

University of Chichester

Annual report for the year ended 31 July 2007

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University of Chichester

Directors, Governors and Advisers

Mr R D C Bunker (Chair of Governors)
 The Bishop of Chichester: Right Reverend J Hind
 Mr J B E Ashwin
 Mr C W Doman
 Mr J W Hayes CBE
 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
 Professor P E D Robinson (Resigned 15 April 2007)
 Dr R W Baker, CMG (Appointed 16 April 2007)
 Ms G Butler
 Dr S E Morgan
 Mr S D Brice (Appointed 1 August 2006) (Resigned 4 July 2007)
 Mr M L Gover (Appointed 4 July 2007)
 Professor R Baker OBE (Resigned 31 December 2006)
 Mr C Brownlee
 Mrs M Eva
 Mrs C R Evans
 Mrs R Hammond
 Mr D Longmore
 Dr C Minter
 Dame Janet O Trotter, DBE (Appointed 1 March 2007)
 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
Senator House
85 Queen Victoria Street
London
EC4V 4JL

Auditors

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

University of Chichester

Governors' report for the year ended 31 July 2007

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.

The mission of the University is to be an institution that is dedicated to the pursuit of knowledge in which individuals exceed their expectations, strive to achieve academic excellence in teaching and scholarship and are committed to lifelong learning and an enhanced contribution to society.

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 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 HEFCE Accounts Directives.

The satisfactory financial performance of the University continued in 2006/7, with a surplus after depreciation of assets at valuation, disposal of assets and tax for the year amounting to £2,074,983, which represents 7.0% of total income. A total of £1,490,434 was spent on the purchase of fixed assets in the year. Cash and short term investments increased by £3,998,999 following the net draw down of £1,762,226 in new loan finance in September 2006.

Consolidated Income and Expenditure Account

The University's consolidated results for the years ended 31 July 2007 and 31 July 2006 are summarised in the following table:

University of Chichester

Governors' report for the year ended 31 July 2007 (continued)

	Year to 31 July 2007 £'000	Year to 31 July 2006 £'000
Total income	29,658	24,974
Total expenditure	27,583	23,914
	-----	-----
Surplus after depreciation of assets at valuation and tax	2,075 =====	1,060 =====
Historical cost surplus	2,163 =====	1,148 =====

The University's total income increased by 18.8%. Within this figure, income from Funding Council grants, which account for 54% (2006: 60%) of the total, increased by 7.6% due to inflation and additional student number bids. Tuition fees rose by 51.8% as a result of the introduction of variable tuition fees for first year students, as well as an increase overall in the number of students. Research income increased by 17.2% to £211,107. The opening of new student residences containing 124 additional rooms in September 2006 and a continued growth in summer conference activity resulted in increased income from residences, catering and conferences of £766,923, a 31% increase on 2006. Income from academic consultancies and other similar sources remained static.

Total expenditure rose by 15.3%, with staff costs rising by 11.7% to £15,753,777. This reflects the impact of the national pay settlement for higher education staff, the impact of pay modernisation, and increased pension payments following changes to the Teachers Pension Scheme and Local Government Pension Scheme contribution rates. 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.

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

Consolidated Balance Sheet

The net book value of tangible assets of the University declined by £74,091 to £42,360,349 in the year, following an increase of £7,504,296 in the previous financial year. This fall in capital expenditure reflects the position of the University in its current strategic planning cycle. The University is taking the opportunity to review its academic strategy for the future following the appointment of a new Vice-Chancellor in April 2007. Following this, a new Estates Strategy will be developed which will lay out the priorities for capital investment over the next ten year period.

Although completed late in the 2005/6 financial year, two significant capital developments were brought on stream for the first time in the 2006/7 academic year. These were new Dance and Performing Arts Studios and new student residences at the Bishop Otter Campus, Chichester. In addition, the student bar at the Bognor Regis Campus was substantially refurbished during summer 2007 at a cost of £360,000 (of which £147,650 was spent by 31st July 2007). These developments have made a significant improvement to the facilities provided for the benefit of the University's students in the past twelve months.

The net current liability position as at 31st July 2006 of £706,328 returned to an asset position of £3,224,922 by 31st July 2007, primarily due to cash generated from the surplus on the income and expenditure account and the draw down of net additional loan finance of £1,762,226 in September 2006. This comprises the draw down of a further £4,000,000 of the loan facility arranged with Allied Irish Bank (GB) Ltd, which is secured against the new student residences. The opportunity was taken to repay in full a loan taken out (on less favourable terms) with the Royal Bank of Scotland in 2001. The outstanding capital sum repaid was £2,237,774. Further detail of the new loan can be found in note 20.

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Governors' report for the year ended 31 July 2007 (continued)

Favourable movements in the financial markets resulted in changes to the assumptions made by the actuary in calculating the FRS 17 pension scheme liability relating to the Local Government Pension Scheme. This liability had been valued at £2,837,000 on 31st July 2006 but had reduced to £1,014,000 by 31st July 2007. Whilst this reduction is welcome, continued market volatility and pressure on pension schemes make future forecasting of likely liabilities problematic.

The overall result of the surplus on the income and expenditure account and the movement in pension liability is to increase the University's general reserves as at 31st July 2007 by £4,063,066 to £14,565,489.

Cash Flow and Treasury Management

The surplus generated from operating activities and the draw down of the loan outlined above resulted in an increase in cash and investments of £3,998,999 in the year to £6,660,442 as at 31st July 2007. Of this £6,400,000 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 its future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis.

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 July 2007 (note 33) were £148,346 relating to the completion of the Macklin (student) bar refurbishment at Bognor Regis Campus. The Board of Governors has also approved plans to construct new Music Practice Rooms in 2007/8 at a cost of approximately £750,000, the majority of which is covered from HEFCE capital grants.

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.

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. In the past year the University has developed new Gender and Disability Equality Schemes, both to meet new statutory requirements, and also from a commitment to best practice in these areas for staff, students and others associated with the University.

University of Chichester

Governors' report for the year ended 31 July 2007 (continued)

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 2005/6.

2003/4:	91.7%
2004/5:	94.6%
2005/6	92.1%

The National Student Survey is an independent assessment of the views of final year students on their academic experience at University. Although still in its infancy, the survey 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 2005 and 2006 were out of a maximum of 5. The 2007 figure is 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 figures for 2005 and 2006 have been re-stated on this basis.

2005 Survey:	80%	(4.0 in original survey)
2006 Survey:	84%	(4.1 in original survey)
2007 Survey:	87%	

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Governors' report for the year ended 31 July 2007 (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 2006 for the 2005/6 academic year.

	Number (Headcount)	Proportion with higher degrees
2003/4:	178	82%
2004/5:	180	80%
2005/6	182	81%

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
2004/5	96%	94%
2005/6	96%	94%
2006/7	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.

2004/5:	0.2:1
2005/6:	0.4:1
2006/7:	0.5:1

The average gearing ratio for the higher education sector for 2005/6 (the last financial year for which figures are available) was 0.7:1

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:

2004/5:	78
2005/6:	43
2006/7:	93

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

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Governors' report for the year ended 31 July 2007 (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 9 to 13 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

The Governors have taken all the steps that they 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. The Governors are not aware of any relevant audit information of which the auditors are unaware.

Future Developments

As indicated elsewhere within these statements, the University will be undertaking a comprehensive strategic review of its operations and future direction during 2007-8 in order to develop a new Strategic Plan for implementation from September 2008. Whilst the views of our student body as reflected through the National Student Survey indicate a high degree of satisfaction with the experience that students receive at the University, we recognise that we cannot be complacent if we are to maintain our competitive advantage in this area. The University also wishes to strengthen support for local employers through offering education, research and consultancy activities that meet their needs and the needs of the wider community.

The strategic review will be wide ranging and will look at all aspects of our operations, academic and administrative, to ensure that we are efficient and structured in a way to meet our academic aims. The revised strategy will be accompanied by robust financial planning and risk assessment and management, and a new Estates Strategy will be developed to support the implementation of the new strategy.

Appointment of Auditors

A resolution to re-appoint BDO Stoy Hayward LLP for the year 2007-08 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

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's Board of Governors comprises lay persons and staff and students appointed according to the Articles of Association, the majority of whom are non-executive and independent. The specific powers and responsibility of the Board of Governors are set out in the Articles of Association and in the Financial Memorandum with the Higher Education Funding Council for England. The roles of Chair and Vice Chair of the Board of Governors are separate from the role of the University's Chief Executive, the Vice-Chancellor.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life, and with the guidance, which has been provided by the Committee of University Chairmen (CUC); in all material respects, the University complies with the Governance Code of Practice provided by the CUC.

The Board of Governors holds to itself approval for the strategic development of the University, annual estimates of income and expenditure, ensuring solvency of the institution and the safeguarding of its assets. The Board receives regular reports from Executive Officers on the operation of its business and its subsidiary companies.

The Vice-Chancellor is the Chief Executive of the University and has general 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 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 appoints Independent and Co-opted Governors following recommendations by the Nominations and Effectiveness Committee. There is a majority of lay members on the Board, and six Independent Governors are appointed by the Church of England through the Bishop of Chichester. All terms of office, with the exception of that of the Bishop of Chichester, the Vice-Chancellor and the student nominee, are for three years which can be renewed. According to agreed terms, newly appointed Governors receive briefing and training, as appropriate, on the University, the role of the Board and on higher education in general to ensure that they are fully conversant with their responsibilities.

The Board meets at least three times a year. Much of the detailed work is initially considered by committees which include the Executive, Nominations and Effectiveness, Remuneration, and Audit Committees. All of these Committees are formally constituted with terms of reference and membership approved by the Board. The membership consists of mainly lay members of the Board of Governors, one of whom is the Chair.

In respect of its strategic and development responsibilities, the Board of Governors is responsible for the adoption of the University's Corporate Plan. It receives recommendations and advice on this and other strategic issues from the Governors' Executive Committee and the Academic Board, the body responsible for the University's academic affairs. The Board of Governors meets with the Academic Board at least once a year.

The Executive Committee is responsible to the Board for the University's annual revenue and capital budgets and for monitoring performance in relation to approved budgets. It also reviews the University's annual financial statements together with the accounting policies. The Executive Committee also determines matters in relation to the conditions of employment of all University staff with the exception of

Corporate Governance of the University of Chichester (continued)

the Vice-Chancellor, Deputy Vice-Chancellor, Pro Vice-Chancellor, Director of Finance, Clerk to the Governors and Chaplain. The Board of Governors determines the total emoluments of these senior staff on the advice of the Remuneration Committee.

The Nominations and Effectiveness Committee reviews the status of the terms of office of individual governors and, when appropriate, oversees the arrangements for the appointment of new governors and the re-appointment of serving governors. The Nominations and Effectiveness Committee monitors the expertise of Governors to ensure, as closely as possible, that agreed areas of expertise are represented on the Board.

The terms of reference of the Audit Committee require that it meets on at least three occasions each year, with the University's external and internal auditors in attendance where business relevant to them is to be discussed. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and risk management issues. Management responses and implementation plans are considered, approved and monitored. This assists the Audit Committee in assessing the soundness and comprehensiveness of the system of internal and financial controls, and the action necessary to remedy weaknesses and the appropriateness of the existing monitoring systems. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business and monitors adherence to the regulatory requirements. The Vice-Chancellor, Director of Finance and the Clerk to the Governors, who acts as the Secretary to the Committee, attend meetings of the Audit Committee and have direct and independent access to the members of that Committee. Whilst these senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. From time to time the Committee meets the external and internal auditors on their own for independent discussions.

The Audit and Executive Committees submit the minutes of their meetings and recommendations to the full Board of Governors. The Audit Committee also provides an annual report on its activities, which is sent to the Higher Education Funding Council for England's Head of Assurance. The Nominations and Effectiveness Committee submits recommendations regarding appointments to the Board, which holds the responsibility for membership. The Remuneration Committee submits a report to the non-executive members of the Board annually, setting out its recommendations for approval. The Board has the opportunity to discuss the report without the Vice-Chancellor, staff and student governors and officers present. The Vice-Chancellor provides a written report, in the context of the higher education sector, on the activities of the University at each meeting of the Board of Governors. Senior Officers attend the Board to expand on their reports and answer any questions. The Board has an annual meeting in which strategy is reviewed and the Board formally approves the University's Corporate Plan.

The University maintains a Register of Interests of the members of Board and of its Senior Officers, which is updated annually. The Register of Interests may be consulted by arrangement with the Clerk to the Governors.

The Board 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 financial statements are prepared in accordance with the Higher Education Funding Council for England Accounts Direction, the Statement of Recommended Practice (SORP) - Accounting for Further and Higher Education, and other relevant accounting standards. In accordance with the terms and conditions of the Financial Memorandum agreed with the Higher Education Funding Council for England, the University prepares financial statements for each financial year which will give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

Corporate Governance of the University of Chichester (continued)

In accordance with Article 7.7 of the Memorandum and Articles of Association the Board of Governors may not delegate the following matters:

- (i) the determination of the educational character and objectives of the University and the supervision of its activities.
- (ii) the effective and efficient use of resources, the solvency of the University and the safeguarding of its assets.
- (iii) the approval of the annual estimates of income and expenditure.
- (iv) the determination of the membership of the Designated Staff.
- (v) the assignment of duties and of the appraisal of the Vice-Chancellor.
- (vi) the appointment, discipline, suspension and dismissal and the determination of the grading, pay and conditions of service of the Designated Staff.
- (vii) the determination of the policy for the pay and general conditions of employment of the staff who are not Designated Staff.
- (viii) the appointment of Auditors.
- (ix) the recommendation of the University in General Meeting for the approval, revoking, amendment or variation of the Articles of Association.
- (x) the approval, revoking, amendment or variation of the Regulations, other than the regulations made by the Academic Board.
- (xi) the termination of the membership of any Governor.
- (xii) any act or thing which under, or by virtue of, the Companies Act 1985 is required to be done by the Vice-Chancellor or the Board.

It is further provided that the Board may only delegate the following matters to a Committee which consists exclusively of Governors:

- (xiii) the appraisal, discipline or suspension of the Vice-Chancellor; or
- (xiv) the authorisation of expenditure of any monies or the disposal of any assets of the University except within such limits as the Board deems reasonably necessary for the proper performance by such person or body of the functions assigned to that person or body and notified to them accordingly.

For clarification the following are included within the supervision of the activities of the University referred to in (i) above:

- the Corporate Plan
- regulations relating to appointment, promotion, discipline, supervision, dismissal and grievance for all staff
- constitution of the Students' Union and legislation relating to the Students' Union
- the draft Annual Report and Financial Statements with supporting schedules

Corporate Governance of the University of Chichester (continued)

- the annual Budget
- the Financial Regulations of the University
- any proposal for the University to form or join any company, partnership or other form of legal association
- any proposal for the University to borrow money or to mortgage or charge all or any part of its property
- major new initiatives in academic areas
- the use, in broad terms and within the academic policies of the University, to which all buildings of the University are put
- programmes and budgets for:
 - (a) Building maintenance - to include provision for contingency, planned and long term maintenance,
 - (b) Building works
- the arrangements for carrying out any estates development costing over £100,000 (including VAT and fees)*, including:
 - the appointment of consultants
 - *or other amounts determined from time to time by the Board.

Risk Management

1. As the governing body of University of Chichester, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the Board of Governors in the University's Articles of Association and the Financial Memorandum with the Higher Education Funding Council for England.
2. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
3. The system of internal control is based on a continuing process designed to identify the principal risks to the achievement of policies, aims and objectives; to evaluate the nature and extent of those risks; and to manage them efficiently, effectively and economically. The procedures which are necessary to provide a full statement of internal control for the whole of the financial year 2006-07 were in place for the whole of this period and up to the date of the financial statements.
4. We have undertaken the following actions to initiate our Risk Management Strategy:
 - (a) Drafted and adopted a risk management policy.
 - (b) Developed and adopted a risk management strategy and action plan, and a more detailed institution-wide risk register for strategic risks. The implementation of this strategy is monitored on behalf of the Board of Governors by the Audit Committee.
 - (c) Agreed where the principal management responsibility rests for risk management.
 - (d) Held risk management workshops during which we identified the institution's objectives and risks, and determined a control strategy for each of the significant risks.

Corporate Governance of the University of Chichester (continued)

- (e) Requested the Audit Committee to provide general oversight of risk management.
 - (f) Requested the Audit Committee to provide advice on the effectiveness of the implementation of risk management.
 - (g) Requested that the internal audit service adapt audit planning arrangements and the methodology and approach of the auditors, so that the service conforms to the latest professional standards reflecting the adoption of risk management.
5. We have ensured that our meeting calendar and agenda enable risk management and internal control to be considered on a regular basis during the year. Risk management has been incorporated more fully into the corporate planning and decision making processes of the University, and the process is continuing.
 6. The Vice-Chancellor reviews with individual managers the departmental risk registers at least once each year. Where risks are increasing, the periodic review is more frequent and is managed collectively by the Senior Management Group or other appropriate body.
 7. The Board will review annually the University's approach to risk management.
 8. The Executive Committee has in the course of the year 2006-07 monitored closely the budgetary situation across the University as this has high priority on the risk register.
 9. The Board receives periodic reports from the Chair of the Audit Committee concerning internal control and we require regular reports from managers on the steps they are taking to manage risk in their areas of responsibility, including progress reports on key projects.
 10. Following the initial publication of the University's risk management framework, further work has been done to widen the basis of the framework and to bring about more consistency in the way in which the institution treats risks.
 11. The Board has an Audit Committee, which operates to standards defined in the Higher Education Funding Council for England's document Accountability and Audit: HEFCE Code of Practice. The internal auditors submit regular reports, which include an independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.
 12. Our review of the effectiveness of the system on internal control is informed by the work of the internal auditors and the senior managers within the institution who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Responsibilities of the Board of Governors of University of Chichester

In accordance with the Memorandum and Articles of Association governing the University the Board of Governors is responsible for the administration and management of the affairs of the University and its subsidiary companies, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial year.

The Board of Governors is responsible for preparing the Governors' Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which, give a true and fair view of the University's financial activities during the year and of its financial position at the end of the year. In preparing those financial statements the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any departures being disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the University will continue in operation;
- ensure that the funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe; and
- ensure that the funds from the Training and Development Agency for Schools are used only for the purpose of carrying on the qualifying activities defined in section 4(1) of the Education Act 1994, and the terms and conditions of the Funding Agreement with the Agency and any other terms and conditions which the Agency may from time to time impose.

The Governors are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the University and to ensure that the financial statements comply with the Companies Act 1985. The Governors are also responsible for safeguarding the assets of the University and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of academic performance and monthly reviews by senior management of financial data involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and Board of Governors

Responsibilities of the Board of Governors of the University of Chichester (continued)

- a professional Internal Audit service whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors. The Internal Audit Service, which is supplied under contract, provides the Board of Governors with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including internal financial control.

The Audit Committee, on behalf of the Board of Governors, is responsible for the effectiveness of the University's systems of internal financial control. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

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 2007 which comprise the Consolidated Income and Expenditure Account, the Statement of Total Recognised Gains and Losses and 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 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 judgements 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 2007 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 2007;
- 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

2007

University of Chichester

Consolidated income and expenditure account for the year ended 31 July 2007

		31 July 2007	31 July 2006
	Notes	£	£
Income			
Funding Council grants	2	16,148,351	15,001,681
Tuition fees and education contracts	3	7,664,693	5,050,645
Research grants and contracts	4	211,107	180,103
Other income	5	5,276,890	4,512,553
Endowment and investment income	6	356,640	228,736
Total income		29,657,681	24,973,718
Expenditure			
Staff costs	7	15,753,777	14,102,601
Other operating expenses	8	9,653,350	7,990,975
Depreciation	13	1,563,467	1,555,708
Interest payable	9	612,104	264,112
Total expenditure	12	27,582,698	23,913,396
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax		2,074,983	1,060,322
Taxation	10	-	-
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax	11	2,074,983	1,060,322
Transfer from accumulated income within specific endowments	23	483	1,218
Surplus for the year retained within general reserves		2,075,466	1,061,540

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

The notes on pages 22 to 51 form part of these financial statements.

University of Chichester

Consolidated note of historical cost surpluses and deficits for the year ended 31 July 2007

	Notes	31 July 2007 £	31 July 2006 £
Surplus on continuing operations after depreciation of fixed assets at valuation and disposal of assets but before tax		2,074,983	1,060,322
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	24	87,600	87,600
Historical cost surplus for the year before and after taxation		2,162,583	1,147,922

Consolidated statement of total recognised gains and losses for the year ended 31 July 2007

	Notes	31 July 2007 £	31 July 2006 £
Surplus on continuing operations after depreciation of assets at valuation, disposal of assets and tax		2,074,983	1,060,322
New endowments	23	2,915	3,288
Actuarial gain in respect of pension scheme	32	1,900,000	138,000
Total recognised gains relating to the year		3,977,898	1,201,610
Prior year adjustment	33	-	(2,884,000)
Total recognised (losses)/gains since last report		3,977,898	(1,682,390)
Reconciliation			
Opening reserves and endowments		25,629,537	24,427,927
Total recognised gains for the year		3,977,898	1,201,610
Closing reserves and endowments		29,607,435	25,629,537

The notes on pages 22 to 51 form part of these financial statements.

University of Chichester

(a company limited by guarantee)

Balance sheets as at 31 July 2007

	Notes	Group		University	
		31 July 2007	31 July 2006	31 July 2007	31 July 2006
		£	£	£	£
Fixed assets					
Tangible assets	13	42,360,349	42,434,440	42,299,295	42,361,681
Investments	14	25,000	25,000	25,002	25,002
Total fixed assets		42,385,349	42,459,440	42,324,297	42,386,683
Endowments	15	24,604	22,172	24,604	22,172
Stock		44,224	35,895	44,224	35,895
Debtors	16	1,723,956	1,177,725	1,670,737	1,203,413
Short-term deposits		6,400,000	2,500,000	6,400,000	2,500,000
Cash at bank and in hand		260,442	161,443	113,690	52,858
Total current assets		8,428,622	3,875,063	8,228,651	3,792,166
Less: Creditors: amounts falling due within one year	18	(5,203,700)	(4,581,391)	(4,982,860)	(4,485,865)
Net current (liabilities)/assets		3,224,922	(706,328)	3,245,791	(693,699)
Debtors: amounts falling due after more than one year	17	-	-	40,224	58,677
Total assets less current liabilities		45,634,875	41,775,284	45,634,916	41,773,833
Less: Creditors: amounts falling due after more than one year	19	(7,238,464)	(5,683,408)	(7,238,464)	(5,683,408)
Less: Provisions for liabilities and charges	21	(504,506)	(532,913)	(504,506)	(532,913)
Net assets excluding pension liability		37,891,905	35,558,963	37,891,946	35,557,512
Pension liability	32	(1,014,000)	(2,837,000)	(1,014,000)	(2,837,000)
NET ASSETS INCLUDING PENSION LIABILITY		36,877,905	32,721,963	36,877,946	32,720,512
Deferred capital grants	22	7,270,470	7,092,426	7,270,470	7,092,426
Specific endowments	23	24,604	22,172	24,604	22,172
General reserves excluding pension liability	25	15,579,489	13,339,423	15,579,530	13,337,972
Pension reserve	32	(1,014,000)	(2,837,000)	(1,014,000)	(2,837,000)
General reserve including pension liability	25	14,565,489	10,502,423	14,565,530	10,500,972
Revaluation reserve	24	15,017,342	15,104,942	15,017,342	15,104,942
Total reserves		29,582,831	25,607,365	29,582,872	25,605,914
TOTAL		36,877,905	32,721,963	36,877,946	32,720,512

The notes on pages 22 to 51 form part of these financial statements.

The financial statements on pages 18 to 51 were approved for issue by the Board of Governors on

and were signed

Governor (Chair)

Vice-Chancellor

University of Chichester

Consolidated cash flow statement for the year ended 31 July 2007

	Notes	31 July 2007 £	31 July 2006 £
Cash inflow from operating activities	26	3,639,598	3,026,095
Returns on investments and servicing of finance	27	(247,642)	(27,926)
Capital expenditure and financial investment	28	(1,031,290)	(7,974,360)
Management of liquid resources	29	(3,900,000)	1,600,000
Financing	30	1,640,765	3,241,602
Increase/(Decrease) in cash in the year		101,431	(134,589)

Reconciliation of net cash flow to movement in net funds

	Notes	31 July 2007 £	31 July 2006 £
Increase/(decrease) in cash in the year	31	101,431	(134,588)
Cash inflow/(outflow) from liquid resources	29	3,900,000	(1,600,000)
Change in net debt resulting from cash flows	30	(1,640,765)	(3,241,602)
Interest accrued on Central Board of Finance loan	31	(7,823)	(7,450)
Movement in net funds in the period		2,352,843	(4,983,640)
Net funds at 1 August		(3,110,597)	1,873,043
Net (debt) at 31 July	31	(757,754)	(3,110,597)

The notes on pages 22 to 51 form part of these financial statements.

University of Chichester

Notes to the accounts for the year ended 31 July 2007

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 2003 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 specific endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to specific 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 2007 (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 and quinquennial valuations using a prospective benefit method for the TPS.

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 2007 (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 2007 (continued)

1 Principal Accounting Policies (continued)

Tangible Fixed Assets (continued)

(b) *Furniture and equipment*

Furniture and equipment costing less than £1,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other 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 2007 (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 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 2007 (continued)

2 Funding Council Grants

	31 July 2007 £	31 July 2006 £
Higher Education Funding Council for England		
Recurrent grant	10,115,154	9,448,184
Research grant	308,729	283,651
Non formula funding	306,241	184,688
<i>Release of deferred capital grants :-</i>		
Buildings (note 22)	165,121	140,644
Equipment (note 22)	55,993	92,202
	10,951,238	10,149,369
Training and Development Agency for Schools		
Recurrent grant	5,170,788	4,814,910
Release of deferred capital grants (note 22)	26,325	37,402
	5,197,113	4,852,312
Total	16,148,351	15,001,681

3 Tuition fees and education contracts

	31 July 2007 £	31 July 2006 £
Full-time students fees	5,783,213	3,486,056
Full-time students charged overseas fees	768,633	681,772
Part-time students fees	767,640	581,533
Short course fees	345,207	301,284
Total	7,664,693	5,050,645

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

4 Research grants and contracts

	31 July 2007 £	31 July 2006 £
Grants	<u>211,107</u>	<u>180,103</u>

5 Other income

	31 July 2007 £	31 July 2006 £
Residences, Catering and Conferences	3,257,855	2,490,932
Other income	1,989,934	1,989,263
Release of deferred capital grants (note 22)	29,101	32,358
Total	<u>5,276,890</u>	<u>4,512,553</u>

6 Endowment and investment income

	31 July 2007 £	31 July 2006 £
Income from specific endowments (note 23)	1,233	770
Interest receivable on deposits	277,407	202,741
Pension finance income (note 32)	78,000	25,000
Other interest receivable	-	225
Total	<u>356,640</u>	<u>228,736</u>

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

7 Staff costs

31 July 2007 31 July 2006

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

	Number	Number
Teaching	171.8	194.0
Teaching support	21.8	19.2
Other support services	80.6	81.2
Administration and central services	97.4	94.0
Premises	23.0	22.0
Total	394.6	410.4

The average number of persons employed for the year ended 31 July 2006 were based on the budgeted establishment for the year and therefore include vacancies; whereas the numbers stated for the year ended 31 July 2007 are based on the actual number of people in post.

Staff costs for the above persons:

	£	£
Salaries and wages	13,024,581	11,696,797
Social security costs	1,021,722	918,198
Other pension costs including FRS 17 adjustments (note 32)	1,707,474	1,487,606
Total	15,753,777	14,102,601

Staff costs include:

Aggregate emoluments of all Directors:

	£	£
Salaries	260,235	231,239
Benefits in kind	-	-
Pension contributions	36,342	31,667
Total	296,577	262,906

Retirement benefits are accruing to 3 (2006: 3) directors under the Teachers' Pension Scheme, 1 (2006: 1) director under the Local Government Pension Scheme and 1 (2006: nil) director under the Universities Superannuation Scheme.

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 2007 (continued)

	31 July 2007 £	31 July 2006 £
Emoluments of the Vice-Chancellor:		
Salary	131,347	116,000
Benefits in kind	-	-
	<u>131,347</u>	<u>116,000</u>
Pension contributions	18,159	15,660
Total	<u><u>149,506</u></u>	<u><u>131,660</u></u>

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:

One other member of staff received remuneration in the range of £70,000 - £80,000 (2006 – 1).

Remuneration of directors, excluding pension contributions:

Other than the Vice-Chancellor no director received remuneration in excess of £70,000.

Remuneration of other higher paid staff, excluding pension contributions:

Other than the Vice-Chancellor and Deputy Vice-Chancellor no member of staff received remuneration in excess of £70,000.

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

8 Other operating expenses

	31 July 2007	31 July 2006
	£	£
Payments to schools, and non-contract staff	593,448	642,860
University bursary awards to students	423,279	-
Long-term maintenance and adaptations	588,329	383,419
Repairs and general maintenance	132,491	138,118
Heat, light, water, power and cleaning	1,103,617	886,697
Non-domestic Rates and Council Tax	86,620	81,874
Travel and subsistence	939,433	749,251
Minor equipment and maintenance	1,534,343	1,355,287
External auditors' remuneration (including expenses)	26,350	32,780
Internal auditors' remuneration (including expenses)	31,000	16,000
Auditors remuneration in respect of non-audit services	5,938	1,500
Establishment expenses	441,217	515,040
Grant to Students' Union	173,373	165,000
Contract residence, catering and conference expenses	1,015,222	845,090
Other expenses	1,910,071	1,624,908
Equipment operating lease rentals	46,166	49,871
Unrecoverable VAT	602,453	503,280
Total	9,653,350	7,990,975

9 Interest payable

	31 July 2007	31 July 2006
	£	£
On bank loans and other loans:		
Repayable wholly or partly in more than five years	604,000	256,614
Central Board of Finance (note 19)	7,822	7,450
Other interest payable	282	48
Total	612,104	264,112

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

10 Taxation

	31 July 2007 £	31 July 2006 £
UK Corporation Tax liability, payable on the profits of and by the subsidiary	-	-
(Loss) of subsidiary on ordinary activities before taxation	(130)	(861)

11 Surplus on Continuing Operations for the Year

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

	31 July 2007 £	31 July 2006 £
University of Chichester's surplus for the year	2,075,113	1,061,183
(Deficit) generated by subsidiary undertaking for the year	(130)	(861)
Total	<u>2,074,983</u>	<u>1,060,322</u>

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

12 Analysis of 2006-07 expenditure by activity

	Staff Costs £	Dep'n £	Other Operating Expenses £	Interest Payable £	Total £
Academic departments	9,465,109	247,888	2,107,881	-	11,820,878
Academic services	3,040,678	271,832	1,716,281	-	5,028,791
Research grants and contracts	503,629	18,007	57,724	-	579,360
Residences, catering and conferences	327,549	409,448	1,880,258	601,891	3,219,146
Premises	499,700	543,070	1,652,727	-	2,695,497
Administration	1,462,150	61,092	1,728,720	10,213	3,262,175
Other income generating activities	454,962	12,130	509,759	-	976,851
Total per Income and Expenditure account	15,753,777	1,563,467	9,653,350	612,104	27,582,698
Totals: 2005-06	14,102,601	1,555,708	7,990,975	264,112	23,913,396

The depreciation charge has been funded by:

	£
Deferred capital grants released (note 22)	276,540
Revaluation reserve transfer (note 24)	87,600
General income	1,199,327
Total	1,563,467

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

13 Tangible fixed assets

Group

	Buildings in course of construction £	Land and buildings £	Adaptations £	Furniture and equipment £	Total £
Cost or valuation					
At 1 August 2006	1,033,233	38,026,073	4,409,177	3,198,635	46,667,118
Additions	172,709	92,177	492,660	732,888	1,490,434
Disposals	-	-	-	(38,837)	(38,837)
Transfers	(1,205,942)	1,205,942	-	-	-
Balance at 31 July 2007	-	39,324,192	4,901,837	3,892,686	48,118,715
Depreciation					
At 1 August 2006	-	1,524,176	801,842	1,906,660	4,232,678
Charge for year	-	575,754	289,358	698,355	1,563,467
Disposals	-	-	-	(37,779)	(37,779)
Balance at 31 July 2007	-	2,099,930	1,091,200	2,567,236	5,758,366
Net book value at 31 July 2007	-	37,224,262	3,810,637	1,325,450	42,360,349
Net book value at 31 July 2006	1,033,233	36,501,897	3,607,335	1,291,975	42,434,440
Financed by capital grant	-	6,935,360	-	335,110	7,270,470
Other	-	30,288,902	3,810,637	990,340	35,089,879
Net book value at 31 July 2007	-	37,224,262	3,810,637	1,325,450	42,360,349
Analysis between cost and valuation:					
2007					
Cost	-	22,215,872	4,901,837	3,892,686	31,010,395
Valuation	-	17,108,320	-	-	17,108,320
Total	-	39,324,192	4,901,837	3,892,686	48,118,715
2006					
Cost	1,033,233	20,917,753	4,409,177	3,198,635	29,558,798
Valuation	-	17,108,320	-	-	17,108,320
Total	1,033,233	38,026,073	4,409,177	3,198,635	46,667,118

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Notes to the accounts for the year ended 31 July 2007 (continued)

13 Tangible fixed assets (continued)

University

	Buildings in course of construction £	Land and buildings £	Adaptations £	Furniture and equipment £	Total £
Cost or valuation					
At 1 August 2006	1,033,233	38,026,073	4,409,177	3,100,716	46,569,199
Additions	172,709	92,177	492,660	717,115	1,474,661
Disposals	-	-	-	(38,837)	(38,837)
Transfers	(1,205,942)	1,205,942	-	-	-
Balance at 31 July 2007	-	39,324,192	4,901,837	3,778,994	48,005,023
Depreciation					
At 1 August 2006	-	1,524,176	801,842	1,881,500	4,207,518
Charge for year	-	575,754	289,358	670,877	1,535,989
Disposals	-	-	-	(37,779)	(37,779)
Balance at 31 July 2007	-	2,099,930	1,091,200	2,514,598	5,705,728
Net book value at 31 July 2007	-	37,224,262	3,810,637	1,264,396	42,299,295
Net book value at 31 July 2006	1,033,233	36,501,897	3,607,335	1,219,216	42,361,681
Financed by capital grant	-	6,935,360	-	335,110	7,270,470
Other	-	30,288,902	3,810,637	929,286	35,028,825
Net book value at 31 July 2007	-	37,224,262	3,810,637	1,264,396	42,299,295
Analysis between cost and valuation:					
2007					
Cost	-	22,215,872	4,901,837	3,778,994	30,896,703
Valuation	-	17,108,320	-	-	17,108,320
Total	-	39,324,192	4,901,837	3,778,994	48,005,023
2006					
Cost	1,033,233	20,917,753	4,409,177	3,100,716	29,460,879
Valuation	-	17,108,320	-	-	17,108,320
Total	1,033,233	38,026,073	4,409,177	3,100,716	46,569,199

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

13 Tangible fixed assets (continued)

The valuation of land, included within land and buildings, is £13,642,105 (2006: £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.

14 Investments

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Investments in subsidiary	-	-	2	2
Other investments	25,000	25,000	25,000	25,000
Total	25,000	25,000	25,002	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.

During the year the University received a donation of 52,663 shares in Tallis Group Limited with a nominal value of £49,174.75. The University considers the recoverable amount of the investment recognised to be £Nil and has written down the value accordingly.

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Notes to the accounts for the year ended 31 July 2007 (continued)

15 Endowment asset investments

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Endowments	24,604	22,172	24,604	22,172

16 Debtors

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Fee debtors	1,126,097	809,663	1,126,097	723,713
Amount due from subsidiary	-	-	275,938	146,687
Other debtors	143,661	38,088	16,737	36,066
Prepayments and accrued income	454,198	329,974	251,965	296,947
Total	1,723,956	1,177,725	1,670,737	1,203,413

Included within amounts due from subsidiary is £18,454 (2005-06: £17,430) 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.

17 Debtors: Amounts falling due after more than one year

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Amount due from subsidiary	-	-	40,224	58,677

See note 16 for details of inter-company loan.

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

18 Creditors: Amounts falling due within one year

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Bank loans (note 20)	330,018	255,942	330,018	255,942
Expense creditors	1,015,900	889,971	1,010,527	856,895
Taxation, Social Security and Pensions	546,240	476,739	546,240	476,739
Other creditors	2,276,120	2,007,124	2,215,825	1,971,314
Accruals	888,361	820,348	733,189	793,708
Tuition fees received in advance	147,061	131,267	147,061	131,267
Total	5,203,700	4,581,391	4,982,860	4,485,865

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.

19 Creditors: Amounts falling due after more than one year

	Group 31 July 2007 £	Group 31 July 2006 £	University 31 July 2007 £	University 31 July 2006 £
Bank loans (note 20)	7,112,782	5,381,831	7,112,782	5,381,831
Central Board of Finance (note 20)	-	156,440	-	156,440
HEFCE Access to Learning Fund	125,682	145,137	125,682	145,137
Total	7,238,464	5,683,408	7,238,464	5,683,408

The Central Board of Finance of the Church of England granted the University an unsecured loan for an initial term of twenty-five years from 15 March 1983. The agreement with the Central Board of Finance provides that no interest will be payable during the period of the loan, but on repayment of the loan there shall be due to the Board a sum equal to the amount of the loan compounded by 5 per cent per annum. Interest has been provided in the accounts on this basis. The amount of capital advanced included above is £50,000 (2006: £50,000).

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

20 Borrowings

	Group 31 July 2007	Group 31 July 2006	University 31 July 2007	University 31 July 2006
	£	£	£	£
Bank loans are repayable as follows:				
In one year or less	330,018	255,942	330,018	255,942
Between one and two years	154,861	410,690	154,861	410,690
Between two and five years	518,643	881,108	518,643	881,108
In five years or more	6,439,278	4,246,473	6,439,278	4,246,473
Total	<u>7,442,800</u>	<u>5,794,213</u>	<u>7,442,800</u>	<u>5,794,213</u>

As at 31st July 2007 the University had 2 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 £3,400,000 (2006: £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 £4,000,000 (2006: £nil). The loan is secured on a portion of the freehold land and buildings of the University.

The 2 loans form part of the £8.9 million loan arrangement with the Bank, which means that a total of £7.4 million of the total £8.9 million available has been drawn down to date.

In September 2006 a bank loan with £2,237,774 outstanding was redeemed in full; the loan had a fixed rate of interest of 7.92 per cent per annum.

The above figures also include the Central Board of Finance of the Church of England loan (see note 19).

21 Provisions for liabilities and charges

Group and University

	31 July 2007	31 July 2006
	£	£
Teachers' Pension Scheme		
Balance brought forward	492,141	472,423
Expenditure in the year	(29,486)	(28,503)
Transferred from income and expenditure account	41,851	48,221
Total Teachers' Pension Scheme provision	<u>504,506</u>	<u>492,141</u>
Fixed asset cost provision		
Balance brought forward	40,772	90,612
Provision	(40,772)	(49,840)
Total fixed asset cost provision	<u>-</u>	<u>40,772</u>
Balance at 31 July 2007	<u>504,506</u>	<u>532,913</u>

The total pension cost for the year ended 31 July 2007 was £1,749,325 (2006: £1,535,827) (note 32), this included an amount of £41,851 (2006: £48,221) being notional interest in respect of enhanced pension entitlements for staff who have taken early retirement.

The fixed cost provision for the year ended 31 July 2006 relates to an amount withheld from building contractors relating to the construction of the Sports Activity and Research Centre; this is shown in Other Creditors, Note 18, for the year ended 31 July 2007.

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

22 Deferred capital grants

Group and University

	TDA £	HEFCE £	Other grants £	Total £
At 1 August 2006				
Buildings	-	6,562,811	332,713	6,895,524
Equipment	72,848	75,241	48,813	196,902
Total	72,848	6,638,052	381,526	7,092,426
Cash received				
Buildings	-	214,000	-	214,000
Equipment	54,202	186,382	-	240,584
Total	54,202	400,382	-	454,584
Released to income and expenditure account				
Buildings (Note 2 and 5)	-	165,121	9,043	174,164
Equipment (Note 2 and 5)	26,325	55,993	20,058	102,376
Total (Note 12)	26,325	221,114	29,101	276,540
At 31 July 2007				
Buildings	-	6,611,690	323,670	6,935,360
Equipment	100,725	205,630	28,755	335,110
Total	100,725	6,817,320	352,425	7,270,470

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

23 Endowments

Group and University

Specific funds	31 July 2007	31 July 2006
	£	£
Balance brought forward	22,172	20,102
Additions	2,915	3,288
Appreciation of endowment asset investments	1,233	770
Expenditure for year	(1,716)	(1,988)
Balance carried forward	<u>24,604</u>	<u>22,172</u>

Representing

Prize funds	10,627	9,987
Other funds	13,977	12,185
Total	<u>24,604</u>	<u>22,172</u>

24 Revaluation Reserve

Group and University

	31 July 2007	31 July 2006
	£	£
Balance brought forward	15,104,942	15,192,542
Transfer to general reserve of amount equivalent to depreciation charged for the year	(87,600)	(87,600)
Balance carried forward	<u>15,017,342</u>	<u>15,104,942</u>

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

25 Movement on general reserves

	Group	Group	University	University
	31 July 2007	31 July 2006	31 July 2007	31 July 2006
	£	£	£	£
At 1 August 2006	10,502,423	9,215,283	10,500,972	9,214,333
Surplus for the year retained within general reserves	2,075,466	1,061,540	2,076,958	1,061,039
Transfer from Revaluation Reserve	87,600	87,600	87,600	87,600
Actuarial gain in respect of pension scheme	1,900,000	138,000	1,900,000	138,000
At 31 July 2007	<u>14,565,489</u>	<u>10,502,423</u>	<u>14,565,530</u>	<u>10,500,972</u>
Balance represented by				
Pension reserve	(1,014,000)	(2,837,000)	(1,014,000)	(2,837,000)
Income and expenditure account reserve excluding pension reserve	15,579,489	13,339,423	15,579,530	13,337,972
At 31 July 2007	<u>14,565,489</u>	<u>10,502,423</u>	<u>14,565,530</u>	<u>10,500,972</u>

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

26 Reconciliation of Consolidated Operating Surplus to Net Cash Inflow from Operating Activities

	31 July 2007	31 July 2006
	£	£
Surplus on continuing operations after depreciation of fixed assets at valuation	2,074,983	1,060,322
Depreciation (notes 1 and 13)	1,563,467	1,555,708
Deferred capital grants released to income (notes 2, 5 and 22)	(276,540)	(302,606)
Interest payable (note 9)	612,104	264,112
Pension cost less contributions payable (notes 7 and 32)	77,000	91,000
(Increase)/decrease in stock	(8,329)	(9,433)
(Increase)/decrease in debtors	(546,231)	(10,681)
Increase/(decrease) in creditors	528,780	636,531
(Decrease)/increase in provisions	(28,407)	(30,122)
Interest receivable (note 6)	(356,640)	(228,736)
Profit on sale of assets	(589)	-
Net cash inflow from operating activities	3,639,598	3,026,095

27 Returns on Investments and Servicing of Finance

	31 July 2007	31 July 2006
	£	£
Income from endowment investments (note 23)	1,233	770
Income from short term investments	277,407	202,741
Other interest received	78,000	25,225
Interest paid	(604,282)	(256,662)
Net cash (outflow) from returns on Investments and Servicing of Finance	(247,642)	(27,926)

28 Capital Expenditure and Financial Investment

	31 July 2007	31 July 2006
	£	£
Purchase of tangible fixed assets (note 13)	(1,490,434)	(9,060,004)
Receipts from sale of tangible fixed assets	1,645	-
Deferred capital grants received (note 22)	454,584	1,082,356
Additions to endowments	2,915	3,288
Net cash (outflow) from capital expenditure and financial investment	(1,031,290)	(7,974,360)

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

29 Management of liquid resources

	31 July 2007 £	31 July 2006 £
(Placing of)/withdrawing of deposits	(3,900,000)	1,600,000
Net cash (outflow)/inflow from management of liquid resources	<u>(3,900,000)</u>	<u>1,600,000</u>

30 Financing

	31 July 2007 £	31 July 2006 £
Repayments of amounts borrowed	(2,359,235)	(158,397)
Amounts borrowed	4,000,000	3,400,000
Net cash inflow from financing	<u>1,640,765</u>	<u>3,241,603</u>

31 Analysis of changes in net funds

	At 1 August 2006 £	Cash flows £	Other movements £	At 31 July 2007 £
Endowment assets (note 15)	22,172	2,432	-	24,604
Cash at bank and in hand	161,443	98,999	-	260,442
	<u>183,615</u>	<u>101,431</u>	<u>-</u>	<u>285,046</u>
Debt due within one year	(255,942)	(66,253)	(7,823)	(330,018)
Debt due after more than one year	(5,538,271)	(1,574,511)	-	(7,112,782)
Current asset investments	2,500,000	3,900,000	-	6,400,000
Total	<u>(3,110,598)</u>	<u>2,360,667</u>	<u>(7,823)</u>	<u>(757,754)</u>

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

32 Pension costs

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. The total pension cost for the year ended 31 July 2007 was £1,749,325 (2006: £1,535,827), this included an amount of £41,851 (2006: £48,221) 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

The Teachers' Pension Scheme is an unfunded defined benefit scheme. Contributions on a "pay-as-you-go" basis are credited to the Exchequer 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 pensions cost is assessed every five years in accordance with the advice of the Government Actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2001
Actuarial method	Prospective Benefits
Investment returns per annum	7.0 per cent
Salary scale increases per annum	5.0 per cent
Notional value of assets at date of last valuation	£142,880 million
Proportion of members' accrued benefits covered by the notional value of the assets	100 per cent

Following the implementation of the Teachers' Pensions (Employers' Supplementary Contributions) Regulations 2000 the Government Actuary carried out a further review on the level of employers' contributions. For the period from 1 April 2004 to 31 July 2006 the employer contribution was 13.5%. An appropriate sum in respect of unfunded pensioners' benefits is included in Provisions.

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

32 Pension costs (continued)

Financial Reporting Standard (FRS) 17 - Retirement benefits

Under the definitions set out in Financial Reporting Standard 17 - Retirement benefits, the 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 above the information available on the Scheme and the implications for the University in terms of the anticipated contribution rates.

Local Government Pension Scheme

The West Sussex County Council Pension Fund (WSCCPF) 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 2007 was £819,116 (2006: £715,558) of which employer's contributions totalled £583,636 (2006: £511,629) and employees' contributions totalled £235,480 (2006: £203,929).

The employer's contribution rate for the University for the period from 1 April 2002 to 31 March 2005 was 13.5% for administrative staff, and 11.25% for manual staff employed on, or before, 31 March 1988. For manual staff joining the University on, or after, 1 April 1988, who had not had previous continuous service in the Scheme, the employer's contribution rate was the same as for the administrative staff. From 1 April 2005 the employer's contribution rate increased to 15.2% for administrative and manual staff. The employee's contribution rate for administrative staff is 6% and for manual staff employed on, or before, 31 March 1998 is 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 for the administrative staff.

Financial Reporting Standard (FRS) 17 - Retirement benefits

The following information is based upon a full actuarial valuation of the Fund at 31 March 2004 updated to 31 July 2007 by a qualified independent actuary.

The major assumptions used by the actuary were:

	2007	2006	2005	2004
	%	%	%	%
Inflation rate	3.3	3.1	2.8	2.9
Rate of increase in salaries	4.8	4.6	4.3	4.4
Rate of increase for pensions	3.3	3.1	2.8	2.9
Discount rate for liabilities	5.8	5.1	5.0	5.8

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

32 Pension costs (continued)

Local Government Pension Scheme (continued)

The assets in the Fund (of which the University's share is estimated at 0.85% (2006: 0.84%)) and the expected rates of return were:

	Long term rate of return expected at 31 July 2007 %	Value at 31 July 2007 £'000	Long term rate of return expected at 31 July 2006 %	Value at 31 July 2006 £'000	Long term rate of return expected at 31 July 2005 %	Value at 31 July 2005 £'000
Equities	8.0	1,173,400	7.7	1,031,000	7.3	917,000
Bonds	5.2	224,200	4.7	198,800	4.7	153,100
Property	6.0	127,000	5.7	92,800	5.4	3,200
Cash	5.1	37,300	4.8	60,300	4.5	82,100
Total market value of assets		1,561,900		1,382,900		1,155,400

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

	31 July 2007 £'000	31 July 2006 £'000
The University of Chichester – Estimated asset share	13,323	11,612
The University of Chichester – Present value of Fund liabilities	(14,273)	(14,383)
The University of Chichester – Present Value of Unfunded liabilities	(64)	(66)
University of Chichester – Net pension deficit	(1,014)	(2,837)

Analysis of amounts charged to the income and expenditure account

	31 July 2007 £'000	31 July 2006 £'000
Employer service cost (net of employee contribution)	(747)	(633)
Past service cost	-	-
Total operating charge	(747)	(633)

Analyses of pension finance costs

	31 July 2007 £'000	31 July 2006 £'000
Expected return on pension scheme assets	832	675
Interest on pension liabilities	(754)	(650)
Pension finance costs	78	25

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

32 Pension costs (continued)

Local Government Pension Scheme (continued)

Amount recognised in the statement of total recognised gains and losses (STRGL)

	31 July 2007 £'000	31 July 2006 £'000
Actual return less expected return on pension fund assets	349	665
Experience (losses)/gains arising on the fund liabilities	(2)	1
Change in financial and demographic assumptions underlying the fund liabilities	1,553	(528)
Actuarial gain recognised in the Statement of Total Recognised Gains and Losses	1,900	138

Movement in deficit during the period

	31 July 2007 £'000	31 July 2006 £'000
Deficit in fund at 1 August	(2,837)	(2,884)
Movement in the period:		
Current service cost	(747)	(633)
Employer contributions	599	513
Contribution in respect of unfunded benefits	4	4
Impact of settlements and curtailments	(11)	-
Net return on assets	78	25
Actuarial gain	1,900	138
Deficit in fund at 31 July	(1,014)	(2,837)

History of experience gains and losses

	31 July 2007 £'000	31 July 2006 £'000
Difference between the expected and actual return on assets	349	665
Percentage of fund assets	2.6%	5.7%
Experience gains/(losses) on liabilities	(2)	1
Percentage of the present value of fund liabilities	0.0%	0.0%
Actuarial losses recognised in the Statement of Total Recognised Gains and Losses	1,900	138
Percentage of the present value of fund liabilities	13.3%	1.0%

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

33 Capital commitments

At 31 July 2007 the University had authorised and contracted for building works totalling £148,346 (2006: £335,838); this related to the completion of the Macklin (student) bar refurbishment at Bognor Regis.

34 Lease obligations

At 31 July the University had annual operating lease commitments in respect of buildings and equipment for the 2006-07 financial year, on leases expiring:

	2007	2007	2006	2006
	Buildings	Equipment	Buildings	Equipment
	£	£	£	£
Within one year	-	30,507	56,458	666
Between one and five years	-	48,470	-	37,987
Total	-	78,977	56,458	38,653

University of Chichester

Notes to the accounts for the year ended 31 July 2007 (continued)

35 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 2007 other than a contract of employment.

36 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.

37 Access funds

	31 July 2007	31 July 2006
	£	£
Balance at 1 August	145,137	67,280
Funding Council grants	153,880	308,187
Interest earned	5,959	4,785
	304,976	380,252
Disbursed to students	(177,014)	(233,050)
Fee waivers	(2,280)	(2,065)
Balance unspent at 31 July	125,682	145,137

Funding Council 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 2007 (continued)

38 TDA secondary subject shortage scheme

	31 July 2007 £	31 July 2006 £
Balance at 1 August	48,487	60,064
Training and Development Agency grants received	33,675	75,178
Training and Development Agency grants refunded	(48,487)	(60,064)
	33,675	75,178
Disbursed to students	(13,689)	(23,466)
Administrative costs	-	(3,225)
Balance unspent at 31 July	19,986	48,487

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.

39 TDA Training Bursaries

	31 July 2007 £	31 July 2006 £
Balance at 1 August	238,804	288,284
Training and Development Agency grants received	2,276,131	1,614,891
Training and Development Agency grants refunded	(218,333)	(279,813)
	2,296,602	1,623,362
Disbursed to students	(1,996,233)	(1,355,678)
Administrative costs	(30,600)	(28,880)
Balance unspent at 31 July	269,769	238,804

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.