

FINANCIAL STATEMENTS

2007/08

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OFFICERS AND STAFF PRINCIPALLY CONCERNED WITH FINANCIAL MATTERS

Membership of Council as at 28 November 2008

Dr M Acar
Dr J Aldridge
A Baumhoff
J Blackwell
Sir Bryan Carsberg^{3,4}
P Coates³
Professor I Davidson^{2,4}
B Dent
V Dhaliwal
G Edila

Sir John Gains^{3,4}
M A Gibson
P Glover¹
D Goss
Professor N Halliwell⁴
N Honey^{2,4}
Sir John Jennings
J Murphy
J Mutton²
Professor R Parker

G Payne
Professor S Pearce^{3,4}
Professor R Parry-Jones
S Proffitt¹
Professor I Reid
J A M Strong
N Tamplin¹
A A Woods^{2,3,4}
D Wring

Membership of Committees as at 28 November 2008

Audit Committee¹
Treasurer's Committee²

Remuneration Committee³
Nominations Committee⁴

Officers and Staff in Post as at 28 November 2008

Chair of Council	Sir Bryan Carsberg, MSc(Econ), LLd(Hon), ScD(Hon), DUniv(Hon), DLitt(Hon), MA(Econ)(Hon), FCA, HonFIA Director, Inmarsat plc Director, RM plc Director, Novae Group plc
University Treasurer and Chair of Treasurer's Committee	Alan Woods, DL, DUniv (Hon), FCA Chairman, Derbyshire Building Society A Deputy Lieutenant for the County of Derbyshire
Chair of Audit Committee	Simon Proffitt, FCA Chief Executive of LOROS
Vice-Chancellor and Designated Officeholder	Professor Shirley Pearce, CBE, BA Oxon, MPhil, PhD
Director of Finance	Caroline Walker, FCCA, CPFA, MBA

Providers of Financial Services

External Auditors	Deloitte & Touche LLP, Nottingham
Internal Auditors	KPMG LLP, Nottingham
Bankers	Barclays Bank plc, Birmingham Lloyds Bank Ltd, Birmingham
Insurers	Universities Mutual Association Ltd, London

Operating and Financial Review

Context

Higher Education in the UK faces increasing competition, both within the UK and internationally, in terms of student recruitment, reputational standing, research funding and the recruitment of talented staff.

The year 2007-08 represented the first year of the implementation of the new University strategic plan, *Towards 2016*. Actions to realise this ambitious strategy are set out in a series of implementation plans that address all areas of the University's activities and support functions.

The University has advanced its national standing considerably over recent years and is now widely recognised as a top 15 institution in the UK. To sustain and improve on this record, and to achieve similar recognition internationally, is a significant challenge that the University must face.

Since the end of the financial year, there have been dramatic events in the global economy, especially in the banking sector and financial markets. It is too soon to identify all the consequences for the University, but there are likely to be restrictions on future public spending which may affect income and issues of cash management which will be especially important both to the University and our suppliers. We have been watching these developments closely and regularly consider the mitigating actions that the University must take.

Academic Issues

Research continues to be at the forefront of the University's academic progress. Inevitably the year has been dominated across the sector by the Research Assessment Exercise. At the same time there have been continuing programmes of research, both core funded and those funded by external bodies. The year saw further growth in the number of doctoral research students in response to the strategic investment by the University.

The growth in academic staff numbers, recorded elsewhere in this review, is a vital step towards expanding research capacity. Income from Research Grants and Contracts has increased by 10% over the year and it remains a priority to continue growth in this area. The Research Assessment Exercise in December 2008 is an important milestone but a good result will not necessarily result in significantly changed financial resources, although some growth in Quality Related Research funding is likely.

Teaching and Learning remain the largest element of our academic activities. Total student numbers in this year were 16,045, including 13,196 full time degree level students. Strong recruitment is important, not just financially but also in raising intake standards and securing the viability of vulnerable subject areas. Continued vigilance is required, especially in increasingly competitive international markets.

Approximately half of students are in the Faculties of Engineering and Science, with the balance in Social Sciences and Humanities. Just over one in four students are studying at graduate level. Approximately a third of full time undergraduates are registered on sandwich programmes and 962 undertook industrial professional training during 2007-08.

The quality of Teaching and Learning underpins the University's outstanding performance in the National Student Survey (NSS) and in other measures and league tables. Continued development is needed to maintain this position, and measures include a system of regular and effective monitoring of programmes and subjects to ensure their sustained relevance, the introduction of new subjects and programmes as appropriate, and the establishment of a Teaching Centre to support staff in this crucial activity.

Enterprise activities form an increasingly important third dimension within academic departments and faculties. Whilst the development of work in this area is supported by the Enterprise Office, leadership and input from academic staff is critical to success. The proportion of academic activities in the enterprise area varies between departments in the University, as would be expected. In the future it is likely that Enterprise will form a greater proportion of total activity and will be a growing source of income.

Financial Review

It is pleasing to report that there has been a surplus for the year of £7.4m, representing 3.7% of turnover. Net cash balances have also increased marginally to £2.3m from £0.7m after capital expenditure of some £28.9m, of which £14.4m was financed by deferred capital grants. All that provides a healthy state of affairs.

The University has adopted some key financial measures:

- Operating surpluses should be circa 3% of turnover
- Debt servicing costs should not exceed 4% of turnover
- To hold a minimum balance of £15m in cash of which there should not be less than £10m readily available in less than one month

The University has developed plans to incorporate 5 year forecasting of income and expenditure outcomes and capital expenditure outlines linked to the strategic plan for a period in excess of 5 years. All this work is providing the stimulus for discussions on detailed application of the strategic vision taking into account the challenge that the current and anticipated economic conditions will present.

The University has a well developed Treasury Investment Strategy for its cash balances, dealing with requirements for availability (overnight, 7 & 30 days, 3 months etc) and counterparty risk viewed against credit ratings which are regularly reviewed. Additionally the University has fixed its interest payable on £15m of debt. Cash balances are currently well in excess of the balance of debt.

The longer term view of the capital expenditure required and the operating surplus expected leaves a requirement for additional debt to be drawn against the 30 year committed loan facility that is already in place. It is not expected that this facility will need increasing. However further work is required to provide a greater confidence that operating surpluses are at an acceptable level.

Comments on the accounts and related matters for the year ended 31 July 2008 are as follows:

- A surplus of £7.4m was achieved, compared with a surplus for the previous year of £6.6m prior to an exceptional loss in 06/07 relating to the disposal of a long leasehold interest in land.
- Turnover grew some £23m, of which approximately £5m relates to the second year of variable fees payable by Home and EU students, £4m additional core grant from HEFCE and the additional income from an increase in the number of students mainly international.
- There was an operating cash in flow of £13.6m (2006/07 £17.6m), a reduction over the previous year primarily as a result of the increase in debtors reflecting growth in variable fees.
- Capital expenditure was £28.9m of which £14.4m was financed from deferred capital grants received. The gross expenditure covered the final spend on the Health and Exercise Bioscience Laboratory and the freehold interest of the Holywell Park site in which the University had a long leasehold interest.
- We reported last year that a start had been made on the new student residences on the former Car park 7. This development is being undertaken in partnership with UPP on leasehold land (the University retaining the freehold interest) and therefore does not impact on the Balance Sheet. The development has four new halls and is known collectively as the Village Park Development. Significant progress has been made during the year under review with two of the four halls opening in September 2008 and the third and the fourth halls due to open January 2009 and September 2009 respectively.
- Planning and negotiations of the development of a new Sport Park were undertaken and the construction has now started to provide office accommodation for a number of sports national governing bodies. Grant support for the development has come from emda, the Sport England Lottery Fund, Leicestershire County Council and Charnwood Borough Council. The Amateur Swimming Association is to be the anchor tenant with the development due for occupation by the end of 2009.
- Initial planning and feasibility studies have been initiated on the East Park Design Centre planning for completion in 2011 and a Low carbon Building adjacent to the Sports Park development
- Accounting adjustments, in accordance with Financial Reporting Standard 17 "Retirement benefits", have been made to the University's financial statements to take account of the Local Government Pension Scheme (LGPS) as it is possible to identify our individual share for this scheme and not the other schemes to which the University contributes.

The deficit in the LGPS at 31 July 2008 was £17.6m an increase of £8.8m. As a consequence of continuing dislocation in the financial markets this deficit is volatile but with an overall deficit likely. It is clear with improved life expectancy and lower future investment returns, the funding requirements are likely to be a significant future burden on the University's finances. In respect of the Universities Superannuation Scheme, whilst contribution levels have remained consistent over a long period of time the same pressures apply to this scheme and future increases are expected.

Staff Issues

The planned increase in academic staff numbers over the past two years continued in 2007-08. Academic staff as at April 2008 numbered 636, a growth of 100 since July 2006. A significant targeted recruitment campaign in April 2008 saw 11 academic posts in energy and climate change advertised, including four professorial appointments. New staff will be starting work in these important areas in the second half of 2008. A Professor of History has also been appointed to provide academic leadership following the re-introduction of History at the University.

In April 2008 a scheme called SalaryMax was launched, which enables individual members of the Universities Superannuation Scheme to maximise their take home pay through adjustments to National Insurance contributions.

The University undertook its first comprehensive survey of staff opinions on a wide range of issues in June 2008. The response rate of 65% is one of the highest achieved in the higher education sector, and 95% of staff rated the University as a good or very good place to work. A summary of the main findings was made available to all staff during September 2008.

The final installments of a three year national pay settlement are being implemented during 2008. Under the terms of the settlement an increase of 3% was awarded in May 2008. The final increase was agreed as 2.5% or the RPI figure for September 2008 (whichever is higher). This has resulted in an award of 5% from October 2008, which the University paid in October with immediate effect. The next national pay award will be due in August 2009.

The rate of growth of both total pay, pension and price increases above the rate of inflation is a significant area of concern for all HEIs and Loughborough is no different. Measures to control the underlying cost base to deliver surpluses to support delivery of our strategic visions to 2016 will continue to be a priority.

Physical Infrastructure

The year saw continued developments and expansion of the University's physical infrastructure. The new Health and Exercise Bioscience Laboratory, providing exercise physiology laboratories on two floors above pool teaching space, was completed and occupied. Accommodation was provided in the Holywell Building for the Energy Technologies Institute, with two other activities relocated to enable this development.

There were a number of further developments of research facilities, including the formal opening of both the Sports Technology Institute and the Unsteady Fluids Laboratory. Progress was also made on the new Class 2 type laboratories for bio-engineering research. All these developments are located at Holywell Park, and serve to emphasise the importance of the additional space secured to the west of the original campus. Steps were also taken to secure the freehold of further land in this area.

Corporate Responsibility

The University recognises its responsibility to play a full and meaningful part in the wellbeing of society, and all its activities are ultimately directed for public benefit. The University has significant relationships with the communities that it serves and operates within. In recent years the University has established a successful community relations programme and it has developed an important range of activities in sustainability. In addition the University continues to work in partnership with the Loughborough Students' Union on its delivery of Corporate Social Responsibility.

There is more that can be achieved and the University is concerned/committed to enhancing both its corporate responsibility activities and also the visibility of its strengths in this area. Accordingly during 2007-08 early steps were taken to enable us to measure and benchmark our activities using the Business in the Community 'Community Index'.

Analysis and Conclusion

The University made good progress during 2007-08. It began the implementation of its strategic plan *Towards 2016* and continued to make investment in priority areas such as academic staff and research students, as well as the enhancement of its physical infrastructure. The current financial position is sound.

Looking forward, the University has undertaken detailed financial modelling of different scenarios to assess the financial feasibility of the steps needed to achieve its strategy and, especially, to support the Capital Plan. This work indicates that this programme can be supported if a range of demanding, but not impossible, targets are met. The speed with which the programme is developed can be adjusted to reflect progress made towards meeting those targets. 2007-08 has provided an important and sound base for these plans.

Professor Shirley Pearce, Vice-Chancellor and Designated Officer

Alan Woods, Treasurer

Caroline Walker, Director of Finance

28 NOVEMBER 2008

STATEMENT OF CORPORATE GOVERNANCE

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the governance procedures applied by the University Council.

The University is committed to exhibiting best practice in all aspects of Corporate Governance. This statement describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance July 2006.

Throughout the year ended 31 July 2008, the University has been in compliance with all the Code provisions set out in section 1 of the Combined Code on Corporate Governance insofar as they relate to universities. During 2005/06 the Council undertook a detailed review of effectiveness of Council which included compliance with the Guide for Members of Governing Bodies of Universities and Colleges in England and Wales, a revised version of which was issued by the Committee of University Chairmen in 2004. An action plan was drawn up to ensure compliance with the Code and this has now been fully implemented.

Summary of the University's Structure of Corporate Governance

The **Council**, the governing body of the University, comprises independent, academic, non-academic and student members appointed under the Statutes of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Council holds to itself the responsibilities for the ongoing strategic direction of the University, approval of major developments and the receipt of regular reports from the Executive Officers on the day to day operations. Certain matters are specifically reserved for Council under the Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Council meets at least three times a year, and it is advised by the Senate on academic issues.

Both Council and Senate conduct their routine business through committees, some of which are jointly composed. So far as financial management is concerned, the **Operations Committee**, comprising executive officers, has responsibility for the integration of academic, financial and physical planning and the allocation of resources to departments and sections.

Monitoring of the overall financial situation and treasury management are the responsibility of the **Treasurer's Committee**, which is chaired by a non-executive member of Council and on which there is a majority of independent members. The Operations Committee monitors the performance of faculties and business units regularly.

The External Auditors address their report on the Financial Statements to Council through the **Treasurer's Committee**.

The **Audit Committee** comprises independent members of Council, who are not otherwise involved in the management of the University, and other independent persons appointed by Council. Both Internal and External Auditors report to the Audit Committee on a regular basis. The Committee considers the detailed reports together with the recommendations on the systems and controls in operation. The Committee takes account of guidance issued by the HEFCE through its Code of Practice on Accountability and Audit. The Committee appoints the Internal auditors whilst Council appoints the External Auditors. Both Internal and External auditors have direct access to the Chair of Council, the Chair of Audit Committee and the Vice-Chancellor at any time.

The **Nominations Committee** of Council, comprising lay members, academic and non-academic members and the Vice-Chancellor, considers nominations for vacancies in Council membership under the relevant category.

The **Remuneration Committee** of Council, comprising lay members and the Vice-Chancellor (except for discussions on her own remuneration), determines the remuneration of professorial and senior administrative staff.

Internal Control

The Council, as the governing body of Loughborough University, has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Charter and the Financial Memorandum with the HEFCE.

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

The system of internal control is based on an ongoing review 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 2008 and up to the date of approval of the financial statements, and accords with HEFCE guidance. During the year the risk register was revised to reflect the new strategic themes as detailed in the University's strategic plan to 2016. This entailed significant review of the register and supporting documents; risks have been managed according to the normal process and the usual cyclical reviews with audit committee have been completed. The Executive Leadership Team (ELT) continued to receive appropriate updates from managers but reviewed the register at one point in time.

The principal features of the University's internal control structure are:

- A comprehensive strategic and operational planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets with clear allocation of responsibilities for achievement of strategic and operational plans. In addition the Council has adopted clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving substantial capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council. Comprehensive Financial Regulations, detailing financial controls and procedures, have been approved by the Council. Regular reviews of academic performance and financial results involving variance reporting and updates of forecast out-turns take place.

ELT is tasked with the identification, evaluation and management of risk. A risk management strategy and policy document and an organisation-wide risk register have been established. It has been agreed where the principal responsibility rests for risks identified and a control and reporting strategy which now involves annual reporting back to the ELT has been implemented for each of the significant risks.

- The Audit Committee monitors the effectiveness of control, governance, the management of risk and value for money of the University's activities. It receives regular reports from the Internal Auditors, and where relevant, the External Auditors. The internal audit approach now reflects the increased emphasis on risk management. Periodic reports concerning internal control are received by Council from the Audit Committee. Reports on the progress on key projects and regular reports from senior management on the steps they are taking to manage risks in their area of responsibility are received by the Council and its principal committees.
- The Performance Monitoring Group, comprising of lay members and executive officers, and the Research Performance Monitoring Group which comprises of executive officers and the lay chair of council, monitor the performance of all sections of the University in the light of the University's targets set in the Strategic and Operational Plan. Both groups report to Senate and Council.

The University Council, through the Audit Committee, has reviewed the effectiveness of the system of internal control of the University and its subsidiary companies for the period covered by these financial statements. Any system of internal control can, however, only provide reasonable but not absolute assurance against material financial misstatement or loss.

Going Concern

The University Council is satisfied that the University and its subsidiary companies have 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 financial statements.

STATEMENT OF THE RESPONSIBILITIES OF THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

In accordance with the Royal Charter, the Council of the University is ultimately responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

The University Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiary companies and enable it to ensure that the financial statements are prepared in accordance with the relevant parts of the Royal Charter, company law, the Statement of Recommended Practice on Accounting for Further and Higher Education and other 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 latter, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiary companies and of the surplus or deficit and cash flows of the University and its subsidiary companies for that year.

In preparing the financial statements, the University Council has to ensure that:-

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed
- the going concern basis is used unless it is inappropriate to presume that the University will continue in operation.

The University Council has taken reasonable steps to: -

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe
- ensure that income from the Training and Development Agency for Schools is applied for the purpose for which it has been received and in accordance with the funding agreement with the Agency
- ensure that income from the Learning and Skills Council is applied for the purpose for which it has been received and in accordance with the funding agreement with the Council
- 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 its subsidiary companies and prevent and detect fraud, and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary companies.

INDEPENDENT AUDITORS' REPORT TO THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

We have audited the financial statements of Loughborough University for the year ended 31 July 2008 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the statement of consolidated total recognised gains and losses, the consolidated balance sheet, the University balance sheet, the consolidated cash flow statement, reconciliation of net cash flow to movement in net funds/(debt), and the related notes 1 to 36. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Council of the University, as a body, in accordance with the Financial Memorandum dated July 2006. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Members of the Council and auditors

As described in the Responsibilities of the Council, the Members of the Council are responsible for the preparation of the financial statements in accordance with the University's statute, the Statement of Recommended Practice on Accounting for Further and Higher Education and other applicable United Kingdom law and accounting standards (United Kingdom Generally Accepted Accounting Practice).

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

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

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

We read the other information contained in the Treasurer's Report, including the corporate governance statement, and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

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

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

Opinion

In our opinion:

- (a) the financial statements give a true and fair view of the state of affairs of the University and the Group as at 31 July 2008 and of the surplus of the Group for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions;
- (b) in all material respects income from the Higher Education Funding Council for England, grants from the Training and Development Agency, grants and income for specific purposes and from other restricted funds administered by the University have been applied only for the purposes for which they were received; and
- (c) in all material respects income has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum, dated July 2006 with the Higher Education Funding Council for England.

An audit does not provide assurance on the maintenance and integrity of the web -site, including controls used to achieve this, and in particular on whether any changes may have occurred to the financial statements since first published. These matters are the responsibility of the directors but no control procedures can provide absolute assurance in this area. Legislation in the United Kingdom governing the preparation and dissemination of financial statements differs from legislation in other jurisdictions.

28 November 2008

**Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
Nottingham UK**

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1 Accounting Convention

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.

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

2 Basis of Consolidation

The University and its subsidiaries prepare accounts to 31 July. The consolidated financial statements combine the financial statements of the University and all its subsidiary undertakings for the financial year to 31 July 2008. The individual subsidiary companies' financial statements have been prepared in accordance with the Companies Act and other relevant Accounting Standards.

The consolidated financial statements do not include the accounts of Loughborough Students Union, as it is a separate body over which the University does not have the power to exercise and nor does it exercise dominant influence. An amount of expenditure, which is included in the Consolidated Income and Expenditure Account of the University, relates to the University's contribution to Union activities.

3 Recognition of Income

Income from Specific Endowments, Donations, Research Grants and Contracts is included to the extent of recurrent expenditure incurred and depreciation charged during the year, together with any related contributions towards overhead costs. Unspent endowments are shown as Endowment Reserves on the balance sheet, whilst unspent donations, where terms require are classed as deferred income. All income from other sources is credited to the Income and Expenditure Account on an accruals basis.

4 Merger with Loughborough College of Art and Design

Loughborough College of Art and Design merged with Loughborough University on 1 August 1998. The merger was accounted for by the 'acquisition method of accounting' in order to comply with the requirements of the Financial Reporting Standard (FRS) 6, "Acquisitions and Mergers". Fair values are attributed to the net separable assets and liabilities. The benefit arising as a consequence of no consideration having been paid by the University for the net value of the assets acquired is included in the Consolidated Balance Sheet as a deduction from Tangible and Intangible Assets. The fair value of the benefit is released to the Income and Expenditure Account over the periods in which the non-monetary assets are recovered, whether through depreciation or disposals. The release is aligned with the corresponding depreciation charge relating to the assets.

5 Pension Schemes

The University participates in the Universities Superannuation Scheme (USS), the Local Government Superannuation Scheme (LGPS) and the Teachers' Pensions (TP).

The USS and the TP are defined benefit schemes which are externally funded and contracted out of the State Second Pension. The institution is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for these two schemes as if they were defined contributions schemes. As a result the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes during the year.

The LGPS is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme. The institution is able to identify its share of the assets and liabilities of this scheme. The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the Income and Expenditure Account or the statement of total recognised gains and losses in accordance with FRS17 "Retirement benefits".

The funds of the USS and LGPS are 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 actuaries review the progress of the Schemes. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the Schemes, and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. The TP is valued every five years by the Government Actuary. Contributions are paid at the rate specified by the Government Actuary. It is an unfunded Scheme and contributions are made to the Exchequer.

The pension charge for the period includes an amount in respect of enhanced pension entitlements relating to specific University staff who have taken early retirement in prior years. The calculation of the cost of early retirement provisions charged to the Income and Expenditure Account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns in excess of price inflation.

A provision is made for liabilities and charges representing the extent to which the capital cost of enhanced pension entitlements charged exceeds actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the life of each relevant employee.

6 Land and Buildings

Land and buildings are stated at cost or, in the case of buildings acquired as a result of the merger with Loughborough College of Art and Design, at valuation: the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International Property Advisors. Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their estimated useful lives, which range between ten and sixty years depending on the method of construction used. Leasehold land and buildings are amortised over the life of the lease up to a maximum of fifty years. Improvements to buildings and long term maintenance projects are capitalised, where they are seen to increase the value or effective life of a building or building related plant and the value of the improvements is in excess of £50,000. Depreciation is charged from the year of completion and is calculated to write the cost off over the remaining life of the improved building or building related plant.

Where building projects are financed 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 building 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.

7 Fixtures, fittings, plant and equipment

All such items, where the cost is less than £20,000 per individual item or group of related items, are written off in the year of acquisition. All other items are capitalised.

Items are stated at cost and depreciated over their expected useful life, as follows:

Main computer systems	- 7 years
Other main frame computers and telephone equipment	- 5 years
Motor vehicles and other general equipment	- 4 years
Equipment acquired for specific research projects	- project life (generally 3 years)
Plant, furniture and fixtures	- between 5 and 15 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to the Income and Expenditure Account over the expected useful, economic life of the equipment (the period of the grant in respect of specific projects).

8 Investments

Endowment asset investments are included in the Balance Sheet at market value. Fixed asset investments are included at cost. Short-term deposits are included at the lower of cost and net realisable value. Provision is made for any impairment in value of investments whether or not the impairment is expected to be permanent.

The income receivable from short-term investments includes the effects of identified reductions in value in investments (both realised and unrealised).

9 Stocks

Stocks of goods for re-sale are stated at the lower of cost and net realisable value. Stocks of consumable materials held in academic and service departments are excluded.

10 Maintenance of Premises

Actual expenditure on long-term repairs and maintenance of buildings and building-related plant below £50,000 and routine corrective maintenance is charged to the Income and Expenditure Account in the year in which it is incurred. The costs of long-term maintenance projects above £50,000 in value are capitalised with effect from 1 August 1998.

11 Foreign currency transactions

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.

12 Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand less overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. University's treasury management activities consist of term deposits. They exclude any such assets held as endowment asset investment.

13 Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by 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.

All subsidiary companies (with the exception of Loughborough University Development Trust, which is a registered charity) are liable to Corporation tax and Value Added Tax in the same way as any other commercial organisation.

The University's principal activities are exempt from Value Added Tax, but certain ancillary supplies and services are liable to Value Added Tax at various rates. Expenditure includes irrecoverable Value Added Tax charged by suppliers to the University.

14 Operating lease rentals receivable

Operating lease rentals received are credited to the Income and Expenditure Account on an accruals basis over the period of the lease.

15 Leases

The costs of operating leases are charged to the Income and Expenditure Account as they accrue.

Consolidated Income and Expenditure Account

Year Ended 31 July 2008

	Note	2007/08 £'000	2006/07 £'000
INCOME			
Funding Council Grants	1	63,605	59,824
Academic Fees and Support Grants	2	52,601	43,340
Research Grants and Contracts	3	33,329	30,385
Other Income	4	48,019	41,306
Endowment and Investment Income	5	2,710	2,298
Total Income		<u>200,264</u>	<u>177,153</u>
EXPENDITURE			
Staff Costs	6	108,651	99,472
Depreciation	11	11,341	9,982
Other Operating Expenses		71,357	59,322
Interest Payable	7	1,736	1,818
Total Expenditure	8	<u>193,085</u>	<u>170,594</u>
SURPLUS ON CONTINUING OPERATIONS BEFORE DISPOSAL OF ASSETS AND TAX	9	7,179	6,559
Exceptional item: loss on assignment of lease	9	0	(2,682)
SURPLUS ON CONTINUING OPERATIONS AFTER DISPOSAL OF ASSETS BUT BEFORE TAX		<u>7,179</u>	<u>3,877</u>
Tax	10	56	(42)
SURPLUS ON CONTINUING OPERATIONS AFTER TAX		<u>7,235</u>	<u>3,835</u>
Transfer to/(from) accumulated income within specific endowments		203	(40)
Surplus for the year retained within reserves	23	<u>7,438</u>	<u>3,795</u>

Note: The consolidated income and expenditure account is wholly in respect of continuing operations.

Statement of Consolidated Total Recognised Gains and Losses

Year Ended 31 July 2008

	Note	2007/08 £'000	2006/07 £'000
SURPLUS ON CONTINUING OPERATIONS AFTER TAX		7,438	3,795
(Loss)/appreciation of endowment asset investments	22	(86)	19
Prior year's endowment income expended in current year		(353)	48
Actuarial (loss)/gain in respect of pension scheme	34	(8,405)	10,551
Adjustments to reserves	23	<u>6,035</u>	<u>0</u>
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		4,629	14,413
Reconciliation			
Opening reserves and endowments		72,596	
Total recognised gains and losses for the year		4,629	
Closing reserves and endowments		<u><u>77,225</u></u>	

Balance Sheets as at 31 July 2008

	Note	2007/08		2006/07	
		Consolidated	University	Consolidated	University
		£'000	£'000	£'000	£'000
Tangible Assets	11	227,115	217,348	212,314	202,856
Benefit Arising from the Acquisition of LCAD	12	(3,029)	(3,029)	(3,163)	(3,163)
Investments	13	279	8,734	269	8,619
Long-term Loans	14	240	973	270	298
Total fixed assets		224,605	224,026	209,690	208,610
Endowment assets	15	1,198	1,067	2,177	1,501
Stocks and Stores in Hand		174	143	237	158
Debtors	16	16,270	17,665	13,211	13,613
Short Term Deposits	17	26,055	26,005	26,718	26,204
Cash at Bank and in Hand		9,725	5,169	7,331	4,606
Total current assets		52,224	48,982	47,497	44,581
Less: Creditors - amounts falling due within one year	18	(54,907)	(53,097)	(52,526)	(50,020)
Net current liabilities		(2,683)	(4,115)	(5,029)	(5,439)
Total assets less current liabilities		223,120	220,978	206,838	204,672
Less: Creditors - amounts falling due after more than one year	19	(33,094)	(33,094)	(33,663)	(33,663)
Less: Provisions for liabilities	20	(2,052)	(1,878)	(2,049)	(1,875)
NET ASSETS excluding pension liability		187,974	186,006	171,126	169,134
Pension liability	34	(17,599)	(17,599)	(8,765)	(8,765)
NET ASSETS including pension liability		170,375	168,407	162,361	160,369
Deferred Capital Grants	21	93,150	92,500	89,765	89,072
Endowments					
Expendable		392	392	805	805
Permanent		806	675	1,372	696
	22	1,198	1,067	2,177	1,501
Reserves excluding pension liability	23	93,626	92,439	79,184	78,561
Pension reserve	23,34	(17,599)	(17,599)	(8,765)	(8,765)
Reserves including pension liability		76,027	74,840	70,419	69,796
TOTAL		170,375	168,407	162,361	160,369

The financial statements were approved by Council and signed on its behalf by:

S PEARCE, Vice-Chancellor and Designated Officeholder

B CARSBURG, Chair of Council

28 November 2008

Consolidated Cash Flow Statement

Year ended 31 July 2008

	Notes	Year Ended 31 July 2008 £'000	Year Ended July 2007 £'000
Net cash inflow from operating activities	28	13,679	17,382
Returns on investments and servicing of finance	29	212	162
Taxation		-	(4)
Capital expenditure and financial investment	30	(12,305)	(15,692)
Management of liquid resources	31	663	(1,642)
Financing	32	(541)	(528)
Increase/(decrease) in cash in the year	33	<u>1,708</u>	<u>(322)</u>
Reconciliation of net cash flow to movement in net funds			
		31 July 2008 £'000	July 2007 £'000
Increase/(decrease) in cash for the year		1,708	(322)
Change in short term deposits	31	(663)	1,642
Change in debt	32	<u>541</u>	<u>528</u>
Change in net funds		1,586	1,848
Net funds/(debt) at 1 August		678	(1,170)
Net funds at 31 July	33	<u>2,264</u>	<u>678</u>

Notes to the Accounts

For the year ended 31 July 2008

1 FUNDING COUNCIL GRANTS

	2007/08	2006/07
	£'000	£'000
HEFCE Recurrent:		
Teaching	37,628	35,396
Research	15,879	15,155
Other	4,954	4,971
LSC Recurrent	1,000	982
TDA	750	703
Deferred Capital Grants Released in Year :		
Buildings (Note 21)	1,081	1,016
Equipment (Note 21)	2,313	1,601
	<u>63,605</u>	<u>59,824</u>

2 ACADEMIC FEES AND SUPPORT GRANTS

Home Students	29,367	23,286
International Students	<u>23,234</u>	<u>20,054</u>
	<u>52,601</u>	<u>43,340</u>

3 RESEARCH GRANTS AND CONTRACTS

Research Councils and Charities	17,608	14,872
Industry and Commerce	4,978	3,873
Governmental	<u>10,743</u>	<u>11,640</u>
	<u>33,329</u>	<u>30,385</u>

Facilities for research with a value of £0 (2006/07 - £12,000) were donated to the University, but are not included in the above.

4 OTHER INCOME

	2007/08	2006/07
	£'000	£'000
Residences, Catering and Conferences	29,762	27,335
Other income	17,082	12,628
Benefit on acquisition of LCAD - Release to Income (Note 12)	134	134
Released from Deferred Capital Grants	<u>1,041</u>	<u>1,209</u>
	<u>48,019</u>	<u>41,306</u>

5 ENDOWMENT AND INVESTMENT INCOME

Income from Specific Endowments (Note 22)	247	177
Income from Short-term Investments	1,836	1,771
Net return on pension scheme (Note 34)	<u>627</u>	<u>350</u>
	<u>2,710</u>	<u>2,298</u>

Notes to the Accounts

For the year ended 31 July 2008

6 STAFF COSTS

	2007/08	2006/07
	£'000	£'000
Staff Costs :		
Wages and Salaries	89,304	80,515
Social Security Costs	6,935	6,612
Other Pension Costs (Note 34)	12,147	12,103
Restructuring Costs	265	242
Total	<u>108,651</u>	<u>99,472</u>

The emoluments of the Vice-Chancellor (excluding employers pension contributions) amounted to £180,000 (2006/07 - £160,000) and are disclosed on the same basis as for higher paid staff. The University's pension contributions to the Universities Superannuation Scheme (USS) in respect of the Vice-Chancellor are on the standard basis for academic and related staff and amounted to £25,200 (2006/07 - £22,400).

Remuneration of other higher paid staff, excluding employer's pension contributions:	No.	No.
£100,000 to £109,999	0	4
£120,000 to £129,999	1	0
£130,000 to £139,999	2	0
£140,000 to £149,999	1	0

Average Staff Numbers by Major Category :

	No.	No.
Academic	636	598
Teaching and scholarship	56	52
Research	318	344
Management & Specialist	431	413
Technical	213	208
Other	1,051	915
	<u>2,705</u>	<u>2,530</u>

The average staff numbers, by major category, are expressed as full-time equivalents and are disclosed at a consistent date, that is at 1 April each year.

Notes to the Accounts

For the year ended 31 July 2008

7 INTEREST PAYABLE

	2007/08	2006/07
	£'000	£'000
Loans not wholly repayable within five years	1,736	1,818
	<u>1,736</u>	<u>1,818</u>

8 ANALYSIS OF EXPENDITURE BY ACTIVITY

	£'000	£'000
Academic Departments	80,506	69,206
Academic Services	10,544	11,182
Research Grants and Contracts	27,417	24,849
Residences, Catering and Conferences	25,970	23,349
Premises	16,628	14,354
Administration and Central Services	21,358	21,378
Other Expenses	10,662	6,276
	<u>193,085</u>	<u>170,594</u>

Notes to the Accounts

For the year ended 31 July 2008

9 SURPLUS BEFORE TAX

	2007/08 £'000	2006/07 £'000
This is stated after charging/(crediting):		
External Auditors Remuneration in Respect of Audit Services (University 2007/08 - £71,000, 2006/07 - £53,000)	80	70
External Auditors Remuneration in Respect of Non-Audit Services	8	32
Profit on disposal of Fixed Assets	(110)	(115)
Loss on assignment of lease	0	2,797
Impairment loss	0	369
Operating Lease Rentals		
Plant & machinery	88	80
Other	352	215

10 TAX

UK Corporation Tax credit on the profits of subsidiary companies	(56)	(132)
Deferred Tax re subsidiary company - origination and reversal of timing differences	<u>0</u>	<u>174</u>
	<u>(56)</u>	<u>42</u>

Notes to the Accounts

For the year ended 31 July 2008

11 TANGIBLE ASSETS

	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings Plant and Equipment £'000	Assets in Course of Construction £'000	Total £'000
CONSOLIDATED					
Cost:					
At 1 August 2007	191,902	49,517	44,394	0	285,813
Additions at cost	12,958	(868)	4,376	12,432	28,898
Disposals at cost	(3,763)	(370)	(2,167)	0	(6,300)
At 31 July 2008	<u>201,097</u>	<u>48,279</u>	<u>46,603</u>	<u>12,432</u>	<u>308,411</u>
Depreciation:					
At 1 August 2007	(42,451)	(3,760)	(27,288)	0	(73,499)
Charge for the year	(4,792)	(1,092)	(5,457)	0	(11,341)
Eliminated on disposals	1,464	32	2,048	0	3,544
At 31 July 2008	<u>(45,779)</u>	<u>(4,820)</u>	<u>(30,697)</u>	<u>0</u>	<u>(81,296)</u>
Net Book Value:					
At 31 July 2008	<u>155,318</u>	<u>43,459</u>	<u>15,906</u>	<u>12,432</u>	<u>227,115</u>
At 31 July 2007	<u>149,451</u>	<u>45,757</u>	<u>17,106</u>	<u>0</u>	<u>212,314</u>
UNIVERSITY					
Cost:					
At 1 August 2007	183,715	49,517	40,142	0	273,374
Additions at cost	12,646	(868)	3,862	12,283	27,923
Disposals at cost	(3,763)	(370)	(2,119)	0	(6,252)
At 31 July 2008	<u>192,598</u>	<u>48,279</u>	<u>41,885</u>	<u>12,283</u>	<u>295,045</u>
Depreciation:					
At 1 August 2007	(41,796)	(3,760)	(24,962)	0	(70,518)
Charge for the year	(4,598)	(1,092)	(4,985)	0	(10,675)
Eliminated on disposals	1,464	32	2,000	0	3,496
At 31 July 2008	<u>(44,930)</u>	<u>(4,820)</u>	<u>(27,947)</u>	<u>0</u>	<u>(77,697)</u>
Net Book Value:					
At 31 July 2008	<u>147,668</u>	<u>43,459</u>	<u>13,938</u>	<u>12,283</u>	<u>217,348</u>
At 31 July 2007	<u>141,919</u>	<u>45,757</u>	<u>15,180</u>	<u>0</u>	<u>202,856</u>

Note: Freehold and leasehold buildings with a net book value of £41M (2006/07 - £35M) and cost of £54M (2006/07 - £46M) have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council for England.

Notes to the Accounts

For the year ended 31 July 2008

12 MERGER WITH LOUGHBOROUGH COLLEGE OF ART & DESIGN (CONSOLIDATED AND UNIVERSITY)

	£'000
Fair Value:	
At 31 July 2008 and at 1 August 2007	<u>5,565</u>
Released to Income and Expenditure Account :	
At 1 August 2007	(2,402)
Release for year (Note 4)	(134)
At 31 July 2008	<u>(2,536)</u>
Net Book Value :	
At 31 July 2008	<u><u>3,029</u></u>
At 31 July 2007	<u><u>3,163</u></u>

Note: The amortisation period is up to 60 years

13 INVESTMENTS

	2007/08		2006/07	
	Consolidated	University	Consolidated	University
	£'000	£'000	£'000	£'000
Subsidiary companies (Note 36)	0	8,456	0	8,371
Subsidiary investments in spinouts	31	30	21	0
Trade Investments:				
CVCP Properties PLC	42	42	42	42
Adsfab Limited	6	6	6	6
Lachesis Seed Fund Limited	200	200	200	200
Net book value at 31 July	<u><u>279</u></u>	<u><u>8,734</u></u>	<u><u>269</u></u>	<u><u>8,619</u></u>

Note: The market value of all shareholdings at 31 July 2008 is not significantly different from those values stated above.

Notes to the Accounts

For the year ended 31 July 2008

14 LONG-TERM LOANS

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loughborough Students Union	240	240	270	270
Imago @ Loughborough Ltd	0	733	0	28
	<u>240</u>	<u>973</u>	<u>270</u>	<u>298</u>

Note: The loan granted to Loughborough Students Union is unsecured, interest is linked to base rate and is repayable over the period to 1 November 2015.

Note: The loan granted to Imago @ Loughborough Ltd is unsecured, interest is linked to base rate and is repayable over the period to 31 July 2012.

15 ENDOWMENT ASSET INVESTMENTS (CONSOLIDATED AND UNIVERSITY)

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance at 1 August 2007	2,177	1,501	1,434	1,434
Additions	0	0	179	9
Disposals	(157)	(157)	(1)	(1)
(Depreciation)/Appreciation on Revaluation	(86)	(74)	19	19
(Decrease)/Increase in cash balances	(736)	(203)	546	40
Balance at 31 July 2008	<u>1,198</u>	<u>1,067</u>	<u>2,177</u>	<u>1,501</u>
Represented by:				
Quoted Unit Trusts (Unlisted)	1,051	943	1,344	1,174
Bank Balances	147	124	833	327
Total Endowment Asset Investments	<u>1,198</u>	<u>1,067</u>	<u>2,177</u>	<u>1,501</u>

Notes to the Accounts

For the year ended 31 July 2008

16 DEBTORS

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade debtors	15,579	14,251	12,470	11,135
Prepayments and Accrued Income	691	622	741	657
Amounts due from subsidiary companies	0	2,792	0	1,821
	<u>16,270</u>	<u>17,665</u>	<u>13,211</u>	<u>13,613</u>

17 SHORT TERM DEPOSITS

Short term deposits include 63,113 BTG plc ordinary shares of 10p each.
The cost of the shares was £4,722 and their market value as at 31 July 2008 was £135,062.

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
	<u>26,055</u>	<u>26,005</u>	<u>26,718</u>	<u>26,204</u>

Deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than 24 hours maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

At 31 July 2008 the weighted average interest rate of these fixed rate deposits was 5.74% per annum and the weighted average period for which the interest rate is fixed on these deposits was 79 days. The fair value of these deposits was not materially different from the book value.

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured Loans	569	569	541	541
Payments Received on Account	33,782	33,782	33,814	33,814
Trade creditors	12,931	12,825	11,357	10,624
Social Security and Other Taxation Payable	3,153	2,987	2,888	2,564
Accruals and Deferred Income	4,472	2,934	3,926	2,477
	<u>54,907</u>	<u>53,097</u>	<u>52,526</u>	<u>50,020</u>

Notes to the Accounts

For the year ended 31 July 2008

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loan repayable by 2035	33,094	33,094	33,663	33,663
	<u>33,094</u>	<u>33,094</u>	<u>33,663</u>	<u>33,663</u>
Analysis of secured loan:				
Due within one year or on demand	569	569	541	541
Due between one and two years	600	600	569	569
Due between two and five years	1,993	1,993	1,894	1,894
Due in five years or more	30,501	30,501	31,200	31,200
	<u>33,663</u>	<u>33,663</u>	<u>34,204</u>	<u>34,204</u>
Due within one year or on demand	<u>(569)</u>	<u>(569)</u>	<u>(541)</u>	<u>(541)</u>
Due after more than one year	<u>33,094</u>	<u>33,094</u>	<u>33,663</u>	<u>33,663</u>

Note: £15.29m reducing is fixed at a rate of 5.1625% until March 2019. Interest on the remaining value of the loan is charged at 0.19% above base rate. This loan is repayable by instalments over the period to 10 December 2035.

20 PROVISIONS FOR LIABILITIES

	Consolidated			
	Deferred tax £'000	Premature Retirement Compensation £'000	Enhanced Pension Costs £'000	Total £'000
At 1 August 2007	174	163	1,712	2,049
Utilised in year	0	(144)	(109)	(253)
Transfer from Income and Expenditure Account	0	128	128	256
At 31 July 2008	<u>174</u>	<u>147</u>	<u>1,731</u>	<u>2,052</u>

	University		
	Premature Retirement Compensation £'000	Enhanced Pension Costs £'000	Total £'000
At 1 August 2007	163	1,712	1,875
Utilised in year	(144)	(109)	(253)
Transfer from Income and Expenditure Account	128	128	256
At 31 July 2008	<u>147</u>	<u>1,731</u>	<u>1,878</u>

Note: The assumptions for calculating the Provision for Enhanced Pension Costs under Financial Reporting Standard (FRS) 17, Retirement Benefits, are as follows:

	31 July 2008	31 July 2007
Discount Rate	6.7%	5.8%
Inflation	<u>4.1%</u>	<u>3.3%</u>

Notes to the Accounts

For the year ended 31 July 2008

21 DEFERRED CAPITAL GRANTS

CONSOLIDATED	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2007:			
Buildings	35,196	45,852	81,048
Equipment	7,687	1,030	8,717
Total	<u>42,883</u>	<u>46,882</u>	<u>89,765</u>
Cash Receivable:			
Buildings	7,883	1,750	9,633
Equipment	3,675	1,140	4,815
Total	<u>11,558</u>	<u>2,890</u>	<u>14,448</u>
Released to Income and Expenditure:			
Buildings	(1,081)	(1,092)	(2,173)
Equipment	(2,313)	(683)	(2,996)
Total	<u>(3,394)</u>	<u>(1,775)</u>	<u>(5,169)</u>
Released to Reserves:			
Land	(599)	(5,295)	(5,894)
At 31 July 2008:			
Buildings	41,399	41,215	82,614
Equipment	9,049	1,487	10,536
Total	<u>50,448</u>	<u>42,702</u>	<u>93,150</u>
UNIVERSITY	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2007:			
Buildings	35,196	45,159	80,355
Equipment	7,687	1,030	8,717
Total	<u>42,883</u>	<u>46,189</u>	<u>89,072</u>
Cash Receivable:			
Buildings	7,883	1,750	9,633
Equipment	3,675	1,140	4,815
Total	<u>11,558</u>	<u>2,890</u>	<u>14,448</u>
Released to Income and Expenditure:			
Buildings	(1,081)	(1,049)	(2,130)
Equipment	(2,313)	(683)	(2,996)
Total	<u>(3,394)</u>	<u>(1,732)</u>	<u>(5,126)</u>
Released to Reserves:			
Land	(599)	(5,295)	(5,894)
At 31 July 2008:			
Buildings	41,399	40,565	81,964
Equipment	9,049	1,487	10,536
Total	<u>50,448</u>	<u>42,052</u>	<u>92,500</u>

Note: The deferred capital grant on land has been released to reserves in accordance with the SORP for further and higher education 2007

Notes to the Accounts

For the year ended 31 July 2008

22 ENDOWMENTS (CONSOLIDATED AND UNIVERSITY)

Consolidated					
	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2008 Total £'000	2007 Total £'000
Balances at 1 August 2007					
Capital	752	752	542	1,344	1,147
Accumulated income	80	80	263	833	287
	<u>832</u>	<u>832</u>	<u>805</u>	<u>2,177</u>	<u>1,434</u>
(Redeemed)/New endowments	0	0	(157)	(157)	8
Investment income	39	39	208	247	177
Expenditure	(12)	(12)	(431)	(443)	(137)
	27	27	(223)	(353)	48
Transfer to endowments				(540)	676
(Decrease) / increase in market value of investments	(53)	(53)	(33)	(86)	19
At 31 July 2008	<u><u>806</u></u>	<u><u>806</u></u>	<u><u>392</u></u>	<u><u>1,198</u></u>	<u><u>2,177</u></u>
Represented by:					
Capital	699	699	352	1,051	1,344
Accumulated income	107	107	40	147	833
	<u><u>806</u></u>	<u><u>806</u></u>	<u><u>392</u></u>	<u><u>1,198</u></u>	<u><u>2,177</u></u>
University					
	Restricted Permanent £'000	Total Permanent £'000	Restricted Expendable £'000	2008 Total £'000	2007 Total £'000
Balances at 1 August 2007					
Capital	632	632	542	1,174	1,147
Accumulated income	64	64	263	327	287
	<u>696</u>	<u>696</u>	<u>805</u>	<u>1,501</u>	<u>1,434</u>
(Redeemed)/New endowments	0	0	(157)	(157)	8
Investment income	31	31	208	239	177
Expenditure	(11)	(11)	(431)	(442)	(137)
	20	20	(223)	(203)	40
(Decrease) / increase in market value of investments	(41)	(41)	(33)	(74)	19
At 31 July 2008	<u><u>675</u></u>	<u><u>675</u></u>	<u><u>392</u></u>	<u><u>1,067</u></u>	<u><u>1,501</u></u>
Represented by:					
Capital	591	591	352	943	1,174
Accumulated income	84	84	40	124	327
	<u><u>675</u></u>	<u><u>675</u></u>	<u><u>392</u></u>	<u><u>1,067</u></u>	<u><u>1,501</u></u>

Note: The new SORP for further and higher education applies from 1 August 2007 and the revised headings reflect the requirements of the SORP and the Institution's accounting policies to re-assess whether endowments were permanent or restricted and to re-state prior year balances. However the balances that needed classification were not material and thus prior year balances have not been restated.

Notes to the Accounts

For the year ended 31 July 2008

23 RESERVES

Income and expenditure account including pension reserve

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
At 1 August	70,419	69,796	56,749	55,813
Surplus retained for the year	7,438	7,306	3,795	3,432
Adjustment to reserves	6,035	6,143	0	0
Transfer to endowments	540	0	(676)	0
Pension (deficit)/surplus	(8,405)	(8,405)	10,551	10,551
At 31 July	<u>76,027</u>	<u>74,840</u>	<u>70,419</u>	<u>69,796</u>

Pension reserve only

At 1 August	(8,765)	(8,765)	(17,511)	(17,511)
Actuarial (loss)/gain	(8,405)	(8,405)	10,551	10,551
Deficit retained within reserves	(429)	(429)	(1,805)	(1,805)
At 31 July	<u>(17,599)</u>	<u>(17,599)</u>	<u>(8,765)</u>	<u>(8,765)</u>

Note: The adjustment to reserves includes £5,894K relating to the deferred capital grant release on land and £249K relating to the adjustment required on endowments in accordance with the SORP 2007 for further and higher education 2007.

24 LEASE OBLIGATIONS

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Land and Buildings				
Annual, non-cancellable operating lease commitments in respect of leases expiring:				
Over five years	88	88	80	80
	<u>88</u>	<u>88</u>	<u>80</u>	<u>80</u>
Other				
Annual, non-cancellable operating lease commitments in respect of leases expiring:				
Within one year	15	11	25	6
Between one and two years	9	4	18	11
Between two and five years	328	230	117	83
Over five years	0	0	55	0
	<u>352</u>	<u>245</u>	<u>215</u>	<u>100</u>

Notes to the Accounts

For the year ended 31 July 2008

25 CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments at 31 July 2008:

	2007/08		2006/07	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	4,197	3,494	11,229	11,105
Authorised but not contracted	15,043	14,385	8,037	7,046
	<u>19,240</u>	<u>17,879</u>	<u>19,266</u>	<u>18,151</u>

Note: Expenditure on the Sports Park to the value of £13.3m was authorised in September 2008 and building work has since commenced.

26 CONTINGENT LIABILITIES

Guarantees –

to HSBC plc for Imago@Loughborough Ltd
to Barclays for sale of equipment

	0	0	0	500
	0	0	191	191
	<u>0</u>	<u>0</u>	<u>191</u>	<u>691</u>

Note: The University has given written undertakings to support the subsidiary companies for at least the next twelve months.

27 HARDSHIP FUNDS (CONSOLIDATED AND UNIVERSITY)

	2007/08		2006/07	
	£'000	£'000	£'000	£'000
Income:				
Excess of Income over Expenditure Brought Forward	10		67	
Funding Council Grants	303		280	
Interest Earned	6	319	2	349
Expenditure:				
Disbursed to Students	(280)		(327)	
Fund Running Costs	(17)	(297)	(12)	(339)
Excess of Income over Expenditure Carried Forward		<u>22</u>		<u>10</u>

Note: Funding Council grants are available solely to assist students, the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Notes to the Accounts

For the year ended 31 July 2008

28 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2007/08	2006/07
		£'000	£'000
Surplus Before Tax and exceptional items		7,179	6,559
Depreciation	11	11,341	9,982
Impairment	11	0	369
Benefit on Acquisition of LCAD released to Income	12	(134)	(134)
Deferred Capital Grants released to Income	21	(5,169)	(4,603)
Investment Income	5	(2,710)	(2,298)
Interest Payable	7	1,736	1,818
Decrease/(Increase) in Stocks		63	(37)
(Increase)/Decrease in Debtors		(2,958)	209
Increase in Creditors		2,829	3,419
Increase/(Decrease) in provision		3	(57)
Pension costs less contributions payable		1,056	2,155
Endowment Expenditure Adjustment		443	0
NET CASH INFLOW FROM OPERATING ACTIVITIES		<u>13,679</u>	<u>17,382</u>

29 Returns on Investment and Servicing of Finance

Income from Endowments	22	247	177
Other Interest received		1,735	1,758
Interest Paid		<u>(1,770)</u>	<u>(1,773)</u>
		<u>212</u>	<u>162</u>

30 Capital Expenditure and Financial Investment

Payments made to acquire fixed assets		(28,898)	(27,147)
Reclassification of Fixed Asset included in above		370	0
Proceeds from sales of fixed assets		2,198	125
Impairment loss		0	(2,797)
Fixed Asset Investment (Additions)/Disposals		(10)	8
Net disposals of endowments		(443)	(137)
Changes in long term Loans		30	30
Deferred Capital Grants Received	21	<u>14,448</u>	<u>14,226</u>
		<u>(12,305)</u>	<u>(15,692)</u>

31 Management of Liquid Resources

Withdrawals/(Additions) of deposits		<u>663</u>	<u>(1,642)</u>
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32 Financing

Capital repayments		<u>(541)</u>	<u>(528)</u>
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Notes to the Accounts

For the year ended 31 July 2008

33 ANALYSIS OF CHANGES IN NET FUNDS

	At 1st August 2007	Cash Flows	Other Non-Cash Changes	At 31st July 2008
	£'000	£'000	£'000	£'000
Cash at Bank and In Hand :				
Endowment Assets	833	(686)	0	147
Other	7,331	2,394	0	9,725
	<u>8,164</u>	<u>1,708</u>	<u>0</u>	<u>9,872</u>
Short Term Investments	26,718	(663)	0	26,055
Debts Due Within One Year	(541)	541	(569)	(569)
Debts Due After One Year	(33,663)	0	569	(33,094)
	<u><u>678</u></u>	<u><u>1,586</u></u>	<u><u>0</u></u>	<u><u>2,264</u></u>

Notes to the Accounts

34 PENSION SCHEMES

The two principal pension schemes for the Institution's staff are the Universities Superannuation Scheme (USS) and the Local Government Superannuation Scheme (LGSS). Also for academic staff employed by ABC Institution, contributions are paid to the Teachers' Pension Scheme (TPS).

The total pension cost for the Institution and its subsidiaries was:

	2007/08	2006/07
	£'000	£'000
USS contributions paid	8,236	7,525
LGSS charge to the Income & Expenditure account	3,782	4,452
TP contributions paid	124	122
Contributions paid to other pension schemes	5	4
Total Pension Cost (Note 6)	12,147	12,103
Outstanding Pension Contributions at 31 July	1,414	1,151

The assumptions and other data relevant:

	USS	LGSS	TPS
Latest actuarial valuations	31 March 2005	31 March 2007	31 March 2004
Investment returns per annum	4.50%	4.50%	6.50%
Salary scale increase per annum	3.90%	4.70%	3.50%
Pension increase per annum	2.90%	3.20%	3.50%
Market value of assets at date of last valuation	£21,739 million	£2,179 million	£163,240 million
MFR proportion of members' accrued benefits covered by the actuarial value of the assets	120%	100%	100%

Teachers' Pension Scheme

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.

Under the definitions set out in Financial Reporting Standard 17 "Retirement benefits" (FRS 17), the TPS is a multi-employer defined benefit pension scheme. The Institution is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Institution has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Notes to the Accounts

Universities Superannuation Scheme

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

The contribution rate payable by the Institution to USS is 14% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pensions costs in the institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 2005 valuation has regard to the deficit disclosed by that valuation, the benefit improvements introduced subsequent to the valuation and the need to spread deficit in a prudent manner over the future working lifetime of current scheme members.

Under the definitions set out in FRS 17, the USS is a multi-employer defined benefit pension scheme. The Institution is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Institution has taken advantage of the exemption in FRS 17 and has accounted for its contributions as if it were a defined contribution scheme.

Local Government Superannuation Scheme

LGSS 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 LGSS actuary reviews the progress of the LGSS scheme.

For LGSS, the actuary has indicated that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGSS Regulations. As a result of the 2007 valuation, the contribution rates payable by employees and employers were increased from April 2008. Eight new contribution rates were introduced based on salary bands, with the employer's rate increasing to 250% of the employees' contributions. The average employer's rate is 16.25%.

Under the definitions set out in FRS 17, the LGSS is a multi-employer defined benefit pension scheme. In the case of the LGSS, the actuary of the scheme has identified the Institution's share of its assets and liabilities as at 31 July 2008.

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.

The material assumptions used by the actuary at 31 July 2008 were:

	2007/08	2006/07
	%	%
Price increases	3.8	3.3
Salary increases	5.3	4.8
Pension increases	3.8	3.3
Discount rate	6.7	5.8

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Males	Females
	%	%
Current pensioners	19.6 years	22.5 years
Future pensioners	20.7 years	23.6 years

Notes to the Accounts

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

	2007/08		2006/07		2005/06	
	LONG-TERM RETURN %	FUND VALUE £'000	LONG-TERM RETURN %	FUND VALUE £'000	LONG-TERM RETURN %	FUND VALUE £'000
Equities	7.8	53,686	8.0	55,384	7.7	53,881
Bonds	5.7	5,932	5.2	11,003	4.7	12,458
Property	5.7	8,359	6.0	6,529	5.7	6,773
Cash	4.8	2,120	5.1	1,254	4.8	3,065
		<u>70,097</u>		<u>74,170</u>		<u>76,177</u>

The following amounts at 31 July 2008 were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the balance sheet	2007/08	2006/07
	£'000	£'000
The Institution's estimated asset share	70,097	74,170
Present value of the Institution's scheme liabilities	<u>(87,696)</u>	<u>(82,935)</u>
Deficit in the scheme - Net pension liability	<u>(17,599)</u>	<u>(8,765)</u>

Analysis of the amount charged to staff costs within operating surplus	2007/08	2006/07
	£'000	£'000
Current service cost	2,736	3,098
Past service cost	911	33
Settlements and curtailments	135	1,321
Total operating charge	<u>3,782</u>	<u>4,452</u>

Analysis of the amount that is credited to other finance income/ (charged) to interest payable	2007/08	2006/07
	£'000	£'000
Expected return on pension scheme assets	5,482	5,021
Interest on pension scheme liabilities	<u>(4,855)</u>	<u>(4,671)</u>
Net return	<u>627</u>	<u>350</u>

Actuarial (loss)/gain recognised in STRGL	2007/08	2006/07
	£'000	£'000
	<u>(8,405)</u>	<u>10,551</u>

Movement in deficit in the year	2007/08	2006/07
	£'000	£'000
Deficit in scheme at beginning of the year	(8,765)	(17,511)
Movement in the year:		
Current service costs	(2,736)	(3,098)
Contributions	2,726	2,297
Past service costs	(911)	(33)
Net return on assets	627	350
Impact of settlements and curtailments	(135)	(1,321)
Actuarial (loss)/gain	<u>(8,405)</u>	<u>10,551</u>
Deficit in the scheme at the end of the year	<u>(17,599)</u>	<u>(8,765)</u>

Notes to the Accounts

Analysis of the movement in the present value of the scheme liabilities	2007/08	2006/07
	£'000	£'000
At beginning of the year	82,935	93,688
Current service cost	2,736	3,098
Interest costs	4,855	4,671
Contributions by members	1,056	998
Actuarial gains	(1,182)	(6,031)
Past service costs	911	33
Losses on curtailments	11	0
Liabilities extinguished on settlements	(614)	(10,596)
Estimated benefits paid	(3,012)	(2,656)
At end of the year	<u>87,696</u>	<u>82,935</u>

Analysis of movement in the market value of the scheme assets	2007/08	2006/07
	£'000	£'000
At beginning of the year	74,170	76,177
Expected return on assets	5,482	5,021
Contributions by members	1,056	998
Contributions by the employer	2,602	2,297
Actuarial (losses)/gains	(9,463)	4,250
Assets distributed on settlements	(738)	(11,917)
Estimated benefits paid	(3,012)	(2,656)
At end of the year	<u>70,097</u>	<u>74,170</u>

History of experience gains and losses	2007/08	2006/07	2005/06	2004/05	2003/04	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on scheme assets:						
Amount (£'000)	(9,463)	4,250	4,388	7,782	1,017	7,974
Percentage of the present value of the scheme assets	(13.5%)	5.7%	5.8%	11.6%	1.9%	
Experience gains and (losses) on scheme liabilities:						
Amount (£'000)	(2,057)	32	1	3,649	0	1,625
Percentage of the present value of the scheme liabilities	(2.3%)	0.0%	0.0%	4.4%	0.0%	
Total amount recognised in statement of total recognised gains and losses:						
Amount (£'000)	(8,405)	10,551	(220)	2,067	930	4,923
Percentage of the present value of the scheme liabilities	(9.6%)	12.7%	(0.2%)	2.5%	1.3%	

*The University has elected not to restate amounts for 2004/5 and 2003/04 as permitted by the amendment to FRS 17.

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

The estimate for the contribution for the defined benefit scheme for 2008/09 is £2,762,000.

The actual (loss)/ return on scheme assets in the year was £(3,981,000) and for 2007 was £9,271,000.

Notes to the Accounts

For the year ended 31 July 2008

35 DISCLOSURE OF RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the compositions of the Council being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms' length and in accordance with the University's Financial Regulations and usual procurement procedures.

	Income £'000	Expenditure £'000	Balances as at 31.7.08 due (to)/from the University £'000
Members of Council			
D Goss is a Local Ward Councillor for Charnwood Borough Council	21	89	(1)
J Mutton is Principal of Loughborough College	98	107	(22)
S Proffitt was Site Manager of AstraZeneca R&D Charnwood until 31 May 2008	142	0	(7)

The University has taken advantage of the exemption allowed by Financial Reporting Standard 8 not to disclose transactions between group companies.

The University Officers and Members of Council have used the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

Related party transactions with University spinout companies have not been disclosed as they are not material.

Notes to the Accounts

For the year ended 31 July 2008

36 SUBSIDIARY COMPANIES

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University, are as follows:

Company	Principal Activity
Ergonomics and Safety Research Ltd	Company placed in members voluntary liquidation July 2008
Loughborough University Enterprises Ltd	Marketing of the expertise and facilities of the University in applicable specialist areas.
Loughborough University Holdings Ltd	Company placed in members voluntary liquidation July 2008
CASCAiD Ltd	Production and sale of computer-aided careers guidance software
Imago @ Loughborough Ltd	Management of conference and related commercial facilities
Loughborough Sport Ltd	Management of sports facilities
Loughborough University Services Ltd	Provision of utility and other services
Loughborough University Development Trust	Promotion of the charitable purposes of the University
Loughborough Innovation Centre Ltd	Letting of premises to business start-up companies

Notes to the Accounts

Consolidated Five Year Results

INCOME AND EXPENDITURE ACCOUNT

	2007/08 £'000	2006/07 £'000	2005/06 £'000	2004/05 £'000	2003/04 £'000
Income	200,264	177,153	166,105	152,940	149,472
Expenditure	(193,085)	(170,594)	(160,699)	(150,369)	(141,377)
Surplus For The Year Retained Within Reserves	7,438	3,795	5,908	4,381	8,043

BALANCE SHEET

	2007/08 £'000	2006/07 £'000	2005/06 £'000	2004/05 £'000	2003/04 £'000
Fixed Assets and Investments	224,605	209,690	192,814	168,192	157,594
Endowment Assets	1,198	2,177	1,434	1,349	1,360
Net Current (Liabilities)/Assets	(2,683)	(5,029)	(2,115)	18,243	22,434
Less Amounts Due After More Than One Year:					
Creditors Due After More Than One Year	(33,094)	(33,663)	(34,191)	(51,045)	(53,100)
Provisions	(2,052)	(2,049)	(2,106)	(2,090)	(2,510)
Pension liability	(17,599)	(8,765)	(17,511)	(16,673)	0
Total Net Assets	170,375	162,361	138,325	117,976	125,778
Represented by:					
Deferred Capital Grants	93,150	89,765	80,142	65,566	61,765
Specific Endowments	1,198	2,177	1,434	1,349	1,360
Reserves	93,626	79,184	74,260	67,734	62,653
Pension reserve	(17,599)	(8,765)	(17,511)	(16,673)	0
Total Funds	170,375	162,361	138,325	117,976	125,778

CASH FLOW STATEMENT

	2007/08 £'000	2006/07 £'000	2005/06 £'000	2004/05 £'000	2003/04 £'000
Net Cash Inflow from Operating Activities	13,679	17,382	19,050	14,831	14,678
Returns on Investment and Servicing of Finance	212	162	(353)	(1,147)	(1,419)
Taxation	0	(4)	(46)	(2)	0
Capital Expenditure and Financial Investment	(12,305)	(15,692)	(13,705)	(8,910)	1,420
Management of Liquid Resources	663	(1,642)	7,139	1,177	(13,488)
Financing	(541)	(528)	(18,383)	(1,969)	(1,978)
(Decrease)/Increase In Cash Balances	1,708	(322)	(6,298)	3,980	(787)