

# **University of Chichester**

## **Annual report for the year ended 31 July 2008**

	<b>Pages</b>
<b>Directors, Governors and Advisers</b>	<b>1 - 2</b>
<b>Governors' report</b>	<b>3 - 9</b>
<b>Corporate governance</b>	<b>10 - 15</b>
<b>Independent Auditors' report</b>	<b>16 - 17</b>
<b>Consolidated income and expenditure account</b>	<b>18</b>
<b>Consolidated note of historical cost surpluses and deficits</b>	<b>19</b>
<b>Consolidated statement of total recognised gains and loss</b>	<b>19</b>
<b>Balance sheets</b>	<b>20</b>
<b>Consolidated cash flow statement</b>	<b>21</b>
<b>Notes to the accounts</b>	<b>22 - 50</b>

# University of Chichester

## Directors, Governors and Advisers

Mr R D C Bunker (Chair of Governors)  
 The Lord Bishop of Chichester: Right Reverend J Hind  
 Mr J B E Ashwin  
 Mr C W Doman  
 Mr J W Hayes CBE (Resigned 31 December 2007)  
 The Reverend R Hunt  
 The Reverend Canon P Kefford  
 Mr P E Croucher  
 Mr R C G Fortin  
 Mr R J F Hoare OBE  
 Mrs K Velasco  
 Dr A White OBE  
 Dr R W Baker CMG  
 Dr M R Boniface (Appointed 1 January 2008)  
 Ms G Butler (Resigned 31 December 2007)  
 Dr B J Francombe (Appointed 1 January 2008)  
 Ms N K Leigh (Appointed 1 January 2008)  
 Dr S E Morgan (Resigned 31 December 2007)  
 Mr M L Gover (Resigned 8 July 2008)  
 Mr A Ramsamy (Appointed 8 July 2008)  
 Mr C Brownlee  
 Mrs M Eva  
 Mrs C R Evans  
 Mrs R Hammond  
 Mr D Longmore  
 Mr J M Macgregor CVO (Appointed 1 January 2008)  
 Dr C Minter (Resigned 31 December 2007)  
 Dame Janet O Trotter DBE (Resigned 11 July 2008)  
 Mr W Yardley

# University of Chichester

**Clerk to the Governors  
and Secretary**

Mrs I J Cherrett

**Principal Address**

University of Chichester  
Bishop Otter Campus  
College Lane  
Chichester  
West Sussex  
PO19 6PE

**Bankers**

National Westminster Bank plc  
60 High Street  
Bognor Regis  
West Sussex  
PO21 1SL

**Solicitors**

Eversheds LLP  
One Wood Street  
London  
EC2V 7WS

**Auditors**

BDO Stoy Hayward LLP  
Emerald House  
East Street  
Epsom  
Surrey  
KT17 1NS

# University of Chichester

## Governors' report for the year ended 31 July 2008

### Objectives and Activities

The principal objectives of the University are concerned with the provision of higher education, research, and consultancy. To support these objectives, the University undertakes other activities, including the provision of accommodation, catering and conference services.

During 2007-08 the Board of Governors approved a new vision for the University, which is as follows:

*The University of Chichester aims to be a university that is recognised internationally, significant nationally, important regionally and vital locally – not only in teaching and student experience, but also in research and in its diverse communities and the public, private and voluntary sectors.*

The University of Chichester was incorporated on 22 April 2003 as a private company limited by guarantee (Company Number 4740553). On 1 August 2003 the Company took over the activities formerly undertaken by a registered charitable trust, with the consequence that all assets, liabilities and activities of the registered charitable trust were transferred to the private limited company. All activities are continuing under the Memorandum of Association and Articles of Association of the company. The Company has been granted exempt charity status by the Privy Council.

The roots of the University lie in the merger in 1977 of the Bishop Otter College (founded 1840) with the Bognor Regis Training College (founded 1946), both of which were established to provide teacher education. University title was awarded by the Privy Council on 12 October 2005.

### Scope of the Financial Statements

The Financial Statements comprise the consolidated results for the University and its subsidiary undertaking, Chichester Enterprises Limited. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services. Chichester Enterprises Limited transfers the whole of any taxable profits to the University.

### Financial review

The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions, the relevant Companies Acts and other applicable accounting standards and Higher Education Funding Council for England (HEFCE) Accounts Directions.

The satisfactory financial performance of the University was maintained in 2007-08, with a surplus after depreciation of assets at valuation, disposal of assets and tax for the year amounting to £509,345, which represents 1.6% of total income. A total of £1,934,845 was spent on the procurement of fixed assets in the year. Cash and short term investments increased by £1,591,656 over the period.

### Consolidated Income and Expenditure Account

The University's consolidated results for the years ended 31 July 2008 and 31 July 2007 are summarised in the following table:

	Year to 31 July 2008 £'000	Year to 31 July 2007 £'000
Total income	32,414	29,658
Total expenditure	31,905	27,583
	-----	-----
Surplus after depreciation of assets at valuation and tax	509 =====	2,075 =====
Historical cost surplus	597 =====	2,163 =====

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

The University's total income increased by 9.3%. Within this figure, income from Funding Council grants, which account for 51% (2007: 54%) of the total, increased by 2.2%. Tuition fees rose by 25.9% as variable tuition fees became payable by the second cohort of students, as well as an overall increase in the number of students. Research income increased by 10.8% to £233,880. After a period of growth as the University opened new student residences and expanded its conference trade, income from residences, catering and conferences remained relatively static this year with growth of 0.4% to £3,270,759. Other income, mostly from academic consultancies, continuing professional development and other sources such as field trips and performances rose by 9.4%.

Total expenditure rose by 15.7%, with staff costs rising by 14.4% to £18,029,352. This reflects the impact of the national pay settlement for higher education staff, the effect of pay modernisation, and the full year impact of increased pension payments following changes to the Teachers' Pension Scheme and Local Government Pension Scheme contribution rates in 2006-07. Staffing costs will continue to increase given the nature of the pay settlement and modernisation arrangements, and these are taken account of in our future forecasts.

Other operating expenditure rose by 24.4% from £9,653,350 to £12,005,130. The principal reasons for this increase are:

- the impact of the university bursary scheme for the second cohort of students (an additional cost of £380,658);
- following a revision to the University's depreciation policy, the cost of writing off the net book value of assets that had been capitalised under the University's existing policy, but which would not be capitalised under the revised policy (£570,626); and
- the cost of redundancies and early retirements following a restructuring of the University (£529,697).

Both of these latter two items are one-off charges for the 2007-08 financial year, and will not roll forward to future years.

The restructuring of the University is intended to support the implementation of the University's new strategy, outlined further below under "Future Developments". The University has reduced the number of top level academic units from six Schools to two Faculties, and has invested in new academic and support service managers who will be more responsible and accountable for achieving agreed targets.

The company made no political or charitable donations in the year.

### Consolidated Balance Sheet

The University has reviewed its capitalisation and depreciation policy for the 2007-08 financial year, and has raised the limit above which individual items of furniture and equipment are capitalised from £1,000 to £2,500. The operation of the accounting policy has also been re-appraised to ensure that only individual items above this level are capitalised, unless they form constituent parts of a larger asset. As a consequence of this change, the net book value brought forward of furniture and equipment assets reduced by £570,626.

Overall, the net book value of tangible assets of the University increased by £95,412 to £42,455,761. As a result of the University's success in recruiting students onto Music degrees, an extension to the Music Building was completed at a cost of £800,563 (including retentions yet to be paid), increasing the capacity in terms of practice rooms for students. The majority of this project was funded through HEFCE capital grants. Late in the year, a major project to refurbish the University's principal lecture theatre at its Chichester campus, and to improve access for disabled students and to enhance the environment within the main teaching building was commenced at an overall project cost of £1.1m. Of this, £470,248 was spent by 31<sup>st</sup> July 2008.

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

The net current asset position has continued to improve; the position as at 31<sup>st</sup> July 2008 of £4,209,998 was £985,076 higher than that as at 31<sup>st</sup> July 2007. The principal reason for this positive net current asset position is the amount of cash and short term deposits of £8,252,098 held at the balance sheet date. This level of cash and near cash deposits is high for the University, and has been built up in order to contribute towards an ambitious capital programme to support the new institutional strategy, and to give the University a cushion during a period of higher risk within the wider higher education (and now global economic) environment.

Following favourable movements in the financial markets during 2006-07, the FRS 17 pension scheme liability relating to the Local Government Pension Scheme had reduced by £1,823,000 to £1,014,000 on 31<sup>st</sup> July 2007. However, changes to the Scheme introduced in April 2008 and the financial market turbulence experienced during 2007-08 has resulted in the liability increasing by £2,443,000 to £3,457,000 as at 31<sup>st</sup> July 2008. Such large swings are unfortunate, but the impact of the market conditions will be felt by all defined benefit pension schemes across the board. The next full actuarial revaluation of the Scheme is due in March 2010, and, if conditions have not improved by this date, it is inevitable that employer (and employee) contribution rates will increase again.

Excluding the pension scheme liability, the University's reserves rose by £621,658 to £31,218,489. Once the pension liability is taken into account, the reserves fell by £1,821,342 to £27,761,489. The University's discretionary reserves (including the pension liability) fell by £1,733,742 to £12,831,747.

### Cash Flow and Treasury Management

The surplus generated from the operating activities outlined above resulted in an increase in the level of cash and short term investments of £1,591,656 in the year to £8,252,098 as at 31<sup>st</sup> July 2008. Of this, £7,856,041 was held in investment accounts.

These investments are managed in line with the University's Treasury Management Policy, which ensures that working capital and investments are assessed in the context of future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis.

Within the parameters of the Treasury Management Policy, judgment is used to ensure that the University's cash and investments are not exposed to excessive risk. The University adopts a prudent approach to the investment of surplus funds and liquidity is managed through short and medium term maturity deposits. Funds are managed by the University's Finance Department in line with the approved policy.

### Payment of Creditors

The University endeavours to abide by payment terms agreed with suppliers. However, as it is the University's policy to negotiate the most favourable terms for all transactions, there are no uniform terms for payment of creditors.

### Capital Projects

Capital commitments as of 31<sup>st</sup> July 2008 (note 31) were £628,000 relating to the completion of the project to refurbish the Mitre Lecture Theatre and improve access for users in University House, the principal teaching building at the Bishop Otter (Chichester) campus.

The University will be preparing a new Estates Master Plan during autumn 2008 following on from the adoption of a revised Estate Strategy by the Board of Governors in July 2008. This Master Plan will provide the blueprint for the future development of both campuses, the first stage of which will begin in summer 2009, subject to planning consent and the final approval of the Board of Governors.

### Employees

The University is committed to equality of opportunity in all aspects of its employment policies. Guidelines and procedures operate throughout the University to ensure that good practice prevails in the selection, recruitment and management of staff.

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

The personnel policies and procedures are aimed at promoting equality of opportunity in all areas of employment, and the University actively seeks to recruit from all sections of the local and wider community, regardless of disability, gender, race, religion and ethnicity. The University has in place policies and procedures to address positively its responsibilities under the Disability Discrimination Act and is monitoring the implementation of the Gender and Disability Equality Schemes approved in December 2007. The University is committed to meeting and exceeding statutory requirements by seeking to implement best practice in these areas for staff, students and others associated with the University.

The employee relations framework encourages staff to respond positively to changes that enhance organisational effectiveness and provide quality services. In line with this approach, the University recognises appropriate trades unions and has established a Consultative Group that meets on a regular basis. This Group provides an effective means of communication and enables discussion to take place about issues of concern to both management and unions.

In order to promote staff involvement in the governance of the University, staff representatives are elected by their colleagues to serve as members of the Board of Governors, the Academic Board and its committees. All staff have access to the minutes of the Board of Governors, except where these are considered to be of a confidential nature.

The remuneration systems and conditions of service operating within the University contribute towards the achievement of corporate objectives. The pay and conditions policies are regularly reviewed and take into account changes in legislation, national agreements and the general employment market. The University is also committed to annual appraisal and the personal development of its staff through a comprehensive staff training and development programme.

### Students

The University has a number of mechanisms in place to facilitate communications with students and makes extensive use of email and the internet to disseminate information and receive feedback. A sabbatical officer from the Students' Union sits ex-officio on the Board of Governors of the University.

### Performance Indicators

The data for comparison purposes relate to the previous two University financial years.

#### Students

The University aims to ensure that its students leave higher education with the skills that they need for their future careers. This is measured by the number of students who are in employment or who have gone on to further study. These data are available from May each year, and therefore the latest figures refer to students who graduated in 2006-07.

2004-05:	94.6%
2005-06	92.1%
2006-07	91.0%

The National Student Survey is an independent assessment of the views of final year students on their academic experience at University. It has become generally accepted as one measure of the quality of the student experience. The survey includes many different statistics, but the one we have chosen is 'overall satisfaction'. The published scores for 2006 were out of a maximum of 5. The 2007 and 2008 figures are based on the percentage of students who indicated a positive response to the question "Overall, I am satisfied with the quality of my course". The figure for 2006 has been re-stated on this basis.

2006 Survey:	84.0% (4.1 in original survey)
2007 Survey:	86.9%
2008 Survey	87.1%

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

### Staff

The University recognises that its staff are the most important resource in an academic institution, and are key to the quality of the experience that students receive and to the reputation of the University amongst its peers. The performance indicators used by the University to measure this are both the number of academic staff and also the proportion of those academics with higher degrees. The following is based on a survey from November 2007 for the 2006-07 academic year.

	Number (Headcount)	Proportion with higher degrees
2004-05:	180	80%
2005-06	180	80%
2006-07	189	84%

### Estates

The improvement of the estate remains a key corporate objective for the University. The overall quality of the University's buildings is measured by the proportion of Gross Internal Area (GIA) that has a functionality classified as satisfactory or above.

	Non-residential	Residential
2005-06	96%	94%
2006-07	96%	100%
2007-08	96%	100%

### Financial

The gearing ratio gives an indication of the affordability of the level of debt that the University holds, and is used by HEFCE as a measure of the sustainability of the University.

2005-06:	0.4:1
2006-07:	0.5:1
2007-08:	0.6:1

In terms of the University's liquidity (taking a broad definition of liquidity to include short term deposits redeemable at a maximum of a week's notice), the performance measure used is net liquidity days:

2005-06:	43
2006-07:	93
2007-08:	98

The financial strategy of the University sets a target minimum level of 30 net liquidity days.

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

### Corporate Governance and Risk Management

The University is committed to exhibiting best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairmen's Guide for Members of Governing Bodies of Universities and Colleges.

The statements on pages 10 to 15 detail the work that has been ongoing throughout the year, which reflects the risk-based approach in assessing control systems. Governors regularly review the major risks to which the University is exposed. These reviews cover business, operational, compliance, quality and reputation issues in addition to financial risks. The Board of Governors believes that its processes for identifying, evaluating and managing the University's risks during the year are adequate. However, these processes will be further reviewed as the University seeks to strengthen them in response to the implementation of the new Strategic Plan from September 2008.

### Awareness of Relevant Audit Information

Each Governor has taken all the steps that he or she ought to have taken to make themselves aware of any information needed by the University's auditors for the purposes of their audit and to establish that the auditors are aware of that information. None of the Governors is aware of any relevant audit information of which the auditors are unaware.

### Future Developments

The Board of Governors approved a new corporate strategy for the University in December 2007 entitled *Unlocking the Potential*. This new strategy provides the road map for the University's development over the next ten years, and will guide future investment in terms of recurrent and capital projects to support the academic endeavour of the University.

Key strands within the strategy are the need to relate closely to the University's community in terms of employer engagement, widening participation and community use of facilities. The employer engagement element will be led from an investment in a School of Enterprise, Management and Leadership, but it is envisaged that such links will be built across the whole range of University courses. The University will also support the regeneration initiatives along the West Sussex coastal strip from Bognor Regis in the west to Shoreham in the east through work with organisations within the private, public and third sectors, including strategic partnerships with further education colleges, academies and trust schools and local authorities. The University will also continue to invest in areas where it is already strong, particularly where there are opportunities to increase externally funded consultancy and research including sport, the visual and performing arts, humanities, teacher education and health and social care.

The focus of the first stage of the capital investment programme will be on reinvigorating the Bognor Regis campus to support community and employer engagement and widening participation along the deprived coastal strip. A Master Plan will be developed by March 2009 to support this development.

The strategy will also support the reduction of the University's current reliance on 'standard' HEFCE and Training and Development Agency for Schools (TDA) grants, and help address issues concerning future demographic changes that will result in a decrease in the number of 18 year olds over the next few years, so reducing the size of the traditional higher education market.

The University will engage with a number of agencies over the 2008-09 financial year to secure funding for the implementation of this strategy. The speed at which the strategy can be introduced will be dependent on the level of external funds secured.

# University of Chichester

## Governors' report for the year ended 31 July 2008 (continued)

Whilst the University has been engaging in the development of the new strategy, global financial markets have experienced some turbulence and the economic outlook is weaker than it has been for a number of years. The University acknowledges that rising costs, particularly in terms of staff salaries and expenditure on utilities, will impact on its cost base. The ability of the University to protect its current levels of income and to diversify its sources of future income may also be more difficult during an economic downturn, and new working capital may be more expensive and difficult to obtain. The University is committed to maintaining a level of surplus that allows for the continued investment in the University's strategy and its infrastructure, and will manage its costs appropriately during what is likely to be a difficult period.

### Appointment of Auditors

A resolution to re-appoint BDO Stoy Hayward LLP for the year 2008-09 will be proposed at the Annual General Meeting.

### Conclusion

The University continues to enjoy a position of financial and academic strength, and is well placed to take advantage of new opportunities that are opening up nationally and regionally. This strength reflects the efforts and success of the University's staff and the Board of Governors thanks and congratulates them all.



**RDC Bunker**  
**Chair of Governors**

# Corporate Governance of the University of Chichester

## Constitution

The University is a company limited by guarantee and members of the Board of Governors are legally Directors of the Company. The directors of the University's subsidiary company, Chichester Enterprises Limited, are ultimately accountable to the Board of Governors of the University and therefore the following provisions for Corporate Governance apply to both the University and its subsidiary.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, and with guidance provided by the Committee of University Chairmen (CUC).

## Principles of University Governance

In 2005, the Board of Governors formally reviewed its compliance with the CUC Governance Code of Practice issued in November 2004, and affirmed its commitment to the Code.

The Board of Governors has adopted the following Statement of Primary Responsibilities:

1. To approve the mission and strategic vision of the University, the long-term academic and business plans and key performance indicators and to ensure that these meet the interests of students, staff, governors, the local and regional communities and others who have an interest in the success of the institution.
2. To delegate authority to the Vice-Chancellor, as Chief Executive, for the academic, corporate, financial, estates and personnel management of the University. The Board is also responsible for the establishment and regular review of all policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice-Chancellor.
3. 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 managing conflicts of interest.
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University of Chichester against the plans and approved key performance indicators, which will be, where possible and appropriate, benchmarked against other comparable institutions.
5. To establish processes to monitor and evaluate the performance and effectiveness of the governing body.
6. 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.
7. To safeguard the good name and values of the University of Chichester.
8. To appoint the Vice-Chancellor as Chief Executive, and to put in place suitable arrangements for monitoring his/her performance.
9. To appoint a Secretary to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.

## Corporate Governance of the University of Chichester (continued)

10. To appoint a Principal Chaplain in accordance with the University's status as a Denominational institution of the Church of England under section 66 (4)(a) of the Further and Higher Education Act 1992.
11. To employ all staff in the institution and to be responsible for establishing the human resources strategy.
12. To be responsible for the financial and business affairs of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to manage the University's assets, property and estate.
13. To ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the name of the University.
14. To make such provision as it thinks fit for the general welfare of students, in consultation with the University's Academic Board.
15. To appoint such Trustees as it may think fit for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University of Chichester.
16. To ensure that the constitution of the University of Chichester is followed at all times and that appropriate advice is available to enable this to happen.

### Composition and Responsibilities of the Board of Governors

The University's Board of Governors consists of at least nineteen and a maximum of twenty-five members and comprises lay persons and staff and students appointed according to the Articles of Association, the majority of whom are non-executive and independent. The membership includes the Vice-Chancellor as an *ex officio* member. No lay members of the Board are remunerated for the work they undertake for the University, although expenses may be paid for attendance at Board meetings.

The Chair and Vice-Chair of the Board of Governors, and the chairs of the sub-committees of the Board may only be appointed from within the non-executive members.

The Clerk to the Governors (who is also Company Secretary) is appointed under the Articles of Association to act as Secretary to the Board and its Committees. All Governors have access to the advice and services of the Clerk to the Governors and can seek independent advice should they wish to do so.

The Board normally meets three times a year, with additional meetings if appropriate. In undertaking its duties, the Board receives the advice and recommendations of its Committees, including the Executive Committee (renamed Strategy and Resources Committee from September 2008), Audit Committee, Nominations and Effectiveness Committee, and Remuneration Committee. Decisions and recommendations of these Committees are formally reported to the Board as provided within the Articles of Association, the terms of reference of the Committees and the Financial Regulations of the University.

All members of the Board of Governors, co-opted members of its Committees and senior officers who are members of the Senior Managers' Forum are required to maintain entries on a Register of Interests. In addition, members may not be present at any discussion in which they have a direct or indirect financial interest.

## **Corporate Governance of the University of Chichester (continued)**

During 2007-08 the Board has reviewed and approved a revised Vision and a new Strategy for the University. Following the adoption of the new University Strategy, the Board also approved a restructuring of the internal organisation of the University. As a consequence of these changes, the Board has reviewed the constitution and terms of reference of each of its Committees to ensure that they remain appropriate to the future needs of the organisation.

The Board also considered the University's performance against a range of Key Performance Indicators, developed using the CUC Report on the Monitoring of Institutional Performance and Use of Key Performance Indicators as a guide.

### **Governors' Audit Committee**

The Governors' Audit Committee met four times in 2007-08, once more than required under its then terms of reference. In this additional meeting the Committee undertook a formal self-evaluation, the results of which were reported to the Board in March 2008.

On behalf of the Board, Governors' Audit Committee considers reports, recommendations and reviews on the effectiveness of the University's arrangements for risk management, internal control and governance. Where improvements are identified, the Committee monitors the implementation of agreed actions. The Committee presents an Annual Report to the Board of Governors, including an opinion on the adequacy of the University's processes for securing value-for-money, for the management of risk, for promoting good governance and for ensuring adequate internal controls are in operation.

The Governors' Audit Committee also considers reports and updates from the Higher Education Funding Council for England (HEFCE) as they affect the University's business and monitors adherence to the regulatory requirements.

A professional internal audit team, provided by Mazars LLP, undertakes an annual programme approved by Governors' Audit Committee. Other specialist advisors are appointed for specific reviews as required. External auditors are appointed in accordance with the requirements of HEFCE.

Over the 2007-08 financial year the Committee reviewed proposals for a revised Value-for-Money Policy in line with the latest guidance from the Funding Council, and considered changes to the University's approach to risk management for implementation during the 2008-09 financial year. In planning its work for 2008-09 the Committee is cognisant of its specific reporting responsibilities on data quality.

### **Governors' Executive Committee (renamed Governors' Strategy and Resources Committee from September 2008)**

The Governors' Executive Committee met six times in 2007-08. It received reports concerning financial, estates, IT, employment and human resource issues, with the exception of the employment and salaries of the Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellor, Chief Financial Officer, Clerk to the Governors and Chaplain, and (from June 2008), the Executive Deans, termed the 'Designated Staff'. The Board of Governors determines the total emoluments of these senior staff on the advice of the Remuneration Committee. The Executive Committee also reviews the annual financial statements together with the accounting policies, and recommends the annual budget and financial forecasts and Corporate Planning Statement to the Board for approval. It also receives a report on the progress of major capital projects at each meeting.

The Board receives the financial monitoring reports reviewed by Governors' Executive Committee in full, together with the minutes of each meeting.

Following the review of the constitution and terms of reference of the Committees of the Board of Governors in July 2008, it was resolved that the Committee would be renamed as Governors' Strategy and Resources Committee from September 2008. Its remit is broadly unchanged.

## Corporate Governance of the University of Chichester (continued)

### Nominations and Effectiveness Committee

The Nominations and Effectiveness Committee is responsible for recommending the appointment and extension of terms of office of individual governors to the Board. In performing these duties, the Committee monitors the expertise of governors, identifies the particular skill sets required on the Board, and seeks to ensure that these are met. It also recognises the need to ensure that the membership of the Board is reflective of, and relates to, the multiple strands of contemporary society. Governor appointments are advertised widely to ensure that vacancies are filled with the highest calibre of person.

### Responsibilities of the Vice-Chancellor

The Vice-Chancellor is the Chief Executive of the University and has responsibility to the Board of Governors for the organisation, direction, and management of the institution. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer who can be summoned to appear before the Public Accounts Committee.

The Vice-Chancellor is supported in performing his duties by the University Executive (Vice-Chancellor's Group) which meets weekly, and by Senior Managers' Forum, which meets every six weeks. Ultimately, however, responsibility for Executive management rests with the Vice-Chancellor.

During the 2007-08 academic year, the organisational structure of the University was based on six schools and a number of central support services, each one of which was treated as a separate unit for planning and financial purposes. For the 2008-09 academic year, the structure has been changed to one of two academic faculties, each headed up by an Executive Dean with two deputy deans. The central service (now known as the 'Professional Services') structure has also been reviewed and revised. The objective of these changes is to increase the levels of responsibility and accountability of staff in management positions in order to support the delivery of the new University strategy.

### Academic Board

The Academic Board is chaired by the Vice-Chancellor, and comprises twenty-four members, half of whom are individuals with primarily executive and managerial responsibilities with the remainder being elected non-executive staff or students.

Subject to the Articles, the overall responsibility of the Board of Governors and the responsibilities of the Vice-Chancellor, the Academic Board is responsible for:

- issues relating to research, scholarship, teaching and courses at the University, including criteria for the admission of students;
- the appointment and removal of internal and external examiners;
- policies and procedures for the assessment and examination of students;
- the content of the curriculum;
- academic standards and the validation and review of courses;
- procedures for the award of qualifications and honorary academic titles;
- the procedures for the expulsion of students for academic reasons.

The Academic Board also advises on such other matters as the Board of Governors or the Vice-Chancellor may refer to it, including the development of academic activities and the resources needed to support them.

## Corporate Governance of the University of Chichester (continued)

### Statement of Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control which supports the achievement of policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it is responsible.

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

- clear definition of the responsibilities and delegated authority of heads of academic and administrative groups
- a medium and short term planning process, supplemented by detailed annual income and expenditure and capital budgets;
- regular reviews of performance and quarterly reviews of financial performance and updates of forecasts for the current financial year;
- comprehensive Financial Regulations, reviewed and amended most recently in December 2007, approved by the Governors' Audit Committee and the Board of Governors;
- clearly defined requirements for the approval and control of expenditure, with significant investment decisions being subjected to detailed appraisal and review.
- a professional audit service from Mazars LLP, whose responsibilities cover the entire internal control systems of the institution.

The system of internal control is supplemented by a process to identify the principal risks, both financial and non-financial, to the achievement of the University's policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. To this end, the University has developed and approved a Risk Management Policy. However, the process is designed to manage rather than eliminate the risk of failure to achieve these objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

As the governing body, the Board of Governors has responsibility for the University's risk management process. For this purpose, the Governors' Audit Committee oversees and provides assurance on the operation of the framework.

The risk management process is co-ordinated by Vice-Chancellor's Group, which ensures that academic units and Professional Service departments review their risk registers and compile the Critical Risk Register for the University. This Critical Risk Register was reviewed by the Governors' Audit Committee, the Governors' Executive Committee and the Board of Governors during June and July 2008.

Each risk identified on the risk registers has a nominated 'owner' who is responsible for ensuring that adequate controls are in place or mitigating action taken, and for regularly reviewing changes to probability or impact.

Risk management is also embedded within the corporate planning and decision-making processes of the University, with all significant projects and associated business cases expected to demonstrate that risks and appropriate controls or mitigating actions have been recognised. If approved, the implementation of the mitigating action is then embedded into the normal risk management processes of the University.

## Corporate Governance of the University of Chichester (continued)

The Board of Governors receives assurance on the effectiveness of the internal control systems through the minutes of Governors' Audit Committee, which are presented by the Chair of the Committee to the meetings of the Board, through the work of the internal auditors and the senior managers within the organisation who have responsibility for the development and maintenance of the internal control framework, and through comments made by the external auditors in their management letter and other reports.

The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks. To this end, a thorough review of the current process was instigated during summer and autumn 2008, which has resulted in changes to the process for 2008-09. These changes include the establishment of a Risk Management Group reporting to the University Executive (Vice-Chancellor's Group), the Governors' Audit Committee and the Board of Governors.

### Financial Responsibilities of the Board of Governors

The terms and conditions of the Financial Memorandum agreed between HEFCE and the Board of Governors require the University, through its designated officer the Vice-Chancellor, to present financial statements for the financial year which give a true and fair account of the state of affairs of the University and the results and cash flows for that year.

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 Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards.

The Board of Governors is satisfied that the University has adequate resources to continue its operations for the foreseeable future and for this reason a 'going concern' basis has been adopted in the preparation of the financial statements which reflect:

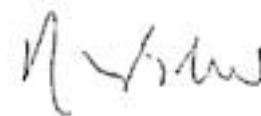
- suitable accounting policies, selected and applied consistently;
- judgments and estimates that are reasonable and prudent; and
- applicable accounting standards, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- fulfil its responsibilities under the Articles and to ensure that funds from HEFCE and the Training and Development Agency for Schools (TDA) are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by the Funding Council and any other conditions which it may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other funds;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.



Chair of Governors



Vice-Chancellor

## **Independent Auditors' report to the Governors of the University of Chichester**

We have audited the financial statements of the University of Chichester for the year ended 31 July 2008 which comprise the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses and Consolidated Note of Historical Cost Surpluses and Deficits, the Balance Sheets for the Group and the University, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### **Respective responsibilities of the Governors and Auditors**

As described in the Statement of Governors' Responsibilities the University's Governors are responsible for preparing the annual report and financial statements in accordance with applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

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 Companies Act 1985 and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and whether the information given in the Report of the Governors is consistent with those financial statements. We also report to you if, in our opinion, the Governors have not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the Governors or other transactions is not disclosed.

We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received 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 read the other information contained in the Report of the Governors and consider whether it is consistent with the audited financial statements. The other information comprises only the Corporate Governance Statement and the Statement of the Responsibilities of the Governors. We consider the implications for our report if we become aware of any misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## Independent Auditors' report to the Governors of University of Chichester (continued)

### Basis of Audit Opinion

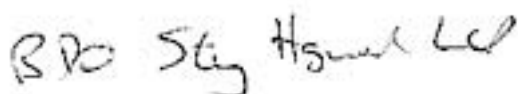
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts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

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Group as at 31 July 2008 and of its surplus of income over expenditure for the year then ended;
- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University as at 31 July 2008;
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";
- the information given in the Report of the Governors is consistent with the financial statements;
- income from the Higher Education Funding Council for England, Training and Development Agency for Schools, 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
- income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandums with the Higher Education Funding Council for England.



BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
Epsom

2008

## University of Chichester

### Consolidated income and expenditure account for the year ended 31 July 2008

		31 July 2008	31 July 2007
	Notes	£	£
<b>Income</b>			
Funding Council grants	2	16,501,359	16,148,351
Tuition fees and education contracts	3	9,646,604	7,664,693
Research grants and contracts	4	233,880	211,107
Other income	5	5,474,685	5,276,890
Endowment and investment income	6	557,714	356,640
<b>Total income</b>		<b>32,414,242</b>	<b>29,657,681</b>
<b>Expenditure</b>			
Staff costs	7	18,029,352	15,753,777
Other operating expenses	8	12,005,130	9,653,350
Depreciation	12	1,417,350	1,563,467
Interest payable	9	453,065	612,104
<b>Total expenditure</b>	11	<b>31,904,897</b>	<b>27,582,698</b>
<b>Surplus on continuing operations after depreciation of assets at valuation and disposal of assets</b>	10	<b>509,345</b>	<b>2,074,983</b>
Transfer from accumulated income within expendable endowments	22	2,313	483
<b>Surplus for the year retained within general reserves</b>		<b>511,658</b>	<b>2,075,466</b>

The consolidated Income and Expenditure Account of the University and its subsidiary relates wholly to continuing operations.

The notes on pages 22 to 50 form part of these financial statements.

## University of Chichester

### Consolidated note of historical cost surpluses and deficits for the year ended 31 July 2008

	Notes	31 July 2008 £	31 July 2007 £
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		509,345	2,074,983
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	23	87,600	87,600
<b>Historical cost surplus for the year before and after taxation</b>		<b>596,945</b>	<b>2,162,583</b>

### Consolidated statement of total recognised gains and losses for the year ended 31 July 2008

	Notes	31 July 2008 £	31 July 2007 £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		509,345	2,074,983
New endowments	22	2,351	2,915
Actuarial (loss)/gain in respect of pension scheme	30	(2,333,000)	1,900,000
<b>Total recognised (losses)/gains relating to the year</b>		<b>(1,821,304)</b>	<b>3,977,898</b>
<b>Reconciliation</b>			
Opening reserves and endowments		29,607,435	25,629,537
Total recognised (losses)/gains for the year		(1,821,304)	3,977,898
<b>Closing reserves and endowments</b>		<b>27,786,131</b>	<b>29,607,435</b>

The notes on pages 22 to 50 form part of these financial statements.

# University of Chichester

(a company limited by guarantee)

## Balance sheets as at 31 July 2008

	Notes	Group		University	
		31 July 2008 £	31 July 2007 £	31 July 2008 £	31 July 2007 £
<b>Fixed assets</b>					
Tangible assets	12	42,455,761	42,360,349	42,400,470	42,299,295
Investments	13	25,000	25,000	25,002	25,002
<b>Total fixed assets</b>		<b>42,480,761</b>	<b>42,385,349</b>	<b>42,425,472</b>	<b>42,324,297</b>
<b>Endowments</b>	14	<b>24,642</b>	<b>24,604</b>	<b>24,642</b>	<b>24,604</b>
Stock		30,518	44,224	30,518	44,224
Debtors	15	1,571,776	1,723,956	1,734,314	1,670,737
Short-term deposits		7,856,041	6,400,000	7,856,041	6,400,000
Cash at bank and in hand		396,057	260,442	171,599	113,690
<b>Total current assets</b>		<b>9,854,392</b>	<b>8,428,622</b>	<b>9,792,472</b>	<b>8,228,651</b>
Less: Creditors: amounts falling due within one year	17	(5,644,394)	(5,203,700)	(5,519,954)	(4,982,860)
<b>Net current (liabilities)/assets</b>		<b>4,209,998</b>	<b>3,224,922</b>	<b>4,272,518</b>	<b>3,245,791</b>
Debtors: amounts falling due after more than one year	16	28,518	-	49,204	40,224
<b>Total assets less current liabilities</b>		<b>46,743,919</b>	<b>45,634,875</b>	<b>46,771,836</b>	<b>45,634,916</b>
Less: Creditors: amounts falling due after more than one year	18	(7,087,138)	(7,238,464)	(7,087,138)	(7,238,464)
Less: Provisions for liabilities and charges	20	(702,758)	(504,506)	(702,758)	(504,506)
<b>Net assets excluding pension liability</b>		<b>38,954,023</b>	<b>37,891,905</b>	<b>38,981,940</b>	<b>37,891,946</b>
Pension liability	30	(3,457,000)	(1,014,000)	(3,457,000)	(1,014,000)
<b>NET ASSETS INCLUDING PENSION LIABILITY</b>		<b>35,497,023</b>	<b>36,877,905</b>	<b>35,524,940</b>	<b>36,877,946</b>
<b>Deferred capital grants</b>	21	<b>7,710,892</b>	<b>7,270,470</b>	<b>7,710,892</b>	<b>7,270,470</b>
<b>Expendable endowments</b>	22	<b>24,642</b>	<b>24,604</b>	<b>24,642</b>	<b>24,604</b>
Income and expenditure account excluding pension reserve		16,288,747	15,579,489	16,316,664	15,579,530
Pension reserve	30	(3,457,000)	(1,014,000)	(3,457,000)	(1,014,000)
<b>Income and expenditure account including pension reserve</b>	23	<b>12,831,747</b>	<b>14,565,489</b>	<b>12,859,664</b>	<b>14,565,530</b>
<b>Revaluation reserve</b>	23	<b>14,929,742</b>	<b>15,017,342</b>	<b>14,929,742</b>	<b>15,017,342</b>
<b>Total reserves</b>		<b>27,761,489</b>	<b>29,582,831</b>	<b>27,789,406</b>	<b>29,582,872</b>
<b>TOTAL</b>		<b>35,497,023</b>	<b>36,877,905</b>	<b>35,524,940</b>	<b>36,877,946</b>

The notes on pages 22 to 50 form part of these financial statements.

The financial statements on pages 18 to 50 were approved for issue by the Board of Governors on behalf by:

Governor (Chair)

25<sup>th</sup> November  
2008

and were signed on its

Vice-Chancellor

## University of Chichester

### Consolidated cash flow statement for the year ended 31 July 2008

	Notes	31 July 2008 £	31 July 2007 £
<b>Cash inflow from operating activities</b>	<b>24</b>	<b>3,140,387</b>	3,639,598
Returns on investments and servicing of finance	25	(127,096)	(247,642)
Capital expenditure and financial investment	26	(1,126,955)	(1,031,290)
Management of liquid resources	27	(1,456,041)	(3,900,000)
Financing	28	(294,642)	1,640,765
<b>Increase in cash in the year</b>		<b>135,653</b>	<b>101,431</b>

### Reconciliation of net cash flow to movement in net funds

	Notes	31 July 2008 £	31 July 2007 £
Increase in cash in the year	29	135,653	101,431
Cash inflow from liquid resources	27	1,456,041	3,900,000
Change in net debt resulting from cash flows	28	294,642	(1,640,765)
Interest accrued on Central Board of Finance loan		-	(7,823)
Movement in net funds in the period		<b>1,886,336</b>	2,352,843
Net (debt) at 1 August		(757,754)	(3,110,597)
<b>Net funds/(debt) at 31 July</b>	<b>29</b>	<b>1,128,582</b>	<b>(757,754)</b>

The notes on pages 22 to 50 form part of these financial statements.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008

### 1 Principal Accounting Policies

#### Basis of preparation

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

#### Basis of accounting

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

#### Basis of consolidation

The consolidated financial statements include the University of Chichester and its subsidiary, Chichester Enterprises Limited. Chichester Enterprises Limited is a wholly owned subsidiary of the University of Chichester. The results of the subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. In accordance with FRS 2, the activities of the Students' Union, students' bar and clubs and societies have not been consolidated because the University does not control those activities. All financial statements are made up to 31 July.

#### Recognition of income

Income from tuition fees is recognised in the period for which it is received and includes all the fees chargeable to students or their sponsors. The costs of any fees waived by the University are included as expenditure in Note 8.

Income from grants, contracts and other services rendered is included to the extent of the completion of the contract or service rendered.

All income from short-term deposits and endowments is credited to the income and expenditure account in the period in which it is earned. Income from expendable endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to expendable endowments.

Income receivable from HEFCE and the Training and Development Agency for Schools (TDA) is recognised in line with the latest estimates of grant receivable for an academic year. The final grant allocation is determined in the subsequent February, following an audit of the University's activity.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 1 Principal Accounting Policies (continued)

#### Pension schemes

Retirement benefits to employees of the University are provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS) - West Sussex County Council Pension Fund. These are defined benefit schemes, which are externally funded and contracted out of the State Earnings-Related Pension Scheme (SERPS).

Contributions to the schemes are charged to the income and expenditure account so as to spread the cost of pensions over employees' working lives with the University in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of triennial valuations using the projected unit method for the LGPS. For the TPS, not less than every four years, with a supporting interim valuation in between, the Government Actuary conducts a formal actuarial review of the TPS in order to specify the level of future contributions.

The assets of the LGPS are measured using closing market values. LGPS liabilities are measured using the projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the scheme expected to arise from employee service in the period is charged to the operating surplus. The expected return on the scheme's assets and the increase during the period of the present value of the scheme's liabilities arising from the passage of time are included in pension finance costs.

The difference between the fair value of the University's share of the assets held in the LGPS 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. The pension scheme balance is recognised net of any related deferred tax balance.

Changes in the defined benefit pension scheme asset or liability arising from factors other than the 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 FRS 17.

#### Tangible fixed assets

##### (a) Land and buildings

###### (i) Bognor Regis College

As a consequence of the Education Reform Act 1988, the freehold interest in the land and buildings occupied by the University, previously held by the West Sussex County Council, was transferred to the University with effect from 1 April 1989. These were not valued prior to transfer.

On 31 July 1995 a valuation of the open market value for existing use was made by Grimley, a firm of international property advisers, using the depreciated replacement cost basis. In accordance with the requirements of the SORP, this valuation, in the sum of £7,700,000, adjusted for subsequent disposals, has been used in the financial statements.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008(continued)

### 1 Principal Accounting Policies (continued)

#### Tangible Fixed Assets (continued)

##### *(ii) Bishop Otter College*

The land and buildings are leased at a peppercorn rent from the Bishop Otter Trustees in whom the assets and any liability in respect of Department for Innovation, Universities and Skills grant are vested. The lease was granted in 1976 for a period of 999 years. Prior to 31 July 1995 no assessment had been made of the benefit to the University of the leased land and buildings.

On 31 July 1995 a valuation of the open market value for existing use was made by Grimley, a firm of international property advisers, using the depreciated replacement cost basis. In accordance with the requirements of the SORP, this valuation, in the sum of £13,400,000 adjusted for subsequent disposals, has been used in the financial statements.

##### *(iii) General*

Buildings constructed since 31 July 1995 are included in the balance sheet at cost.

Freehold land, and the land held under the lease with the Bishop Otter Trustees, is not depreciated. All buildings are depreciated over their expected useful economic life to the University, which is up to 50 years. Major equipment components included within new buildings are depreciated over their expected useful economic life, which is up to 20 years. The University has a policy of depreciating major adaptations to buildings over the period of their useful economic life, which is up to 20 years.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. Buildings and adaptations in the course of construction are not depreciated until they are commissioned.

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 acquisition of land and the construction of buildings are not capitalised as part of the cost of those assets.

A review for 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.

On adoption of FRS 15, the University followed the transitional provision to retain the book value of land and buildings, which were revalued in July 1995, but not to adopt a policy of revaluations of these properties in the future. These values are retained subject to the requirement to test assets for impairment in accordance with FRS 11.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008(continued)

### 1 Principal Accounting Policies (continued)

#### Tangible Fixed Assets (continued)

##### (b) *Equipment*

The following assets are capitalised:

All assets which are capable of being used for a period which exceeds one year and which:

- individually have a cost equal to or greater than £2,500; or
- collectively have a cost equal to or greater than £2,500, where the assets are functionally interdependent, they had broadly simultaneous purchase dates and are anticipated to have simultaneous disposal dates, and are under single managerial control; or
- form part of the initial equipping and setting up cost of a new building;
- form part of an I.T.network which collectively has a cost of more than £2,500.

Subject to the above, all furniture and equipment acquired since 1 April 1989 has been included at cost, together with any incidental costs of acquisition, less accumulated depreciation.

All assets are depreciated evenly over their useful economic life as follows:

Telephone system	7 years
Furniture, computers and general equipment	4 years

Where furniture and equipment are 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 a deferred capital grant account, and released to the income and expenditure account over the expected useful economic life of the related furniture or equipment.

##### (c) *Leased assets*

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements, which 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 elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements.

The capital element is applied in order to reduce 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.

#### Investments

Investments held as fixed assets or endowment assets are stated at market value for listed investments or lower of cost or net realisable value for unlisted investments. Current asset investments, which may include listed investments, are stated at the lower of their cost and net realisable value.

#### Stocks

Stocks are stated at the lower of their cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 1 Principal Accounting Policies (continued)

#### Maintenance of premises

The cost of long-term and routine corrective maintenance is charged to the income and expenditure account in the period that it is incurred.

#### Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the financial year, with all resulting exchange differences being taken to the income and expenditure account in the period in which they arise. Transactions denominated in foreign currencies are translated into sterling at the monthly average rate of exchange.

#### 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 section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within the categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University receives no similar exemption in respect of Value Added Tax.

Chichester Enterprises Limited is subject to UK corporation tax. The directors intend that any taxable profits in the company should be paid to the University, the parent entity, by means of a Gift Aid payment. Accordingly no provision for corporation tax payable is required.

#### Liquid resources

Liquid resources comprise short-term deposits with recognised banks and building societies.

#### Provisions

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

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008(continued)

### 2 Funding Council Grants

	31 July 2008 £	31 July 2007 £
<b>Higher Education Funding Council for England</b>		
Recurrent grant	10,600,246	10,115,154
Research grant	327,208	308,729
Non formula funding	281,440	306,241
<i>Release of deferred capital grants :-</i>		
Buildings (note 21)	112,104	165,121
Equipment (note 21)	179,834	55,993
	<u>11,500,832</u>	<u>10,951,238</u>
<b>Training and Development Agency for Schools</b>		
Recurrent grant	4,955,095	5,170,788
Release of deferred capital grants (note 21)	45,432	26,325
	<u>5,000,527</u>	<u>5,197,113</u>
<b>Total</b>	<u>16,501,359</u>	<u>16,148,351</u>

### 3 Tuition fees and education contracts

	31 July 2008 £	31 July 2007 £
Full-time students fees	7,640,483	5,783,213
Full-time students charged overseas fees	768,358	768,633
Part-time students fees	774,373	767,640
Short course fees	463,390	345,207
<b>Total</b>	<u>9,646,604</u>	<u>7,664,693</u>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 4 Research grants and contracts

	31 July 2008 £	31 July 2007 £
Grants	<u>233,880</u>	<u>211,107</u>

### 5 Other income

	31 July 2008 £	31 July 2007 £
Residences, catering and conferences	3,270,759	3,257,855
Other income	2,177,264	1,989,934
Release of deferred capital grants (note 21)	26,662	29,101
<b>Total</b>	<u><b>5,474,685</b></u>	<u><b>5,276,890</b></u>

### 6 Endowment and investment income

	31 July 2008 £	31 July 2007 £
Income from expendable endowments (note 22)	1,198	1,233
Interest receivable on short-term deposits	404,980	277,407
Net return on pension scheme (note 30)	146,000	78,000
Other interest receivable	5,536	-
<b>Total</b>	<u><b>557,714</b></u>	<u><b>356,640</b></u>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 7 Staff costs

	31 July 2008	31 July 2007
<b>The average number of persons employed by the University during the period, expressed as full-time equivalents was:</b>		
	<b>Number</b>	<b>Number</b>
Teaching	167.1	171.8
Teaching support	23.9	21.8
Other support services	82.3	80.6
Administration and central services	107.7	97.4
Premises	24.4	23.0
<b>Total</b>	<b>405.4</b>	<b>394.6</b>

#### Staff costs for the above persons:

	£	£
Salaries	14,837,800	13,024,581
Social security costs	1,148,729	1,021,722
Other pension costs including FRS 17 adjustments (note 30)	2,042,823	1,707,474
<b>Total</b>	<b>18,029,352</b>	<b>15,753,777</b>

#### Staff costs include:

##### Emoluments of the Vice-Chancellor:

Salary	144,921	131,347
	<b>144,921</b>	<b>131,347</b>
Pension contributions	20,289	18,159
<b>Total</b>	<b>165,210</b>	<b>149,506</b>

The University's contributions to the Universities Superannuation Scheme relating to the Vice-Chancellor are paid at the same rate as for academic staff.

#### Remuneration of other higher paid staff, excluding employers' pension contributions:

Other than the Vice-Chancellor, no member of staff received remuneration in excess of £100,000.

#### Emoluments of the Chair of Governors:

No salary or benefits in kind were paid to the Chair of Governors.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 8 Other operating expenses

	31 July 2008 £	31 July 2007 £
Payments to schools, and non-contract staff	775,405	593,448
University bursary awards to students	803,937	423,279
Long-term maintenance and adaptations	576,080	588,329
Repairs and general maintenance	146,209	132,491
Heat, light, water, power and cleaning	1,275,066	1,103,617
Non-domestic Rates and Council Tax	86,137	86,620
Travel and subsistence	1,043,709	939,433
Minor equipment and maintenance	2,333,552	1,534,343
External auditors' remuneration (including expenses)	29,526	26,350
Internal auditors' remuneration (including expenses)	28,085	31,000
Auditors remuneration in respect of non-audit services	2,962	5,938
Establishment expenses	551,305	441,217
Grant to Students' Union	225,700	173,373
Contract residence, catering and conference expenses	937,479	1,015,222
Other expenses	2,553,744	1,910,071
Equipment operating lease rentals	50,378	46,166
Unrecoverable VAT	585,856	602,453
<b>Total</b>	<b>12,005,130</b>	<b>9,653,350</b>

### 9 Interest payable

	31 July 2008 £	31 July 2007 £
On bank loans and other loans:		
Repayable wholly or partly in more than five years	446,859	604,000
Central Board of Finance (note 19)	5,056	7,822
Other interest payable	1,150	282
<b>Total</b>	<b>453,065</b>	<b>612,104</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 10 Surplus on Continuing Operations for the Year

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

	31 July 2008 £	31 July 2007 £
University of Chichester's surplus for the year	440,083	2,040,556
Profit generated by subsidiary undertaking for the year	69,262	34,427
<b>Total</b>	<b>509,345</b>	<b>2,074,983</b>

### 11 Analysis of 2007-08 expenditure by activity

	Staff Costs £	Dep'n £	Other Operating Expenses £	Interest Payable £	Total £
Academic departments	11,155,035	214,641	2,478,994	-	13,848,670
Academic services	3,408,873	193,860	2,284,351	-	5,887,084
Research grants and contracts	161,557	17,635	65,826	-	245,018
Residences, catering and conferences	548,022	391,538	2,361,795	446,859	3,748,214
Premises	382,319	579,158	1,454,793	-	2,416,270
Administration	1,862,089	8,555	2,838,507	6,206	4,715,357
Other income generating activities	511,457	11,963	520,864	-	1,044,284
<b>Total per Income and Expenditure account</b>	<b>18,029,352</b>	<b>1,417,350</b>	<b>12,005,130</b>	<b>453,065</b>	<b>31,904,897</b>
Totals: 2006-07	15,753,777	1,563,467	9,653,350	612,104	27,582,698

The depreciation charge has been funded by:

	£
Deferred capital grants released (note 21)	364,032
Revaluation reserve transfer (note 23)	87,600
General income	965,718
<b>Total</b>	<b>1,417,350</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 12 Tangible fixed assets

Group	Land and buildings	Adaptations	Furniture and equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 August 2007	39,324,192	4,901,837	3,892,686	48,118,715
Additions	794,361	648,850	491,634	1,934,845
Disposals	-	(50,953)	(978,725)	(1,029,678)
Balance at 31 July 2008	<u>40,118,553</u>	<u>5,499,734</u>	<u>3,405,595</u>	<u>49,023,882</u>
<b>Depreciation</b>				
At 1 August 2007	2,099,930	1,091,200	2,567,236	5,758,366
Charge for year	591,642	309,270	516,438	1,417,350
Disposals	-	(8,379)	(599,216)	(607,595)
Balance at 31 July 2008	<u>2,691,572</u>	<u>1,392,091</u>	<u>2,484,458</u>	<u>6,568,121</u>
<b>Net book value at 31 July 2008</b>	<b><u>37,426,981</u></b>	<b><u>4,107,643</u></b>	<b><u>921,137</u></b>	<b><u>42,455,761</u></b>
Net book value at 31 July 2007	<u>37,224,262</u>	<u>3,810,637</u>	<u>1,325,450</u>	<u>42,360,349</u>
Financed by capital grant	7,482,155	-	228,737	7,710,892
Other	29,944,826	4,107,643	692,400	34,744,869
<b>Net book value at 31 July 2008</b>	<b><u>37,426,981</u></b>	<b><u>4,107,643</u></b>	<b><u>921,137</u></b>	<b><u>42,455,761</u></b>
<b>Analysis between cost and valuation:</b>				
<b>2008</b>				
Cost	23,010,233	5,499,734	3,405,595	31,915,562
Valuation	17,108,320	-	-	17,108,320
<b>Total</b>	<b><u>40,118,553</u></b>	<b><u>5,499,734</u></b>	<b><u>3,405,595</u></b>	<b><u>49,023,882</u></b>
<b>2007</b>				
Cost	22,215,872	4,901,837	3,892,686	31,010,395
Valuation	17,108,320	-	-	17,108,320
<b>Total</b>	<b><u>39,324,192</u></b>	<b><u>4,901,837</u></b>	<b><u>3,892,686</u></b>	<b><u>48,118,715</u></b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008(continued)

### 12 Tangible fixed assets (continued)

#### University

	Land and buildings	Adaptations	Furniture and equipment	Total
	£	£	£	£
<b>Cost or valuation</b>				
At 1 August 2007	39,324,192	4,901,837	3,778,994	48,005,023
Additions	794,361	648,850	466,339	1,909,550
Disposals	-	(50,953)	(978,725)	(1,029,678)
Balance at 31 July 2008	<u>40,118,553</u>	<u>5,499,734</u>	<u>3,266,608</u>	<u>48,884,895</u>
<b>Depreciation</b>				
At 1 August 2007	2,099,930	1,091,200	2,514,598	5,705,728
Charge for year	591,642	309,270	485,380	1,386,292
Disposals	-	(8,379)	(599,216)	(607,595)
Balance at 31 July 2008	<u>2,691,572</u>	<u>1,392,091</u>	<u>2,400,762</u>	<u>6,484,425</u>
<b>Net book value at 31 July 2008</b>	<b><u>37,426,981</u></b>	<b><u>4,107,643</u></b>	<b><u>865,846</u></b>	<b><u>42,400,470</u></b>
Net book value at 31 July 2007	<u>37,224,262</u>	<u>3,810,637</u>	<u>1,264,396</u>	<u>42,299,295</u>
Financed by capital grant	7,482,155	-	228,737	7,710,892
Other	29,944,826	4,107,643	637,109	34,689,578
<b>Net book value at 31 July 2007</b>	<b><u>37,426,981</u></b>	<b><u>4,107,643</u></b>	<b><u>865,846</u></b>	<b><u>42,400,470</u></b>
<b>Analysis between cost and valuation:</b>				
<b>2008</b>				
Cost	23,010,233	5,499,734	3,266,608	31,776,575
Valuation	17,108,320	-	-	17,108,320
<b>Total</b>	<b><u>40,118,553</u></b>	<b><u>5,499,734</u></b>	<b><u>3,266,608</u></b>	<b><u>48,884,895</u></b>
<b>2007</b>				
Cost	22,215,872	4,901,837	3,266,608	30,384,317
Valuation	17,108,320	-	-	17,108,320
<b>Total</b>	<b><u>39,324,192</u></b>	<b><u>4,901,837</u></b>	<b><u>3,266,608</u></b>	<b><u>47,492,637</u></b>

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 12 Tangible fixed assets (continued)

The valuation of land, included within land and buildings, is £13,642,105 (2007: £13,642,105).

Land and buildings have been valued at open market value for existing use adopting the Depreciated Replacement Cost basis of valuation. These valuations were made at 31 July 1995 by Grimley, a firm of international property advisers. The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS 15. Accordingly, the asset values at implementation have been retained.

The University may be required, under the terms of the Financial Memorandum with HEFCE, to surrender a proportion of the sale proceeds of any land or buildings which have been wholly or partly financed by exchequer funds, should they be sold.

There were no fixed asset impairments in the year.

Disposals include assets with a total Net Book Value of £378,650 charged to the Income and Expenditure Account due to the increase of the capitalisation threshold from £1,000 to £2,500 as per the fixed asset policy in note 1.

The cost of assets acquired for the purpose of leasing under finance leases was £21,047 (2007: £nil) and is not included within the figure for additions.

#### 13 Investments

	<b>Group</b> <b>31 July 2008</b> £	Group 31 July 2007 £	<b>University</b> <b>31 July 2008</b> £	University 31 July 2007 £
Investments in subsidiary	-	-	<b>2</b>	2
Other investments	<b>25,000</b>	25,000	<b>25,000</b>	25,000
<b>Total</b>	<b>25,000</b>	25,000	<b>25,002</b>	25,002

During the year ended 31 July 2004 the University acquired 100% of the issued ordinary £1 shares of Chichester Enterprises Limited, a company incorporated in England and Wales. The principal business activity of Chichester Enterprises Limited is the provision of conference and catering services.

The University owns 50 (5.5%) of the issued ordinary £1 shares of LeNSE Limited, at a cost of £25,000. There is no significant difference between the net book value and the market value.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 14 Endowment asset investments

	<b>Group</b> <b>31 July 2008</b> £	Group 31 July 2007 £	<b>University</b> <b>31 July 2008</b> £	University 31 July 2007 £
<b>Endowments</b>	<b>24,642</b>	24,604	<b>24,642</b>	24,604

#### 15 Debtors

	<b>Group</b> <b>31 July 2008</b> £	Group 31 July 2007 £	<b>University</b> <b>31 July 2008</b> £	University 31 July 2007 £
Fee debtors	<b>750,694</b>	1,126,097	<b>750,694</b>	1,126,097
Amount due from subsidiary	-	-	<b>268,771</b>	275,938
Other debtors	<b>193,737</b>	143,661	<b>130,184</b>	16,737
Prepayments and accrued income	<b>614,720</b>	454,198	<b>572,040</b>	251,965
Net investment in finance lease	<b>12,625</b>	-	<b>12,625</b>	-
<b>Total</b>	<b>1,571,776</b>	1,723,956	<b>1,734,314</b>	1,670,737

Included within amounts due from subsidiary is £19,538 (2006-7: £18,454) which is part of an inter-company loan with Chichester Enterprises Limited. The inter company loan is an unsecured loan bearing interest at the rate of 5.75 per cent per annum. The loan is repayable by quarterly instalments falling due between October 2006 and July 2010.

The net investment in finance lease relates to a bicycle lease agreement which the University entered into in October 2007, whereby employees lease bicycles from the University over a 18 month period. The total cost of the bicycles was £21,047, and the total rent income received in 2007/08 was £8,422.

#### 16 Debtors: Amounts falling due after more than one year

	<b>Group</b> <b>31 July 2008</b> £	Group 31 July 2007 £	<b>University</b> <b>31 July 2008</b> £	University 31 July 2007 £
Amount due from subsidiary	-	-	<b>20,686</b>	40,224
Other debtors	<b>28,518</b>	-	<b>28,518</b>	-
	<b>28,518</b>	-	<b>49,204</b>	40,224

See note 15 for details of inter-company loan.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 17 Creditors: Amounts falling due within one year

	<b>Group</b> 31 July 2008	Group 31 July 2007	<b>University</b> 31 July 2008	University 31 July 2007
	£	£	£	£
Bank loans (note 19)	115,877	330,018	115,877	330,018
Expense creditors	962,197	1,015,900	952,987	1,010,527
Taxation, Social Security and Pensions	642,597	546,240	642,597	546,240
Other creditors	2,780,482	2,276,120	2,728,834	2,215,825
Accruals	1,028,094	888,361	964,512	733,189
Tuition fees received in advance	115,147	147,061	115,147	147,061
<b>Total</b>	<b>5,644,394</b>	<b>5,203,700</b>	<b>5,519,954</b>	<b>4,982,860</b>

Bank loans as at 31 July 2007 included an unsecured loan of £50,000 granted by the Central Board of Finance of the Church of England. The initial term of the loan was twenty-five years from 15 March 1983, and the loan was fully repaid on 15 March 2008. The agreement with the Central Board of Finance provided that no interest would be payable during the period of the loan, but on repayment of the loan there should be due to the Board a sum equal to the amount of the loan compounded by 5 per cent per annum. A total amount of £169,318 was repaid in March 2008, which included interest of £119,318.

Other creditors includes an amount of £40,772 withheld from building contractors relating to the construction of the Sports Activity and Research Centre. This has been withheld due to on-going problems with the roof of the building and will be paid when the problems are rectified.

#### 18 Creditors: Amounts falling due after more than one year

	<b>Group</b> 31 July 2008	Group 31 July 2007	<b>University</b> 31 July 2008	University 31 July 2007
	£	£	£	£
Bank loans (note 19)	7,032,281	7,112,782	7,032,281	7,112,782
HEFCE Access to Learning Fund	54,857	125,682	54,857	125,682
<b>Total</b>	<b>7,087,138</b>	<b>7,238,464</b>	<b>7,087,138</b>	<b>7,238,464</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 19 Borrowings

	Group 31 July 2008 £	Group 31 July 2007 £	University 31 July 2008 £	University 31 July 2007 £
Bank loans are repayable as follows:				
In one year or less	115,877	330,018	115,877	330,018
Between one and two years	122,929	154,861	122,929	154,861
Between two and five years	418,817	518,643	418,817	518,643
In five years or more	6,490,535	6,439,278	6,490,535	6,439,278
<b>Total</b>	<b>7,148,158</b>	<b>7,442,800</b>	<b>7,148,158</b>	<b>7,442,800</b>

As at 31st July 2008 the University had two loans with the Allied Irish Bank as follows:

- a bank loan at a fixed rate of interest of 5.53 per cent per annum repayable by instalments falling due between 1 August 2006 and 31 July 2031 totalling £3,246,416 (2007: £3,315,378). The loan is secured on a portion of the freehold land and buildings of the University.

- a bank loan at a variable rate of interest repayable by instalments falling due between 1 November 2006 and 31 October 2031 totalling £3,901,742 (2007: £3,963,160). The loan is secured on a portion of the freehold land and buildings of the University.

### 20 Provisions for liabilities and charges

#### Group and University

	31 July 2008 £	31 July 2007 £
<b>Enhanced pension cost</b>		
Balance brought forward	504,506	492,141
New provisions	185,548	-
Utilised in the year	(30,184)	(29,486)
Transfer from income and expenditure account	42,888	41,851
<b>Total enhanced pension cost provision</b>	<b>702,758</b>	<b>504,506</b>
<b>Fixed asset cost provision</b>		
Balance brought forward	-	40,772
Provision	-	(40,772)
<b>Total fixed asset cost provision</b>	<b>-</b>	<b>-</b>
<b>Balance at 31 July 2008</b>	<b>702,758</b>	<b>504,506</b>

The total pension cost for the year ended 31 July 2008 was £2,085,711 (2007: £1,749,325) (note 32), this included an amount of £42,888 (2007: £41,851) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement.

The assumptions for calculating the provision for enhanced pension costs under Financial Reporting Standard FRS17, Retirement Benefits, are as follows:

Discount Rate 3.5%                      Inflation 5%

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 21 Deferred capital grants

#### Group and University

	TDA £	HEFCE £	Other grants £	Total £
<b>At 1 August 2007</b>				
Buildings	-	6,611,690	323,670	6,935,360
Equipment	100,725	205,630	28,755	335,110
<b>Total</b>	<b>100,725</b>	<b>6,817,320</b>	<b>352,425</b>	<b>7,270,470</b>
<b>Cash receivable</b>				
Buildings	-	735,672	-	735,672
Equipment	62,800	-	5,982	68,782
<b>Total</b>	<b>62,800</b>	<b>735,672</b>	<b>5,982</b>	<b>804,454</b>
<b>Released to income and expenditure account</b>				
Buildings (Note 2 and 5)	-	179,834	9,043	188,877
Equipment (Note 2 and 5)	45,432	112,104	17,619	175,155
<b>Total (Note 11)</b>	<b>45,432</b>	<b>291,938</b>	<b>26,662</b>	<b>364,032</b>
<b>At 31 July 2008</b>				
Buildings	-	7,167,528	314,627	7,482,155
Equipment	118,093	93,526	11,136	228,737
<b>Total</b>	<b>118,093</b>	<b>7,261,054</b>	<b>325,763</b>	<b>7,710,892</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 22 Endowments

#### Group and University

Expendable funds	31 July 2008 £	31 July 2007 £
Balance brought forward	24,604	22,172
Additions	2,351	2,915
Appreciation of endowment asset investments	1,198	1,233
Expenditure for year	(3,511)	(1,716)
<b>Balance carried forward</b>	<b>24,642</b>	<b>24,604</b>

#### Representing

Prize funds	11,280	10,627
Other funds	13,362	13,977
<b>Total</b>	<b>24,642</b>	<b>24,604</b>

### 23 Reserves

#### Income and expenditure account reserve

	Group 31 July 2008 £	Group 31 July 2007 £	University 31 July 2008 £	University 31 July 2007 £
At 1 August 2007	14,565,489	10,502,423	14,565,530	10,500,972
Surplus retained for the year	511,658	2,075,466	539,534	2,076,958
Transfer from Revaluation Reserve	87,600	87,600	87,600	87,600
Deficit retained within reserves	(2,333,000)	1,900,000	(2,333,000)	1,900,000
<b>At 31 July 2008</b>	<b>12,831,747</b>	<b>14,565,489</b>	<b>12,859,664</b>	<b>14,565,530</b>
Balance represented by				
Pension reserve	(3,457,000)	(1,014,000)	(3,457,000)	(1,014,000)
Income and expenditure account reserve excluding pension reserve	16,288,747	15,579,489	16,316,664	15,579,530
<b>At 31 July 2008</b>	<b>12,831,747</b>	<b>14,565,489</b>	<b>12,859,664</b>	<b>14,565,530</b>

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 23 Reserves (continued)

##### Pension reserve (Group and University)

	31 July 2008	31 July 2007
	£	£
Balance brought forward	(1,014,000)	(2,837,000)
Actuarial (loss)	(110,000)	(77,000)
Deficit retained within reserves	(2,333,000)	1,900,000
<b>Balance carried forward</b>	<b>(3,457,000)</b>	<b>(1,014,000)</b>

##### Revaluation reserve (Group and University)

##### Group and University

	31 July 2008	31 July 2007
	£	£
Balance brought forward	15,017,342	15,104,942
Transfer to general reserve of amount equivalent to depreciation charged for the year	(87,600)	(87,600)
<b>Balance carried forward</b>	<b>14,929,742</b>	<b>15,017,342</b>

#### 24

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

	31 July 2008	31 July 2007
	£	£
Surplus on continuing operations after depreciation of fixed assets at valuation	509,345	2,074,983
Depreciation (notes 1 and 12)	1,417,350	1,563,467
Deferred capital grants released to income (notes 2, 5 and 21)	(364,032)	(276,540)
Interest payable (note 9)	453,065	612,104
Pension costs less contributions payable (notes 7 and 30)	256,000	77,000
Decrease/(Increase) in stock	13,706	(8,329)
(Increase)/decrease in debtors	153,303	(546,231)
Increase in creditors	640,113	528,780
(Decrease)/increase in provisions	198,252	(28,407)
Interest receivable (note 6)	(557,714)	(356,640)
Loss/(Profit) on disposal of assets	420,999	(589)
<b>Net cash inflow from operating activities</b>	<b>3,140,387</b>	<b>3,639,598</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 25 Returns on investments and servicing of finance

	31 July 2008 £	31 July 2007 £
Income from endowment investments (note 22)	1,198	1,233
Income from short term investments	375,338	277,407
Other interest received	5,536	78,000
Interest paid	(509,168)	(604,282)
<b>Net cash (outflow) from returns on Investments and Servicing of Finance</b>	<b>(127,096)</b>	<b>(247,642)</b>

### 26 Capital expenditure and financial investment

	31 July 2008 £	31 July 2007 £
Payments made to acquire tangible fixed assets (note 12)	(1,934,845)	(1,490,434)
Proceeds from sale of tangible fixed assets	1,085	1,645
Deferred capital grants received (note 21)	804,454	454,584
New endowments received	2,351	2,915
<b>Net cash (outflow) from capital expenditure and financial investment</b>	<b>(1,126,955)</b>	<b>(1,031,290)</b>

### 27 Management of liquid resources

	31 July 2008 £	31 July 2007 £
Placing of deposits	(1,456,041)	(3,900,000)
<b>Net cash (outflow) from management of liquid resources</b>	<b>(1,456,041)</b>	<b>(3,900,000)</b>

### 28 Financing

	31 July 2008 £	31 July 2007 £
Repayments of amounts borrowed	(294,642)	(2,359,235)
New amounts borrowed	-	4,000,000
<b>Net cash (outflow)/inflow from financing</b>	<b>(294,642)</b>	<b>1,640,765</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 29 Analysis of changes in net funds

	At 1 August 2007 £	Cash flows £	At 31 July 2008 £
Cash at bank and in hand:			
Endowment assets (note 14)	24,604	38	24,642
Other cash at bank and in hand	260,442	135,615	396,057
	<hr/> 285,046	<hr/> 135,653	<hr/> 420,699
Short-term investments	6,400,000	1,456,041	7,856,041
Debt due within one year	(330,018)	214,141	(115,877)
Debt due after one year	(7,112,782)	80,501	(7,032,281)
<b>Total</b>	<hr/> <b>(757,754)</b>	<hr/> <b>1,886,336</b>	<hr/> <b>1,128,582</b>

### 30 Pension

The University's employees belong to two principal pension schemes, the Teachers' Pensions Scheme (TPS) and the Local Government Pension Scheme (LGPS). Both are defined benefit schemes. However, as the TPS is underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it effects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme. The total pension cost for the year ended 31 July 2008 was £2,042,823 (2007: £1,749,325), this included an amount of £42,888 (2007: £41,851) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement. 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 at 3.5% in excess of price inflation.

#### Teachers' Pension Scheme

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the Teachers' Pension Scheme (TPS) is a multi-employer pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the Scheme.

Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the Scheme as if it were a defined-contribution scheme. The University has set out below the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

The employers' contribution rates for the University's academic staff were 14.1% of pensionable salaries from 1 August 2007 to 31 July 2008.

The Teachers' Pension Scheme is a statutory, contributory, unfunded, defined benefit scheme. The Regulations under which the TPS operates are the Teachers' Pensions regulations 1997, as amended. Contributions are credited to the Exchequer on a "pay as you go" basis under arrangements governed by the Superannuation Act 1972. A notional asset value is ascribed to the Scheme for the purposes of determining contribution rates.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 million. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 30 Pension costs (continued)

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the standard contribution has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a Standard Contribution Rate (SCR) of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

The 2006 interim actuarial review, published in June 2007, did not recommend any changes to the SCR and concluded, as at 31 March 2006, and using the above assumptions, that the Scheme's total liabilities amounted to £176,600 million.

A copy of the Government Actuary's 2004 valuation report and 2006 interim valuation report can be found on the TeacherNet website at [www.teachernet.gov.uk/pensions](http://www.teachernet.gov.uk/pensions).

#### Local Government Pension Scheme (LGPS)

The Local Government Pension Scheme (LGPS) 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 2008 was £981,427 (2007: £819,116) of which employer's contributions totalled £698,136 (2007: £583,636) and employees' contributions totalled £283,291 (2007: £235,480).

The employer's contribution rate for administrative and manual staff for the period 1 August 2007 to 31 March 2008 was 15.2 % ; the rate increased to 17% with effect from 1 April 2008.

For the period 1 August 2007 to 31 March 2008 the employee's contribution rate for administrative staff was 6% and for manual staff employed on, or before 31 March 1998 it was 5%. For manual staff joining the University on, or after 1 April 1998, who had not had previous continuous service in the Scheme, the employee's contribution rate is the same as the administrative staff.

With effect from 1 April 2008 the LGPS moved to a system of tiered contribution bands for employees based upon the employee's full time equivalent pensionable pay, with the following rates:

Band	Range	Contribution Rate (%)
1	To £12,000	5.5%
2	£12,001 to £14,000	5.8%
3	£14,001 to £18,000	5.9%
4	£18,001 to £30,000	6.5%
5	£30,001 to £40,000	6.8%
6	£40,001 to £75,000	7.2%
7	Over £75,000	7.5%

With effect from 1 April 2008 the employee's contribution rate for manual staff employed on, or before 31 March 1998 increased to 5.25%.

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 30 Pension costs (continued)

#### Local Government Pension Scheme (continued)

##### Financial Reporting Standard (FRS) 17 - Retirement benefits

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007 updated to 31 July 2008 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2008	2007	2006	2005
	%	%	%	%
Price increases	3.8	3.3	3.1	2.8
Salary increases	5.3	4.8	4.6	4.3
Pension increases	3.8	3.3	3.1	2.8
Discount rate	6.7	5.8	5.1	5.0
Expected return on assets	7.2	7.4	n/a	n/a

With regard to mortality assumptions life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions, average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.5 years	24.4 years
Future pensioners	23.5 years	26.4 years

The University's share of assets in the fund and the expected rates of return were:

	Long term rate of return expected at 31 July 2008	Value at 31 July 2008	Long term rate of return expected at 31 July 2007	Value at 31 July 2007	Long term rate of return expected at 31 July 2006	Value at 31 July 2006
	%	£'000	%	£'000	%	£'000
Equities	7.8	8,787	8.0	10,009	7.7	8,764
Bonds	5.7	2,200	5.2	1,912	4.7	1,690
Property	5.7	925	6.0	1,083	5.7	789
Cash	4.8	353	5.1	318	4.8	513
<b>Total market value of assets</b>		<b>12,265</b>		<b>13,322</b>		<b>11,756</b>

Please note that the asset values for 2008 are at bid value while prior years are reported at mid market value.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 30 Pension costs (continued)

##### Local Government Pension Scheme (continued)

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

##### Analysis of the amount shown in the balance sheet

	31 July 2008 £'000	31 July 2007 £'000
The University of Chichester – Estimated asset share	12,265	13,323
The University of Chichester – Present value of Fund liabilities	(15,657)	(14,273)
The University of Chichester – Present Value of Unfunded liabilities	(65)	(64)
<b>University of Chichester – Net pension deficit</b>	<b>(3,457)</b>	<b>(1,014)</b>

##### Analysis of amounts charged to staff costs in the income and expenditure account

	31 July 2008 £'000	31 July 2007 £'000
Employer service cost (net of employee contribution)	(727)	(747)
Past service cost	(170)	-
<b>Total operating charge</b>	<b>(897)</b>	<b>(747)</b>

The past service cost for 2007/08 includes the following, in respect of retrospective changes that came into effect on 1 April 2008: £127,000 in respect of the extension of the death grant upon death after retirement to ten times the pension less the total pension payments already paid, and £43,000 in respect of the extension of the eligibility criteria for dependants' pension upon death to include nominated cohabitee.

##### Analysis of the amount that is credited to other finance income in the income and expenditure account

	31 July 2008 £'000	31 July 2007 £'000
Expected return on pension scheme assets	1,002	832
Interest on pension liabilities	(856)	(754)
<b>Net return on pension scheme</b>	<b>146</b>	<b>78</b>

# University of Chichester

## Notes to the accounts for the year ended 31 July 2008 (continued)

### 30 Pension costs (continued)

#### Local Government Pension Scheme (continued)

#### Analysis of the amount recognised in the statement of total recognised gains and losses (STRGL)

	31 July 2008 £'000	31 July 2007 £'000
Actual return less expected return on pension fund assets	(2,641)	349
Experience (losses) arising on the fund liabilities	(391)	(2)
Change in financial and demographic assumptions underlying the fund liabilities	699	1,553
<b>Actuarial (loss)/gain recognised in the Statement of Total Recognised Gains and Losses</b>	<b>(2,333)</b>	<b>1,900</b>

#### Movement in deficit during the period

	31 July 2008 £'000	31 July 2007 £'000
Deficit in fund at 1 August	(1,014)	(2,837)
<b>Movement in the period:</b>		
Current service cost	(727)	(747)
Past service cost	(170)	-
Employer contributions	698	599
Contribution in respect of unfunded benefits	4	4
Impact of settlements and curtailments	(61)	(11)
Net return on assets	146	78
Actuarial (loss)/gain	(2,333)	1,900
<b>Deficit in fund at 31 July</b>	<b>(3,457)</b>	<b>(1,014)</b>

#### Analysis of the movement in the present value of the scheme liabilities

	31 July 2008 £'000	31 July 2007 £'000
Opening present value of the defined benefit obligation	(14,337)	(14,449)
<b>Movement in the period:</b>		
Current service cost	(727)	(747)
Interest cost	(856)	(754)
Contributions by members	(281)	(236)
Actuarial gain	308	1,551
Past service cost	(170)	-
Losses on curtailments	(61)	(11)
Estimated unfunded benefits paid	4	4
Estimated benefits paid	398	305
<b>Closing present value of the defined benefit obligation</b>	<b>(15,722)</b>	<b>(14,337)</b>

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 30 Pension costs (continued)

##### Local Government Pension Scheme (continued)

##### Analysis of the movement in the fair value of the scheme liabilities

	31 July 2008 £'000	31 July 2007 £'000
Opening fair value of Employer Assets	13,323	11,612
<b>Movement in the period:</b>		
Expected return on assets	1,002	832
Contributions by members	281	236
Contributions by the Employer	698	599
Contributions in respect of Unfunded Benefits	4	4
Actuarial (loss)/gain	(2,641)	349
Estimated unfunded benefits paid	(4)	(4)
Estimated benefits paid	(398)	(305)
<b>Closing fair value of Employer assets</b>	<b>12,265</b>	<b>13,323</b>

##### History of experience gains and losses

	31 July 2008 £'000	31 July 2007 £'000
Difference between the expected and actual return on assets	(2,641)	349
<b>Percentage of fund assets</b>	<b>-21.5%</b>	<b>2.6%</b>
Experience (losses) on liabilities	(391)	(2)
<b>Percentage of the present value of fund liabilities</b>	<b>-3.2%</b>	<b>0.0%</b>
Actuarial losses recognised in the Statement of Total Recognised Gains and Losses	(2,333)	1,900
<b>Percentage of the present value of fund liabilities</b>	<b>-19.0%</b>	<b>13.3%</b>

#### 31 Capital commitments

At 31 July 2008 the University had authorised and contracted for building works totalling £628,000. (2007: £148,000); this related to the refurbishment of University House, including replacement of the lifts.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

#### 32 Lease obligations

At 31 July the University had annual operating lease commitments in respect of equipment for the financial year, on leases expiring:

	2008 £	2007 £
Within one year	30,927	30,507
Between one and five years	80,095	48,470
<b>Total</b>	<b>111,022</b>	<b>78,977</b>

#### 33 Related party disclosures

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 and normal procurement procedures.

All Governors of the University are directors of the Company. No director had any interest in any contract during the year ended 31 July 2008 other than a contract of employment.

#### 34 Members

The University of Chichester is a company limited by guarantee and therefore does not have share capital. The liability of members is limited to £1 each.

#### 35 Amounts disbursed as agent

##### Access funds

	31 July 2008 £	31 July 2007 £
<b>Balance at 1 August</b>	<b>125,682</b>	145,137
Funding Council grants	160,885	153,880
Interest earned	6,837	5,959
	<b>293,404</b>	304,976
Disbursed to students	(229,541)	(177,014)
Fee waivers	(4,840)	(2,280)
Administration costs	(4,166)	-
<b>Balance unspent at 31 July</b>	<b>54,857</b>	125,682

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

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

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

##### TDA secondary subject shortage scheme

	31 July 2008 £	31 July 2007 £
<b>Balance at 1 August</b>	<b>19,986</b>	48,487
Training and Development Agency grants received	<b>18,000</b>	33,675
Training and Development Agency grants refunded	<b>(19,986)</b>	(48,487)
	<b>18,000</b>	33,675
Disbursed to students	<b>(16,178)</b>	(13,689)
<b>Balance unspent at 31 July</b>	<b>1,822</b>	19,986

Training and Development Agency grants are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

##### TDA training bursaries

	31 July 2008 £	31 July 2007 £
<b>Balance at 1 August</b>	<b>269,769</b>	238,804
Training and Development Agency grants received	<b>1,948,094</b>	2,276,131
Training and Development Agency grants refunded	<b>(323,715)</b>	(218,333)
	<b>1,894,148</b>	2,296,602
Disbursed to students	<b>(1,718,214)</b>	(1,996,233)
Administrative costs	<b>(28,320)</b>	(30,600)
Recovery of overpayments	<b>54,531</b>	-
<b>Balance unspent at 31 July</b>	<b>202,145</b>	269,769

Training and Development Agency grants are available solely for students; the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

## University of Chichester

### Notes to the accounts for the year ended 31 July 2008 (continued)

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

##### South East Coastal Communities

	31 July 2008 £
<b>Balance at 1 August</b>	-
HEFCE grants received	602,026
	<hr/>
Disbursed to University partners	602,026 (602,026)
	<hr/>
<b>Balance unspent at 31 July</b>	<u><u>-</u></u>

Grants relating to the South East Coastal Communities project are received from HEFCE on behalf of other local Universities. The University acts only as a paying agent; the grants are therefore excluded from the Income and Expenditure Account.