after more than one year:

Prepayments and accrued income	187	214	187	214
	8,538	6,999	8,596	7,172

Notes to the accounts

for the year ended 31 July 2013

18 Creditors: Amounts falling due within one year

	Group		University	
	2013	2012	2013	2012
	£000	£000	£000	£000
Secured loans	803	753	803	753
Payments received in advance	5,693	4,151	5,693	4,151
Trade creditors	1,447	2,388	1,399	2,373
Amounts owed to subsidiary undertakings	-	-	-	10,638
Other creditors	4,237	3,855	4,237	3,858
Other taxation and social security	1,095	1,449	1,095	1,449
Accruals and deferred income	10,892	6,298	10,803	6,135
	<u>24,167</u>	<u>18,894</u>	<u>24,030</u>	<u>29,357</u>

19 Creditors: Amounts falling due after more than one year

Group and University	2013	2012
	£000	£000
Secured loans	37,376	37,479
Unsecured loans and overdrafts	15,000	500
Other taxation and social security	-	59
Accruals and deferred income	285	352
	<u>52,661</u>	<u>38,390</u>

Secured and unsecured loans are repayable as follows:

Due within one year or on demand	803	753
Due between one and two years	1,231	803
Due between two and five years	7,333	4,537
Due in five years or more	43,812	32,639
	<u>53,179</u>	<u>38,732</u>
Due within one year or on demand	(803)	(753)
Due after more than one year	<u>52,376</u>	<u>37,979</u>

An analysis of the University's borrowings is set out below:

Lender	Amount	Term	Interest rate	Borrower
	£000		%	
Dexia	7,697	2023	5.08	University
Dexia	5,393	2028	5.38	University
Santander	15,000	2035	5.00	University
Royal Bank of Scotland	25,089	2037	4.75	University
Total	<u>53,179</u>			

Notes to the accounts

for the year ended 31 July 2013

20 Provisions for liabilities

	Restructuring	Onerous contracts and other matters	Total
Group and University	£000	£000	£000
At 1 August 2012	423	2,863	3,286
Used during the year	-	(184)	(184)
Transferred to creditors	(423)	-	(423)
Provided during the year and charged to income and expenditure account	-	782	782
At 31 July 2013	-	3,461	3,461
Due within one year			559
Due between one and two years			187
Due between two and five years			2,497
Due in five years or more			218
			3,461

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

The onerous contracts and other matters provision mainly relates to the estimated liabilities in respect of onerous contractual obligations arising from certain operating leases, and from other contracts and activities.

21 Deferred capital grants

Group and University	Funding Council		Other Grants		Total
	Buildings	Equipment	Buildings	Equipment	
	£000	£000	£000	£000	£000
At 1 August 2012	18,802	989	13,197	467	33,455
Grants received during the year	337	-	147	-	484
Reclassification of grants	(314)	314	-	-	-
Released to income and expenditure account	(407)	(355)	(307)	(159)	(1,228)
At 31 July 2013	18,418	948	13,037	308	32,711

Notes to the accounts

for the year ended 31 July 2013

22 Endowment funds and linked charities

	2013	2012
	£000	£000
Group and University		
Balances at 1 August 2012		
Capital	246	350
Accumulated Income	6	4
	<u>252</u>	<u>354</u>
Endowments reallocated as unrestricted expendable	(21)	(146)
New endowments	4	94
Expenditure	(61)	(52)
Investment income for the year	-	2
At 31 July 2013	<u>174</u>	<u>252</u>
Represented by:		
Capital value	168	246
Accumulated Income	6	6
	<u>174</u>	<u>252</u>

All endowments are restricted expendable.

The University has one linked, paragraph (w) charity, UL Learning Resources Limited. The principal object of this charity is to promote the advancement of education by the provision of learning facilities, other like facilities and services and funds for the educational and charitable needs or purposes of the University of Lincoln. The charity is a wholly owned subsidiary of the University and the results are consolidated in these financial statements. Net assets of the charity were as follows:

	£000
At 1 August 2012	10,638
Reduction of share capital	(13,931)
Elimination of deficit on unrestricted funds	3,293
At 31 July 2013	<u>-</u>

During the year, UL Learning Resources Limited reduced its issued share capital by £13,931,000 and this was repaid to the University as sole shareholder.

Copies of the charity's financial statements are available from Companies House.

23 Revaluation reserve

	2013	2012
	£000	£000
Group and University		
At 1 August	-	290
Transfer to income and expenditure reserve in respect of a property disposal	-	(290)
At 31 July	<u>-</u>	<u>-</u>

24 Income and expenditure account reserve

	Group	University
	£000	£000
At 1 August 2012	63,821	63,788
Surplus on continuing operations	3,135	3,134
Transfer to pension reserve	(82)	(82)
At 31 July 2013	<u>66,874</u>	<u>66,840</u>

Notes to the accounts

for the year ended 31 July 2013

25 Pension reserve	2013	2012
Group and University	£000	£000
At 1 August	(40,404)	(24,228)
Actuarial gain/(loss)	5,952	(15,945)
Surplus/(deficit) retained within reserves	82	(231)
At 31 July	(34,370)	(40,404)
26 Reconciliation of consolidated operating surplus to net cash inflow from operating activities		
Surplus after depreciation of tangible fixed assets at valuation	3,074	3,042
Depreciation	4,995	4,253
Exceptional item – diminution in value of fixed asset	-	800
Deferred capital grants released to income	(1,228)	(1,541)
Profit on disposal of tangible fixed assets	-	(583)
Interest receivable	(277)	(205)
Interest payable	1,936	1,109
(Increase)/decrease in stocks	(53)	60
(Increase)/decrease in debtors	(1,557)	201
Increase in creditors	3,506	4,673
Increase/(decrease) in provisions	175	(245)
Pension costs less contributions payable	(82)	231
Endowment funds reclassified as unrestricted expendable	(21)	(146)
Net cash inflow from operating activities	10,468	11,649
27 Returns on investments and servicing of finance		
Interest received	296	165
Interest paid	(1,897)	(782)
	(1,601)	(617)
28 Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(13,600)	(29,470)
Proceeds from sale of tangible fixed assets	-	1,911
Deferred capital grants received	484	1,177
New endowment received	4	94
	(13,112)	(26,288)
29 Management of liquid resources		
Decrease/(increase) in short term deposits	2,493	(12,422)
Net cash inflow/(outflow) from management of liquid resources	2,493	(12,422)
30 Financing		
New bank loans	15,200	24,389
Repayments of amounts borrowed	(753)	(702)
	14,447	23,687

Notes to the accounts

for the year ended 31 July 2013

31 Analysis of changes in net debt	At 1 August 2012	Cash flows	Non-cash changes	At 31 July 2013
	£000	£000	£000	£000
Cash at bank and in hand	3,484	12,773	-	16,257
Endowment assets	252	(78)	-	174
	3,736	12,695	-	16,431
Short term deposits	17,510	(2,493)	-	15,017
Debt due within one year	(753)	753	(803)	(803)
Debt due after one year	(37,979)	(15,200)	803	(52,376)
Net debt	(17,486)	(4,245)	-	(21,731)

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:

	2013	2012
	£000	£000
ERPF charge to the Income and Expenditure account	2,523	2,705
TPS contributions payable	2,587	2,714
USS contributions payable	729	543
Total pension cost	5,839	5,962

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 2013 was £4,581,000 of which employers' contribution totalled £3,644,000 and employees' contributions totalled £938,000. The employer's contribution rate was 23.3% until 31 March 2013 and 26.3% from 1 April 2013. 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.

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 2013.

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.

FRS17

The following information is based upon a full actuarial valuation of the fund at 31 March 2010, updated to 31 July 2013 on an FRS17 basis by a qualified independent actuary.

The material assumptions used by the actuary for FRS17 at 31 July 2013 were:

	2013	2012
	%	%
Pension Increase rate	2.8	2.2
Salary Increase Rate (see note below)	5.1	4.5
Expected return on assets	5.9	5.0
Discount rate for liabilities	4.6	4.1

The salary increase assumption is 1% pa until 31 March 2015 reverting to the long term rate shown thereafter.

Notes to the accounts

for the year ended 31 July 2013

32 Pension schemes (continued)

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:

	2013	2012
<i>Current pensioners</i>		
Males	22.9	22.9
Females	25.7	25.7
<i>Future pensioners</i>		
Males	24.9	24.9
Females	27.7	27.7

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

	2013		2012		2011	
	Long term return	Fund Value	Long term return	Fund Value	Long term return	Fund Value
	%	£000	%	£000	%	£000
Equities	6.5	59,432	5.6	48,519	7.0	47,644
Bonds	3.7	7,718	3.1	7,763	4.6	6,187
Property	4.6	4,631	3.7	3,882	5.1	3,712
Cash	3.4	5,403	2.8	4,529	4.0	4,331
Total market value of assets		77,184		64,693		61,874

The following amounts at 31 July 2013 were measured in accordance with the requirements of FRS17.

Analysis of amount shown in balance sheet	2013	2012
	£000	£000
Fair value of employer assets	77,184	64,693
Present value of funded obligations	(109,211)	(102,688)
Present value of unfunded obligations	(2,343)	(2,409)
Deficit in the scheme – net pension liability	(34,370)	(40,404)

Analysis of the amount charged to staff costs within operating surplus

Current service charge	3,193	2,615
Past service cost	54	-
(Gains)/losses on curtailments and settlements	(724)	90
Total operating charge	2,523	2,705

Analysis of the amount charged to interest payable

Expected return on pension scheme net assets	(3,211)	(4,019)
Interest on pension scheme liabilities	4,250	4,604
Net charge	1,039	585

Analysis of the amount recognised in statement of total recognised gains and losses

Actual return less expected return on pension scheme assets	8,558	(3,086)
Experience gains and losses	(2,606)	(12,859)
	5,952	(15,945)

Notes to the accounts

for the year ended 31 July 2013

32 Pension schemes (continued)

Movement in deficit during year	2013	2012
	£000	£000
At beginning of year	(40,404)	(24,228)
Movement in year:		
Current service charge	(3,193)	(2,615)
Employer contributions	3,504	2,923
Contribution in respect of unfunded benefits	140	136
Past service cost	(54)	-
Gain/(loss) on curtailments and settlements	724	(90)
Net return on assets	(1,039)	(585)
Actuarial gain/(loss)	5,952	(15,945)
At end of year	(34,370)	(40,404)

Analysis of the movement in the present value of scheme liabilities

At the beginning of the year	105,097	86,102
Current service cost	3,193	2,615
Interest cost	4,250	4,604
Contributions by members	938	877
Actuarial losses/(gains)	2,606	12,859
Past service cost	54	-
Loss on curtailments	89	90
Liabilities extinguished on settlements	(2,452)	-
Estimated unfunded benefits paid	(140)	(136)
Estimated benefits paid	(2,081)	(1,914)
At the end of the year	111,554	105,097

Analysis of the movement in the fair value of scheme assets

At the beginning of the year	64,693	61,874
Expected return on assets	3,211	4,019
Contributions by members	938	877
Contributions by employer	3,503	2,923
Contributions in respect of unfunded benefits	140	136
Actuarial gains/(losses)	8,558	(3,086)
Assets distributed on settlements	(1,638)	-
Estimated unfunded benefits paid	(140)	(136)
Estimated benefits paid	(2,081)	(1,914)
At the end of the year	77,184	64,693

Notes to the accounts

for the year ended 31 July 2013

32 Pension schemes (continued)

History of experience gains and losses Cumulative	31 July 2013 £000	31 July 2012 £000	31 July 2011 £000	31 July 2010 £000	31 July 2009 £000
Present value of scheme liabilities	(111,554)	(105,097)	(86,102)	(86,147)	(78,821)
Fair value of scheme assets	77,184	64,693	61,874	52,707	43,394
Deficit in the scheme	(34,370)	(40,404)	(24,228)	(33,440)	(35,427)
Difference between the expected and actual return on assets:	8,558	(3,096)	3,841	(4,289)	(7,223)
% of scheme assets	11.1%	4.8%	6.2%	8.1%	16.6%
Experience (losses)/gains on scheme liabilities:	40	(1,449)	3,789	59	46
Present value of liabilities	111,554	105,097	86,102	86,147	78,821
% of scheme liabilities	0.0%	1.4%	4.4%	0.1%	0.1%

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £16,774,000 (2012: loss £22,726,000).

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 2014 is £4,107,000. The estimated employer's contribution for the year ending 31 July 2014 is £3,859,000.

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

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2013 are also included in this note.

At the valuation date, the value of the assets of the scheme was £32,433.5 million and the value of the scheme's technical provisions was £35,343.7 million indicating a shortfall of £2,910.2 million. The assets therefore were sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

On the FRS17 basis, using an AA bond discount rate of 4.2% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2013 was 68%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 55%.

Surpluses or deficits which arise at future valuations may impact on the institution's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme. At 31 March 2012, USS had over 145,000 active members and the institution had active members participating in the scheme.

The total pension cost for the University was £729,000 (2012: £543,000). This includes £66,000 (2012: £50,000) outstanding contributions at the balance sheet date. The contribution rate payable by the institution was 16% of pensionable salaries.

Notes to the accounts

for the year ended 31 July 2013

32 Pension schemes (continued)

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.

33 Financial commitments

Group and University

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

	2013	2012
	£000	£000
Land and buildings		
Expiring within 1 year	189	-
Expiring between two and five years inclusive	93	375
Expiring in over five years	1,042	322
	<u>1,324</u>	<u>697</u>
Other		
Expiring within one year	7	35
Expiring between two and five years inclusive	145	152
	<u>152</u>	<u>187</u>

34 Capital commitments

Group and University

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

Commitments contracted for	3,876	3,792
Authorised but not contracted for	13,486	13,017
	<u>17,362</u>	<u>16,809</u>

Notes to the accounts

for the year ended 31 July 2013

35 Amounts disbursed as agent

Group and University	2013 £000	2012 £000
a) Access to Learning Fund		
Balance at 1 August	27	14
Funding Council Access grant	255	258
	<u>282</u>	<u>272</u>
Disbursed to students	(266)	(237)
Fund running costs	(8)	(8)
Balance at 31 July	<u>8</u>	<u>27</u>
b) Skills Funding Agency / Young Persons Learning Agency		
Balance at 1 August	46	-
Funding Council grants	-	274
Disbursed to students	-	(214)
Fund running costs	-	(14)
Balance at 31 July	<u>46</u>	<u>46</u>
c) General Social Care Council		
Balance at 1 August	-	101
Received from GSCC	865	649
	<u>865</u>	<u>750</u>
Paid to placement providers	(761)	(750)
Balance at 31 July	<u>104</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 £4,600 relating to marina moorings took place with the Brayford Trust, where Mr K Darwin and Professor M Stuart are directors.

Transactions totalling £9,455 relating to a knowledge transfer programme took place with the Longhurst Group, where Ms C McEwen is Vice Chairman.

Transactions totalling £587,927 relating to the engineering contract took place with Siemens Industrial Turbo Machinery Ltd, where Mr N Corner is a director.

Transactions totalling £102,168 relating to teaching and medical support took place with United Lincolnshire Hospitals NHS Trust, where Mr K Darwin is a non-executive director.

Transactions totalling £165,900 relating to apprenticeship payments took place with the University Academy Holbeach, where Professor M Stuart is a director.

Transactions totalling £69,652 relating to research activity took place with the University of Nottingham, where Professor S Bailey is Head of the School of Law.

Notes to the accounts

for the year ended 31 July 2013

36 Related party transactions (continued)

Transactions totalling £823,070 relating to block grant, rental charges and supported activities, took place with the University of Lincoln Students' Union.

At 31 July 2013, the following amounts were owed to the University: £1,816 from the Longhurst Group; £311,212 from Siemens Industrial Turbo Machinery Ltd; and £11,212 from University Academy Holbeach.

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

The governing body and officers 2012/13

The Governors who served in the period from 1 August 2012 were as follows;

Mr H Biddle (Chair)

Professor S Bailey

Mr R Buttery (Deputy Chair) (until 31 December 2012)

Mr N Corner

Mr K Darwin OBE

Ms J Fox (Student Member) (until 30 June 2013)

Ms D Gilhespy

Ms M Jackson

Dr M Kierstan

Professor G Layer OBE

Ms C McEwen (from 1 January 2013)

Mr D Sam (Student Member) (from 1 July 2013)

Ms M Sinclair (until 22 July 2013)

Dr J Slack (Staff Member)

Professor M Stuart (Vice Chancellor)

Mr R Whetton

The officers who served in the period from 1 August 2012 were as follows;

Senior Management Team

Professor M Stuart	Vice Chancellor
Professor A Atherton	Senior Deputy Vice Chancellor (until 31 December 2012)
Professor J S Davidson	Deputy Vice Chancellor
Professor I Owen	Deputy Vice Chancellor
Mr C Spendlove	University Registrar
Mrs J Billam	Director of Human Resources
Ms D Harry	Chief Finance Officer
Mrs C Low	Director of Planning & Business Intelligence
Mr J Plumridge	Director of Estates & Commercial Facilities
Professor N Cherry	Pro Vice Chancellor
Professor A Hunter	Pro Vice Chancellor
Professor S Owen	Pro Vice Chancellor
Mr P Walsh	Clerk to the Board of Governors

The University's principal advisers were;

Lloyds TSB plc	Bankers
Deloitte LLP	External Auditor
KPMG LLP	Internal Auditor

