

Annual Report and Accounts

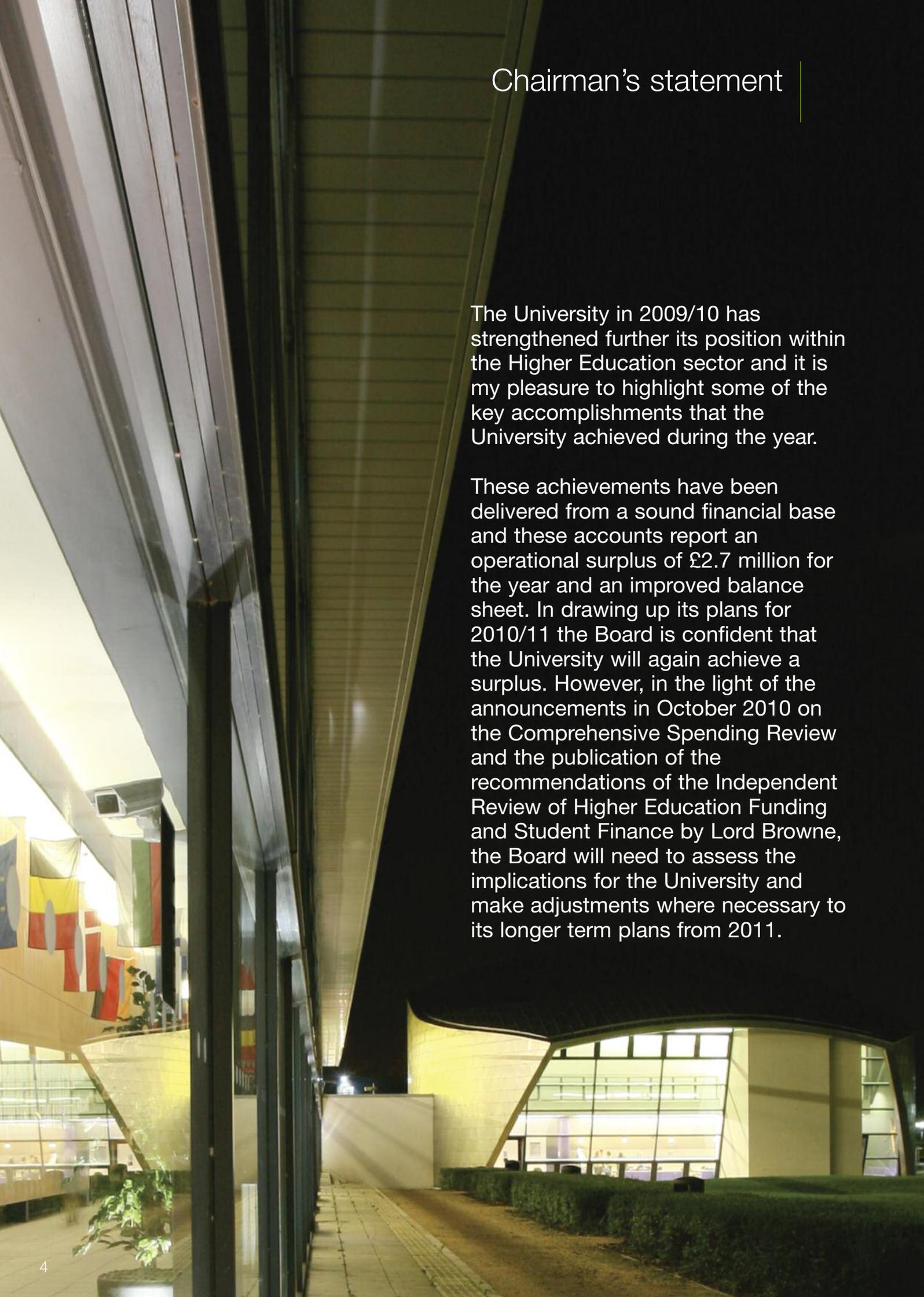
2009/2010



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Chairman's statement

The University in 2009/10 has strengthened further its position within the Higher Education sector and it is my pleasure to highlight some of the key accomplishments that the University achieved during the year.

These achievements have been delivered from a sound financial base and these accounts report an operational surplus of £2.7 million for the year and an improved balance sheet. In drawing up its plans for 2010/11 the Board is confident that the University will again achieve a surplus. However, in the light of the announcements in October 2010 on the Comprehensive Spending Review and the publication of the recommendations of the Independent Review of Higher Education Funding and Student Finance by Lord Browne, the Board will need to assess the implications for the University and make adjustments where necessary to its longer term plans from 2011.

Chairman's statement



The University has seen a dramatic rise in the numbers applying to be admitted to its undergraduate full-time courses over recent years. Applications for entry in September 2010 were such that very few places were available in Clearing and entry standards to courses have risen substantially. This popularity is not only down to the continuing demand for higher education but to the growing profile of the University in the sector.

We were delighted to receive external endorsement of this growing profile. In 2010, we were shortlisted for the Times Higher Education *Entrepreneurial University of the Year* Award. The University rose in the 'University Guide for 2011' league table published by the Guardian from ninety-seven to sixty. In the Independent Complete University Guide 2010 we were placed forty-one out of 115 universities, up nine places from the previous year. In the Times Good University Guide 2010 we ranked sixty-three out of 115 UK universities, up three places from the previous year. In the 2010 People & Planet Green League, we rank third out of 122 UK universities.

The academic achievements and successes of individual departments and staff are too numerous to mention but highlights are:

- The School of Pharmacy was awarded full Royal Pharmaceutical Society of Great Britain accreditation and Professor Soraya Dhillon MBE, Head of the School of Pharmacy was appointed new Director General of the Pharmaceutical Council.
- In research, our Centre for Astrophysics Research discovered some of the most distant galaxies ever observed and the University achieved the highest percentage success rate nationally for Research Council UK research grant applications at thirty-three percent.

- Our environmental performance was recognised as the University received a highly commended Green Gown Award for continuous improvement in waste management. In the 'Universities that Count' Environment Index the University received a silver ranking which was above the HEI and business sector average.
- Improvements to the University's estate continued, all targeted at improving the quality of the Student Experience. The University opened The Forum. This £38 million entertainment and social complex is one of our most exciting projects to date.
- Work started on the new Law Court Building at the front of the de Havilland Campus, as well as a new reception area. The Garfield Weston Foundation have generously agreed to donate £250,000 to support the development of this building. Their donation attracts a naming opportunity and the new reception area will be named after the Foundation.
- A new Student Experience Strategy was launched not only to develop student facilities but look afresh at approaches to key issues identified in the National Student Survey (NSS) such as feedback and course representation.
- The University harnessed new technologies and systems to help improve the quality of service. The University was the first British university to implement Active Reception, an innovative live chat and monitoring software solution to enhance the student experience during Clearing.
- A new finance system was introduced and work to bring a new human resources system online was well advanced with a new student system not far behind.

All of this was underpinned by the publication of a new Strategic Plan for 2010/15.

Chairman's statement



There have been many examples of student achievement and again I must draw attention to the continuing outstanding success of the Formula Student team, which at the Formula Student event at Silverstone in July came fifth overall and were again the top UK student team.

Our student sporting achievements have been considerable this period. Five University of Hertfordshire Athletic Union (UHAU) sports teams won their respective leagues - Women's Badminton, Netball 1sts, Fencing, Women's Tennis and Men's Tennis. As a University we achieved a top 50 finish in the British University and Colleges Sport (BUCS) league with individual BUCS achievements from Leah Robson who finished second in the Trampoline Championships, Lawrence Lowman who finished 3rd in the 800m and 1500m freestyle events in Long Course Swimming Championships and Jonathan Goodman and Jennifer Wilson who won bronze at Archery and Karate Championships respectively.

One of our student's, Jackson Wray, was selected for England Rugby U18's and Dave Bell, another student, won European University Gold at the European University Sports Association (EUSA) championship in Amsterdam. Ten of our students won international caps representing their respective countries in women's football. We also welcomed Eric Mathias from the British Virgin Islands (BVI) as the first athlete to visit Hertfordshire Sports Village as part of a pre-games training camp agreement with the BVI for the 2012 Olympics.

The University expresses its gratitude to those organisations and individuals who continue to support scholarships which are available to students of the University.

All of these achievements would not be possible without the commitment and abilities of the staff of the University, to whom the Board and I express our gratitude, especially against the backdrop of the challenging economic environment. My thanks also go to the ongoing commitment to the members of the Board of Governors who again have given of their time freely and participated in an extremely busy year especially with the review of the 'Size and Shape of the Board' and the appointment of a new Vice-Chancellor. In learning of the intention of the Vice-Chancellor, Professor Tim Wilson, to retire at the end of December 2010, the Board acknowledged the enormous contribution Professor Wilson had made not only to the development of the University but also to the reputation and standing of the University in the outside world since he took office in 2003.

I am delighted that we have been able to appoint Professor Quintin McKellar as our new Vice-Chancellor from January 2011. As the current Principal of the Royal Veterinary College, Professor McKellar not only has a distinguished academic and leadership record, but he knows the county of Hertfordshire and the surrounding region well. He will be able to take forward the newly agreed Strategic Plan and ensure the University capitalises on its achievements and continues to be relevant and modern meeting the needs of its students and society at large.



Mrs Jo Connell
Chairman
Board of Governors

Annual report of the Board of Governors



In presenting its review to accompany the Accounts, the Board is aware of its responsibility to determine the educational character and mission of the University and to set its general strategic direction. The report covers the following:

- Activities of the Board
- Membership of the Board
- Operating and Financial Review

Activities of the Board

The Board met on eight occasions during the year - 20 October 2009, 25 November 2009, 12 January 2010, 23 March 2010, 18 May 2010, 1 June 2010, and 23 June 2010 with an away day on 2 February 2010. It proved a particularly busy year for the Board in seeking and then appointing a new Vice-Chancellor and in conducting a review of the 'Size and Shape' of the Board in addition to its normal programme of activity.

The Board continued to discharge its primary responsibilities set out in the Articles of Government with enthusiasm and due diligence. It determined the educational character and mission of the University whilst ensuring the efficient and effective use of resources, solvency and the safeguarding of assets.

The Vice-Chancellor made a presentation to the November meeting, reviewing the year 2008/09 and proposing targets for 2009/10. In reflecting upon the University's achievements in 2008/09 he drew attention to its improved performance in the National Student Survey, the excellent outcome of the Institutional Audit by the Quality Assurance Agency and the results of the 2008 Research Assessment Exercise (RAE) which had led to the University being ranked fifty-seventh in the league table of University research performance by the Times Higher. He further reported on the excellent work to develop the Strategic Plan for 2010/15 and the strengthening of the relationship with the Students' Union, a

relationship which was crowned by the completion of the flagship Student Forum building over the summer of 2009 which brought some of the best student entertainment facilities in the country to the University. In his presentation, the Vice-Chancellor drew attention to the substantial improvement in the University's financial position since the beginning of the financial year. He paid tribute to staff across the institution whose efforts had enabled the University to deal successfully with restructuring and new challenges.

A major item of discussion was the Strategic Plan for 2010/15. This was approved at the October meeting but a considerable amount of work and discussion took place in the spring and summer meetings on how the Strategic Plan would be monitored. Of particular importance were the Key Performance Indicators (KPIs) that related to the drivers and enablers identified in the plan. The Board approved a comprehensive set of KPIs revised to demonstrate progress against these drivers and enablers.

The Board also focussed on the critical issue of student recruitment. The University had experienced an unprecedented increase in applications to full-time undergraduate programmes over the last few years and this coupled with an unexpectedly high rate of confirmation of offers at Clearing and substantial take up of places by applicants who had placed the University as their second choice, led to the University over-recruiting full-time undergraduates. The Board learned of the significant effort to control as accurately as possible the level of the full-time undergraduate entry for September 2010 within the limits laid down by the Funding Council to correct over-recruitment in 2009.

Another substantial item was the continuing work on the size and structure of the Board. Following upon the recommendations of the effectiveness review of the Board which reported in Summer 2009, the Board agreed to a full review of its size and structure. To assist

Annual report of the Board of Governors



them in this the Board appointed two acknowledged experts in Higher Education governance, Professor Robin Middlehurst of Kingston University and the Leadership Foundation and Mr Allan Schofield also of the Leadership Foundation. They produced a comprehensive report looking at the various options, and accordingly, following a full discussion, the Board agreed to have proposals drawn up by a group of its members for consideration in Autumn 2010.

The formal proposals to create the Corporation as the 'sole trustee' of the University of Hertfordshire Charitable Trust took effect at the meeting of the Board on 20 October 2009. The Board approved the arrangements for supervising the activities of the Trust principally through the work of its committees.

A Community Engagement Strategy was presented to the Board which emphasised the value of the work already being undertaken and by working together with public bodies and other organisations in the community a great deal of value added could be derived without the need for increased expenditure. The Board welcomed this pragmatic yet proactive approach.

The International Engagement Strategy was also considered. Acknowledging the vital importance of such engagement not only for the University, but Higher Education and the country as a whole the Board asked that the arrangements for international engagement be discussed at the Board away day in February 2011.

In addition to the regular reports of its committees, Finance and General Purposes, Employment (which was renamed Student, Employment and Quality), Business Review, Development, Audit, Nominations and Remuneration, reports were made on and consideration given to the Annual Accounts for 2008/09, the Budget for 2010/11, major projects and the proposal to revise the Estates Strategy, Honorary Awards, the University

Court, risk management, academic quality assurance and enhancement, equality policies, health and safety and the Committee of University Chairmen (CUC). The away day looked at the developing Student Experience Strategy with the Board re-affirming its fundamental commitment to improving still further the quality of the student experience and then looked at progress in delivering the business-facing strategy.

The Vice-Chancellor, Professor Tim Wilson, at a special meeting in January 2010, announced his intention to retire from the University at the end of 2010. In accordance with its terms of reference the Board asked its Nominations Committee to supervise the search process for the appointment of a new Vice-Chancellor. After an extensive search and a process which involved all members of the Board, Professor Quintin McKellar currently the Principal of the Royal Veterinary College, was appointed as Vice-Chancellor of the University from January 2011.

Upon the retirement of Mr Terry Neville as Deputy Vice-Chancellor and Director of Finance in December 2009, and to whom the Board paid tribute for his enormous contribution to the development of the University, the Nominations Committee acting in its capacity as the Appointments Committee appointed Mr Alistair Moffat as Group Finance Director. Mr Moffat took up office in November 2009.

Finally it was with great sadness that the Board noted, after long periods of illness, the death of Professor Mike Pittilo the Vice-Chancellor of Robert Gordon University and formerly Pro Vice-Chancellor at the University of Hertfordshire. The Board was represented at the memorial service.

Membership

The Board, through its Nominations Committee and involving the independent members where required by the Instrument and Articles of Government, considered a

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whole range of membership issues. Mr David Goodridge began a term as an independent member following serving as a co-opted member and Mr Colin Gordon and Mr John Heywood were re-appointed as independent members. Miss Jane McCue and Mr Peter Block joined the Board as co-opted members: Miss McCue as the member with expertise in health matters and Mr Block serving in a personal capacity. Ms Linda Haye commenced a further term of one year serving as a co-opted member. Mrs Lynn Karstadt commenced her term of office as the teacher of the University nominated by its Academic Board and Miss Dawn Hamlet joined the Board as a student of the University nominated by its students. Proposals from the Nominations Committee for membership from 1 September 2010 were approved. Mrs Jo Connell, Mr Alan Graham, Mr Nigel Matthews, Mr Gordon Morrison and Mr Jim Park were appointed as independent members for further three year terms and Professor Michael Elves was appointed for a further period of one year as an independent member. Ms Yasmin Batliwala was appointed as an independent member for a three year term of office. The Board also appointed Mr Peter Block and His Honour Judge Baker as independent members for three year terms having both served previously as co-opted members. Mr Robert Gordon and Mr Dwain Neil were appointed for three year terms from 1 September 2010 as co-opted members serving in a personal capacity and Ms P H de Koenigswarter was welcomed to the Board to serve as the student of the University nominated by its students for the period 1 July 2010 to 30 June 2011.

The Board made a number of appointments to Chairmanships from 1 September 2010. Mrs Jo Connell was re-appointed as Chairman of the Board for a further three years. Mr Colin Gordon became Vice-Chairman of the Board and Chairman of the Finance and General Purposes Committee and also of the Major

Projects Committee. Mr Peter Block became Chairman of the Student, Employment and Quality Committee. Mr John Heywood became Chairman of the Audit Committee.

The Board, at its Annual Dinner in June 2010, paid tribute to its retiring members. Mr Trevor Harrison stood down after nine years membership of the Board and additional service as an external co-opted member of the Audit Committee. Latterly he had served as Chairman of the Audit Committee and Vice-Chairman of the Board. The Rt Revd Christopher Foster stood down after eight years service consequent upon his appointment as the Bishop of Portsmouth. For the past three years The Rt Revd Foster had been the Chairman of the Finance and General Purposes Committee. Ms Linda Haye had completed four years of service as a co-opted member serving in a personal capacity and Miss Dawn Hamlet completed her term as the representative of its student body.

Operating and Financial Review

The Operating and Financial Review considers the University's activities in the year 2009/10 in the context of the challenges and risks within which it operates, and comprises the following sections:

Section 1: Context and risk analysis

- The University of Hertfordshire in the Higher Education sector
- Strategic Plan
- Risk awareness and mitigation
- Commercial activity

Section 2: Academic review

- Students
- Research and knowledge transfer

Section 3: Corporate responsibility

- People and culture
- Sustainability and environment
- Community

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Section 4: Financial

- Key financial highlights
- Review of the year
- Capital projects
- Investments

Section 5: Corporate governance

Section 1: Context and risk analysis

The University of Hertfordshire has successfully positioned itself in the sector as the leading business-facing university. We have established a thoroughly ambitious and entrepreneurial university with superb facilities and a close relationship with industry, commerce and the public sector. We strive to put the experience of our students first by our efforts in distinguishing them for being innovative, creative, highly employable and equipped for their future careers.

General operating environment

The University has been very aware of the fundamental re-examination of public sector expenditure following the election of the coalition government in May 2010. The assumption made by the Government in the Comprehensive Spending Review is that the phased withdrawal of the majority of public funding for teaching will be replaced by an increased graduate contribution. The model for such a contribution will take into account, but not adopt in entirety, the recommendations of the Browne Review of Higher Education Funding and Student Finance, commissioned by the previous government, which included the removal of the cap on student fees with a progressive levy on charges in excess of £6,000 per year. The Government will propose its model for funding in a forthcoming White Paper, to be followed by a Bill to Parliament in 2011. This legislation, if passed, will affect the cohort of students starting at university in 2012.

Strategic Plan

The University reviewed its vision, mission and values and agreed its Strategic Plan for the next five years during 2009/10. In recognising

that the Strategic Plan (2007/12) has been successful in positioning the University of Hertfordshire as the UK's leading business-facing university, the 2010/15 Plan will build upon this success and present a clear focus for the University as an innovative and enterprising university.

Our vision

We will shape the next generation of business-facing universities. We will continue to be an exemplar in the sector and we will play a leading role in addressing the economic and social challenges facing the UK in increasingly competitive global markets. Innovation, creativity and an enterprising mindset will be the defining characteristics of our University. We will provide flexible and transformational learning and commit to adding value to our partners and delivering positive and productive engagements with business, industry and the professions. The University will continue to play a central role in the local and regional economy, contributing positively to its social and economic development, and we will build our international profile and global reputation.

Our mission

An innovative and enterprising university, challenging individuals and organisations to excel.

Our values

The following core values will inform and sustain all of our activities. We aspire to be:

- Student-centred
- Innovative, creative and enterprising
- Committed to supporting and developing our people
- Focused on excellence and its celebration
- Dedicated to enjoyment in learning and work
- A place of integrity where the individual is respected

Our strategic focus

We will deliver our vision through a focus on five key strategic drivers:

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- Student experience
- Learning and teaching
- Employability and entrepreneurship
- Research, innovation and enterprise
- International engagement

The delivery of these drivers will be underpinned by our:

- Academic profile
- People and culture
- Financial strength
- Infrastructure and sustainability
- Community engagement

Each of these ten areas will be supported by a detailed strategy and action plan. A set of Key Performance Indicators (KPIs) for each area will provide the basis for monitoring progress and help to define the future size, shape and profile of the University.

Key Performance Indicators (KPIs)

The University has adopted a revised set of KPIs which are used by the Board of Governors to monitor the overall strength of the University. Areas covered include: student recruitment, retention and employability, financial health and achievement of budget, volume and nature of business interactions, general management and organisational development. Key facts and figures relating to income and expenditure for the year are set out in Section 4 on page 17.

The KPIs are monitored constantly by the Board of Governors and are updated on an annual basis. During the year the University has performed well against the majority of its chosen measures and the majority of its key internal targets set for 2009/10 have been met or exceeded. In addition, the University has also created a target profile which it intends to achieve by 2011/12. This sets out the University's broad aims in the areas of student experience and institutional achievement in the Higher Education context by the end of this period. This profile is also monitored by the Board of Governors.

Risk awareness and mitigation

Risk assessment and management is embedded in the institution, and risk registers are prepared at project level, Strategic Business Unit level and institution level. At the strategic level, ten key risks have been identified which relate to delivery of the University's Strategic Plan and good performance against the KPIs. The major risks which the University has identified include recruitment and retention of students, and the position of the institution in a difficult future economic climate. Key risks and mitigating actions are monitored by committees across the University and reported to and monitored overall by the Audit Committee. The current economic climate and events pose a significant financial risk to all business and universities alike. As stated in our investment policy below, the University manages its investment portfolio and cash reserves in such a way as to mitigate this risk as far as possible.

Commercial activity

As a business-facing University, Hertfordshire has been growing its income from the delivery of a wide range of services to the business community and the general public through its subsidiary companies. Examples include Exemplas Holdings, which provides a significant proportion of the group's business-to-business activity interacting with over 100,000 businesses in the UK providing a progressive route from the delivery of low level skills within the workplace through to high level skills provision within the University, and Uno which is now the largest independent bus company in the region carrying over 6.5 million passengers per annum.

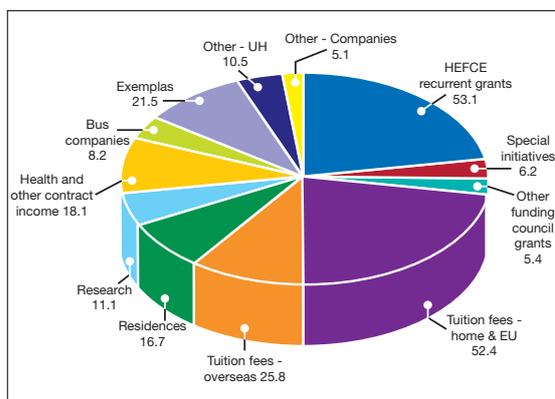
The income from the subsidiary companies is becoming an ever more important aspect of the University of Hertfordshire group's activity amounting to £68 million in 2009/10, increasing by 9.6% over the previous year despite the difficult economic climate, and now represents 30% of the total group income which can be seen from the chart on the next page. The

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subsidiaries are all run at an arm's length basis and delivered profits for the year before gift aid and tax in excess of £8.6 million.

Source of total group income 2009/10 (£m)



Section 2: Academic review

Students

Student numbers have increased by 10% from a total enrolment of 25,120 in 2008/09 to 27,650 in 2009/10. This includes students based at consortium colleges and other partner institutions.

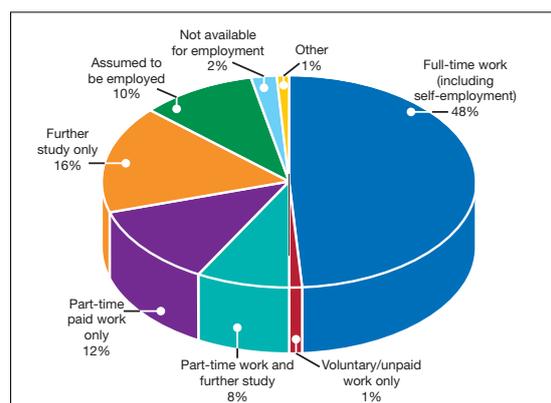
Distribution of Higher Education students (2009/10)

- 55% of the University's students were female in 2009/10.
- Over 5,200 of the University's students studying in the UK originate from outside the UK.
- 97.6% of young full-time first degree entrants in 2008/09 were from state schools compared to 88.5% for the sector as a whole.
- 40.4% of young full-time first degree entrants in 2008/09 were from socio-economic groups 4, 5, 6 or 7, compared to 32.2% for the sector as a whole.
- 89.9% of young full-time first degree entrants from low participation neighbourhoods continue or qualify at the University, compared to a sector figure of 87.2%.

Destination of Leavers from Higher Education (2008/09 students surveyed in 2009/10)

The Destination of Leavers from Higher Education (DLHE) is an annual survey reviewing destinations of students six months after they have left Higher Education. In responding to the University's new Strategic Plan we have changed how we report our figures. The data below highlights destinations of leavers who completed their studies from January 2008 to July 2009. In this period 5,125 graduates were surveyed with our highest response rate to date of 87%. Of the responses received, a population of 2,890 (home, first degree, full-time students in graduate jobs) contributes to determining our Times graduate employment league table position. Even in a period of recession 90% of all graduates were either in work or study, which is better than the University's anticipated 17% unemployment rate for the year. The next survey will commence in November 2010.

Destination of University of Hertfordshire students in 2008/09



Other highlights from this survey indicated that:

- most of our graduates are opting to work in the East, followed by London and the South East. Popular overseas locations are: Australia, Canada, France, Germany and the Republic of Ireland.
- 15% of graduates reported that they had previously worked at the company that they are now employed by.

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- 10% of graduates found their vacancy by looking at the employers' website and nearly 9% had a personal contact or used networking to find their opportunity.
- the average salary band is similar to last year, between £20,000 and £24,999.

Research and knowledge transfer

In the context of the prevailing national economic climate, it is pleasing to report an increase in research income this year. It is notable that European Union research awards formed a significant proportion of our overall research grants awarded, rising from 16% to 46% in one year. This figure was boosted with the prestigious award of an individual grant of €823,150, the first made to the University by the recently established European Research Council, funded under Framework Programme 7.

The University's research achievements attracted much attention nationally in 2009/10, including reference to its success rate of 33% for research grant applications to UK Research Councils, the highest in the UK.

Demonstrating the impact of research is increasingly a national imperative in order to justify the value of public investment in UK research. It was pleasing therefore that the impact of the University's research received recognition in a Research Councils UK publication outlining how UK research was achieving investment through partnerships. One was a project monitoring airborne asbestos and the other a BBC TV programme based on the online Old Bailey transcripts of trials co-developed at the University. This theme of partnership and collaboration was also seen when unique probes attached to meteorological balloons developed to measure desert dust were called on by the Met Office to measure levels of volcanic ash over the UK that had caused the closure of UK air space at the time.

Partnership and collaboration are key components of Knowledge Transfer Partnerships (KTPs) where we continue to lead

the region in having the highest number of KTPs. One of these, a Knowledge Transfer Partnership between the Business School and Abbey Steel Ltd, was awarded the highest possible grade of 'Outstanding' by the KTP Grading Panel for excellence in achieving business innovation, graduate career development and enhancing teaching and research of the University. Another, with Secomak, developed a Total Drying solution that delivers an impressive 30% energy-saving efficiency and is 50% more efficient overall than previous versions, giving the company a market edge.

The University continues to invest in its research infrastructure. In 2009/10 it used its £2.6 million Research Capital Investment Fund allocation from HEFCE to enhance its thriving and active research environment. All three Research Institutes received money from the fund which was awarded through a bidding process. Examples of this investment include a laboratory suite upgrade, a new nuclear magnetic resonance (NMR) spectrometer, and a public history/community heritage video booth and multimedia kiosk to facilitate an innovative methodology for capturing oral history narratives and enabling the presentation of public history and heritage research.

A further indication of the research quality delivered by the University is its entry in the Shanghai Jiao Tong league table of the global top 500 universities for a second successive year. The University first gained entry in 2008/09 and was the first post-1992 UK university to obtain access to this world top university list.

The University formally launched the national Concordat to support the Career Development of Researchers developed by the UK research community, with the publication of *Valuing Research Staff*. This guide illustrates the University's commitment to the principles of the Concordat and support for the personal, professional and career development of researchers at the University.

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The individual contribution of a researcher was honoured by the Royal Society of Astronomy when Professor James Hough, Director of the University's Centre for Astronomy Research was awarded the Herschel Medal for outstanding work in the area of observational astrophysics in April 2010.

Section 3: Corporate responsibility

People and culture

The People and Culture enabler underpins the 2010/15 Strategic Plan. Key Performance Indicators have been developed focusing on the professional development of staff, staff costs as a percentage of total costs and the wellbeing of staff, and progress has been made in all three of these areas. We undertook a staff opinion survey in the spring of 2010, the first for five years, and the outcomes were very encouraging. Of the 56% of staff who responded 76% said they had received training and development in the last year. Over 80% of the respondents said that the University was a good place to work and that their motivation at work was generally high. Most respondents were also generally aware of the facilities the University provides to support their spiritual, emotional, physical and mental wellbeing. These are facilities such as the Sports Village, the multi-faith Key Centre, counselling, a nursery and the mental health advisor. In national benchmarking our staff costs as a percentage of total costs were 1% lower than at other Higher Education institutions.

A major focus during 2009/10 has been the implementation of a new HR and Payroll management information system (MIS). The first phase has now gone live with every employee in the University having a personal portal which gives access to their personal data and the ability to directly update elements of the information held. The new MIS also enables the automatic inputting of timesheets, online authorisation of recruitment as well as allowing managers to access data relating to their teams. Further modules are due for roll out by July 2011.

Our development team ran over 235 events in 2009/10. The team also oversaw the completion of Professional Career Administrator scheme – with all four graduate level administrators being employed. The team have also worked very closely with the research staff across the University and the Concordat action group. This resulted in supporting the researchers' conference and ongoing collaborative work in developing an improved working experience for research staff.

In 2009/10 we rolled out 360 degree leadership feedback for all the senior managers and Heads of School. This process was supported by one-to-one coaching and has resulted in new approaches to leading teams and solving problems. Some of the managers involved have gone on to use the personal coach for other interventions in their areas.

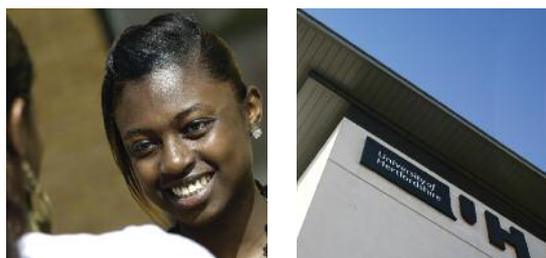
A single Joint Negotiating Consultative Committee approach was agreed by the Recognised Trades Unions (RTUs) and began in January 2010. It has allowed greater co-ordination of issues and less duplication across the two RTUs. A very successful workshop was facilitated between the RTUs and Heads of School to look at workload modelling.

Equality and diversity

The University promotes an inclusive ethos of fairness, courtesy and respect which encourages differences to be shared, explored and celebrated. This commitment to promoting equality and valuing diversity, which informs all policies, procedures and activities, is made known to governors, students and staff, applicants and visitors. The University provides development opportunities on equality for governors, staff and students.

As part of meeting its positive legal duties to promote race, disability and gender equality, the University reviewed and revised the Race Equality Policy, Disability Equality Scheme and Gender Equality Scheme. The reviews used

Annual report of the Board of Governors



the outcomes of monitoring, equality impact assessments and consultations to determine equality objectives. The Board of Governors approved these and the revised Policy to promote dignity and respect: preventing and dealing with harassment and bullying. Equality policies and the annual reports of progress against equality action plans can be found at go.herts.ac.uk/equality

Heads of Strategic Business Units (SBUs) reported in the business planning process how equality is integral to each SBU and outlined their equality goals for 2010/11. Heads will report next year on the progress made against these goals.

The University's formal project on equality impact assessments ended in February 2010. The internal audit of equality, which gave a substantial level of assurance to the adequacy and effectiveness of the other controls in place for equality, made two recommendations in respect of equality impact assessments. First, to ensure the process of conducting equality impact assessments continues; secondly a recommendation to ensure that assessing equality impact becomes integral to the development and consideration of proposals for strategic, policy and service developments.

Through restructuring, the equality function is now part of the Office of the Vice-Chancellor, whilst disability services for staff and students remain in the Dean of Students Office.

Through the Higher Education Academy/ Equality Challenge Unit's Summit Program, changes were made at University level, and in the Business School, to address differences in degree attainment between students of different ethnic groups. Although the Program has concluded, the search and use of successful interventions continues.

The University continued working with Hertfordshire County Council, Welwyn Hatfield Borough Council, Herts Equality Council and the Hertfordshire Partnership NHS Foundation

Trust, as well as with voluntary groups such as the Welwyn Hatfield Ethnic Minority Group, to promote equality and to encourage good community relations.

Health and safety

The University's Occupational Health and Safety Director reports annually to the Student, Employment and Quality Committee. This report provides assurances to the Board on its commitment to provide a safe working environment for staff, students and visitors to the University. This is through reporting on key indicators to demonstrate effective risk management processes are in place. This is reflected in the University accident statistics which still remain below the sector norm for Higher Education. The University has been very proactive in monitoring with managers over this year, to integrate safety into local level reporting processes. There has also been a focus given to training, and ongoing development of competence of our staff in safety management. This has been demonstrated in the increase in numbers of safety courses offered and attended by staff but also offers staff the opportunity to gain a recognised safety qualification accredited by the Institute of Occupational Health and Safety (Europe's largest safety professional body). The University continues to work actively with the sector safety association to share and learn from best practice.

The University has continued to provide wellbeing services, which include regular National Blood Service donation sessions twice a year, well being activities focussing on a week-long programme of activities in April and also this year, two new services have been offered: onsite seasonal flu vaccinations and an onsite Occupational Physiotherapist. All services are well received and valued by staff and students.

Consultation with staff and students was available through the University's Health and Safety Consultative Committee which enables an opportunity for staff to discuss and become involved in safety at the University.

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Sustainability and environment

The University's environment team is actively working to make the University of Hertfordshire a more sustainable place to work and study, now driven by new targets in the 2010/15 Strategic Plan. The KPIs are Carbon Footprint (*tonnes CO₂ pa*) table position and the People & Planet Green League, and a range of policy and performance indicators. In 2010, the University was awarded third place nationally in the People & Planet Green League, scoring very well for policy, waste management and transport, but less well for energy and water. The CO₂ figure is directly related to energy, and is particularly sensitive as we enter the CRC energy efficiency scheme this year. We have major challenges ahead to reduce our energy consumption.

To support the Strategic Plan, a new Infrastructure and Sustainability Group meets to develop tactical approaches, and monitor and balance progress in Estates, Information Hertfordshire, the Environment Team and Procurement. A communications strategy is a key part of that group's work. The University of Hertfordshire achieved silver ranking in the Universities that Count Environment Index: a standard for benchmarking environmental responsibility in Higher Education Institutions (HEIs). The index is based on the Business in the Community Corporate Responsibility Index and therefore also allows comparisons with the business sector. The University scored above the HEI and business sector average.

Community

The University, as a major public sector body, has a responsibility to promote economic, cultural and social prosperity within its community and has therefore developed a new Community Engagement Strategy to guide its work in this field.

Through its Social Enterprise Unit, students and staff of the University provide valuable support to the Third Sector. The Unit helps to address local third sector organisations' strategic issues as well as their practical difficulties, offering expertise in various

disciplines including: strategy, marketing, HR, IT, accounting, finance and management. Local schools and colleges draw on the University's UK Recruitment and Access team for a wide range of activities designed to motivate and raise the aspirations of their students. These activities include: mentoring, workshops, coaching, staff development for teachers, masterclasses, access to specialist University facilities, and project work for 'Gifted and Talented' students. At the same time, the University continues to develop its partnerships with schools and colleges through the Academy Schools and Trust Schools programmes. Schools also benefit from our School Governors programme, which encourages staff to become school governors within Hertfordshire.

Particular emphasis is placed on supporting the local community, especially in Hatfield, through volunteering by students and staff, fundraising and charitable giving linked to local charities, and heritage projects related to the local community. A good example is the continuing support for community charities given by the Student Union's annual RAG campaign.

The University's Community Partnerships Office plays an important role in establishing and maintaining good relations with the local community, and its work has been enhanced through the establishment of a helpline for the local community and targeted financial support for the Borough Council.

By using UHArts to organise music, theatre, cinema, art, literature and other cultural events open to the public, and by making performance venues available to selected local groups, the University makes a substantial contribution to the cultural life of its local community. Similarly, through the Sports Village and specialist academic staff and students, the University plays an important role in wellbeing and in the sporting life of its local community. It organises sporting events open to the public, provides coaching and specialist

Annual report of the Board of Governors



sports expertise for local sportspeople and teams, makes sports facilities available to local groups (especially schools), and works closely with local sports organisations, including councils and other service providers.

The University's academic staff are keen to communicate their expertise to the public. They provide public lectures across a broad range of academic areas, and lead debate on topics of public interest.

As a major employer and principal provider of higher education in the county the University is closely engaged in local strategic decision-making. In addition to representation on key local and regional bodies, the University has established formal strategic partnerships with the County Council, St Albans District Council, and the Hertfordshire Further Education Colleges, and makes a major contribution to the county's work on sustainability, the Olympics, and economic strategy.

Section 4: Financial

The current economic climate and the UK government's comprehensive spending review pose a significant financial risk to many businesses and universities. The University manages its investment portfolio and cash reserves in such a way as to mitigate this risk as far as possible through prioritising expenditure and through a revised investment policy. Recent increases in stock markets and a revision to assumptions governing liabilities have reduced the pension scheme deficits, though such deficits remain outside of the University's immediate control. The identifiable value of the pension scheme liability at 31 July 2010 amounted to £23.3 million compared to £62.9 million at 31 July 2009.

The financial statements

The financial statements presented by the Board comprise the consolidated results of the University and its subsidiary companies, associates and joint ventures (the Group). The Group companies undertake activities which, for legal or commercial reasons, are more

appropriately channelled through a limited company. These subsidiaries and their activities are listed in note 13. Where possible the wholly owned subsidiary companies pay their taxable profits to the University under the Gift Aid scheme.

Results for the year

The consolidated results for the University and its subsidiary companies for the year to 31 July 2010 are summarised in the following table:

	2010 £'000 (after FRS 17)	2010 £'000 (before FRS 17)	2009 £'000 (after FRS 17)	2009 £'000 (before FRS 17)
Income	262,845	262,845	235,141	235,141
Less: share of income from joint ventures	(28,219)	(28,219)	(24,802)	(24,802)
Expenditure	(232,097)	(229,262)	(208,891)	(208,512)
Surplus on continuing operations	2,529	5,364	1,448	1,827
Share of operating profit in joint ventures	288	288	372	372
Surplus on sale of fixed assets	35	35	528	528
Surplus before restructuring and taxation	2,852	5,687	2,348	2,727
Exceptional restructuring costs	-	-	(3,533)	(3,533)
Taxation	(141)	(141)	(23)	(23)
Surplus/(deficit) for the year	2,711	5,546	(1,208)	(829)

The Board is pleased to report that the Group achieved a surplus before taxation of £2.8 million and a substantial improvement in its cash position to £29.3 million. The University's total income, including the share of income from joint ventures, has increased by 12.0% over the previous year to £263.2 million. Growth in research activities continues with income rising from £9.6 million to £11.1 million

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(15.6%). This significant rise is mainly due to an increase in research income from the European Commission and in addition reflects our success in our research application conversion rate. The increase in the number of undergraduate students paying the variable tuition fee and a stabilisation of overseas student numbers are reflected in an overall increase of tuition fees and education contract income of 22.9% to £96.3 million. Other income has increased significantly during the year from £80.1 million to £90.5 million and is primarily due to the growth in commercial activity within the subsidiary companies.

Total expenditure increased over the previous year due to the substantial increase in commercial activity income and student numbers, in addition to increased debt service and depreciation costs following the completion of The Forum. Following the restructuring exercises undertaken in 2009, staff costs fell by 2.5% compared with the previous year.

Capital projects

During the year the University group invested £20 million in major capital projects. £16 million of this was spent on projects across the University's estate to upgrade and improve the condition of facilities across both campuses. £4 million was invested in major MIS changes in finance, HR, academic registry and student finance; whilst the finance and HR changes were largely completed at the year end, elements of these projects and the new student system project will continue throughout 2010/11. The construction of The Forum building was completed on the College Lane Campus during 2009 and was ready for the start of the 2009/10 academic year; the project was completed within budget. The University secured a loan facility of £40 million to fund the entire project, which encompasses the redevelopment of the main student social and commercial centre. Refurbishment of the older facilities on the College Lane Campus has continued throughout the year although capital expenditure will need to be prioritised

in accordance with trading conditions and the availability of grants following the review of government expenditure. Work started during 2009/10 on a new Law Court building on the de Havilland Campus, and this is due to open for students in September 2011; this scheme has been partly funded by HEFCE, but also from operating cash flow and from the anticipated sale of the current facility in St Albans. The Group's bus company refinanced over forty vehicles during the year, raising almost £3 million in cash.

Private Finance Initiative

The University Group has, under the terms of the agreement with Ellenbrook, permanent use of 1,600 student residences at the de Havilland Campus. This development has been provided by the private sector through a Private Finance Initiative for which the University pays an annual unitary charge for facilities management over the next twenty-three years. At the end of this period (2032/33) ownership of the residences will revert to the University.

Investment policy and performance

The investment policy of the University provides that deposits are only made to borrowers domiciled in major European countries with high investment grade status. The deposit limits are generally £5 million with any one financial institution and these limits are reduced for lower rated institutions.

Cash flow

The notes to the consolidated cash flow statement show there was an increase in cash and short term deposits during the year of £22 million to £30 million.

Section 5: Corporate governance

In accordance with the University's Articles of Government, the Board of Governors is responsible for the administration and management of the University's affairs, including ensuring an effective system of internal control, and is required to present audited financial statements for each financial

Annual report of the Board of Governors



year. The Board of Governors is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Group, and for ensuring that the financial statements are prepared in accordance with the Instrument and Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and the Board of Governors of the University of Hertfordshire, the Board of Governors, through its designated accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Hertfordshire and Group and of the surplus or deficit and cash flows for that year. In preparing those financial statements, the Board of Governors is required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent and state whether applicable United Kingdom Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

The Board of Governors has taken reasonable steps to:

- ensure that funds from HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe.
- ensure that there are appropriate financial and management controls in place to safeguard public funds from other sources.
- safeguard the assets of the Group and

prevent and detect fraud and other irregularities.

- secure the economical, efficient and effective management of the University's resources and expenditure.

In so far as each of the governors is aware:

- there is no relevant audit information of which the University's auditors are unaware; and
- the governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 to institutions of higher education provided by the Committee of University Chairmen (CUC). The Board is satisfied that it is in compliance with the revised 'Guide for Members of Higher Education Governing Bodies in the UK' published by the CUC in November 2004. The University maintains a Register of Interests of members of the Board of Governors and of members of the Office of the Vice-Chancellor, which may be consulted by arrangement with the Secretary and Registrar. Also at the beginning of each meeting of the Board and its committees an item headed 'Declaration' allows for those attendees to make known any conflicts or associations with the matters under consideration.

The University is an independent corporation, established as a Higher Education Corporation under the provisions of the Education Reform Act 1988 and the Further and Higher Education Act 1992, and is charity exempt from registration. Its objects, powers and framework of governance are set in the Articles of Government, which were approved in 1989 by the Secretary of State for Education. The current version of the Articles was approved by the Privy Council in 1993. The Articles require the University to constitute

Annual report of the Board of Governors



a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

The Board of Governors is the executive governing body, responsible for the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction. The Board has a majority of independent members, chosen in line with strict criteria contained in the legislation. It is customary for the Chairman of the Board to be elected from the independent members. There is also provision for the appointment of co-opted members, some of whom may be members of the staff of the University, and for representatives of the Academic Board and of the student body. No members of the Board, apart from staff members, will receive any reimbursement for the work they do for the Board. The full list of the Board of Governors is shown on page 63.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the University and draws its membership entirely from the staff and students of the University. It is particularly concerned with general issues relating to the teaching and research work of the University. The Vice-Chancellor, as Chief Executive Officer, is the head of the University and has a general responsibility to the Board of Governors for the organisation, direction and management of the University. Under the terms of the formal Financial Memorandum between the University and HEFCE, the Vice-Chancellor is the designated accountable officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

The Board of Governors met eight times during the academic year, and average attendance at ordinary meetings was

approximately 88%. Whilst certain matters such as approval of the strategic plan, the annual budget, major investments and the sale and purchase of land, are reserved matters for the Board, much of its detailed work is handled initially by committee, in particular the Finance and General Purposes Committee, Student, Employment and Quality Committee, Nominations Committee (the Vice-Chancellor is a member of these Committees) and the Audit and Remuneration Committees. Other than the Development and Audit Committees, whose compositions include a staff governor nominated by the Board of Governors, the memberships of these committees are composed of independent and co-opted external members of the Board. The decisions of all of these committees are reported formally to the Board. In addition, these committees may establish sub-committees and groups.

The Board of Governors conducts regular effectiveness reviews of itself and its committees. These reviews include an analysis of attendance, the work undertaken and the views of members so that changes can be introduced as appropriate during the next cycle. As Chief Executive, the Vice-Chancellor exercises considerable influence upon the development of University strategy, the identification and planning of new developments and the shaping of the University ethos. Members of the Office of the Vice-Chancellor, currently the Deputy Vice-Chancellor, the Group Finance Director and the Secretary and Registrar, all contribute in various ways to this aspect of the work but the ultimate responsibility to the Board rests with the Vice-Chancellor.

In accordance with the Articles of Government of the University, the University Secretary and Registrar has been designated Secretary to the Board and in that capacity provides independent advice on matters of governance to all Board members.

Annual report of the Board of Governors



The Board of Governors is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

It acknowledges its responsibility for ensuring that an effective system of internal financial control is maintained and operated by the University of Hertfordshire. The system can provide only reasonable and not absolute assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. The system of internal financial control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget which is reviewed and agreed by the Board of Governors.
- regular reviews by the Board of Governors of periodic and annual financial reports which indicate financial performance against budgets and forecasts.
- setting targets to measure financial and other performance using KPI's as appropriate
- clearly defined capital investment control guidelines.
- the adoption of formal project management disciplines where appropriate.

The Board of Governors has established the processes to comply with the revised direction from HEFCE for the identification, evaluation and management of risks the University faces. The following is a statement of the University's internal control and risk management policy:

- As the Board of Governors of the University of Hertfordshire, 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 governing body in the charter and statutes/instrument and articles and the Financial Memorandum with HEFCE.

- The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.
- The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been formally documented during the year to the extent that the University considers that it has embraced the broad principles of British Universities Finance Directors Group (BUFDG) guidance on 'Corporate Governance for Higher Education' and has in place comprehensive risk management policies and procedures as at 31 July 2010 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the Board of Governors, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- We have met at regular intervals to consider performance reports, operational plans and the strategic direction of the University.
- We receive periodic reports from the Chairman of the Audit Committee concerning internal control, and we require regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.

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- The Audit Committee provides an oversight of risk management.
- The Audit Committee receives regular reports from the internal audit service, which includes the internal audit service's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement.
- A programme of risk awareness training has been completed. All new managers will receive training in risk management as part of the New Managers programme and Core Skills. This will be one of the mandatory aspects within our Management Development Strategy.
- A system of key performance and risk indicators has been developed.
- A robust risk prioritisation methodology based on risk ranking and cost-benefit analysis has been established.
- An organisation-wide risk register is maintained.
- Reports are received from budget holders, department heads and project managers on internal control activities.

Our review of the effectiveness of the system of internal control is informed by the work of the internal audit service, which operates to standards defined in the HEFCE Audit Code of Practice and which was last reviewed for effectiveness by the HEFCE Audit Service in March 2005. The HEFCE Audit Service visited again in February 2006 to carry out 'Evaluation of Risk Management, Control, and Governance Arrangements'. The overall conclusion of the Audit Service report was that the University achieved a 'high level of assurance'.

Our review of the effectiveness of the system of internal control is also informed by the work of the Office of the Vice-Chancellor within the institution, which has responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Audit Committee oversees the work of the internal audit service. The work of the internal audit service is informed by an analysis of the risks to which the University is exposed, and annual internal audit plans are based on this analysis. The Board of Governors endorses the analysis of risks and the internal audit plans on the recommendations of the Audit Committee. The head of internal audit provides the Audit Committee with an annual report on internal audit activity in the University and is required to provide the Board and the Vice-Chancellor with an opinion on the adequacy and effectiveness of the University's risk management, control and governance processes. A full discussion on the risk management effectiveness takes place within the Audit Committee with questioning by members of the head of internal audit and officers in attendance. Within this context the head of internal audit, based upon the work undertaken for the twelve months ended 31 July 2010, gave the opinion that the University has adequate and effective risk management, governance and control processes to manage the achievement of the organisation's objectives.

The University has demonstrated that it has proper arrangements in place to promote economy, efficiency and effectiveness, and a value for money programme has been approved.

As of 1 August 2008, the University opted to develop its own internal audit department in place of that previously contracted out to a

Annual report of the Board of Governors



third party provider, with a view to further increasing the added value that the department can offer across the University. The Audit Committee has reported to the Board of Governors that it is satisfied with these arrangements.

During 2009/10 discussions took place over the establishment of a joint internal audit service between the University of Hertfordshire and the University of Bedfordshire. With the agreement of both universities this new service was established on 1 September 2010.

Public Benefit

The University performs its responsibilities as set out in legislation to carry out teaching and research and in relation to this the University has had regard to the Charity Commissioner's Guidance on Public Benefit. The University admits students to its full-time undergraduate programme on the basis of merit and potential to benefit, and has in place an agreement with the Office for Fair Access (OFFA) to demonstrate that access should not be limited on the grounds of individual financial circumstances. The University engages enthusiastically in a wide range of activities to not only advance education but to the benefit of its wider communities.

Charitable Trust

On 21 October 2009 the University became the sole trustee of the University of Hertfordshire Charitable Trust whose objects are to support the advancement of teaching and research and students at the University.

Returns to HEFCE and HESA (Higher Education Statistics Agency)

As part of the annual accountability return in Autumn 2009 between the University and the funding council the Chairman of the Audit Committee was required to complete and sign various documents before submission. This engendered a lively debate within the Audit Committee as to whether the committee was assuring the process or was giving substantial assurance on the data contained within the individual returns. Discussion with the funding council took place over 2009/10 who confirmed that they sought assurance on the process. The Audit Committee can give full assurance on the processes associated with these returns submitted during 2009/10 and this assurance is also confirmed in the Annual Report of the Audit Committee to the Board of Governors for 2009/10.

Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the University for this purpose will be proposed at the meeting of the Audit Committee of the Board of Governors.

By Order of the Board

P E Waters
Secretary

Report of the independent auditors to the Board of Governors of the University of Hertfordshire

We have audited the Group and University financial statements (the 'financial statements') of University of Hertfordshire for the year ended 31 July 2010 which comprise the Group income and expenditure account, the Group statement of historical cost surpluses and deficits, the Group statement of total recognised gains and losses, the reconciliation of group reserves and endowments, the Group and University balance sheets, the Group cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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

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

The governing body's responsibilities for preparing the annual report of the board of governors and the Group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 19.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and the International Standards on Auditing (UK and Ireland). We report to you our opinion as to whether the financial statements give a true

and fair view and are properly prepared in accordance with the Accounts Direction and the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England ('the Funding Council'), the Training and Development Agency for Schools and the Learning and Skills Council.

We also report to you our opinion as to whether the information given in the annual report of the board of governors is not consistent with the financial statements.

In addition we also report to you if, in our opinion, the University has not kept proper accounting records, if the University's financial statements are not in agreement with the accounting records and returns, or if we have not received all the information and explanations we require for our audit.

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

Report of the independent auditors to the Board of Governors of the University of Hertfordshire

Basis of opinion

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

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

Opinion

In our opinion:

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

Grant Thornton UK LLP

GRANT THORNTON UK LLP

Registered Auditor

Chartered Accountants

Milton Keynes

Date: 24 November 2010

Consolidated income and expenditure account

Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
Income			
Funding council grants	1	64,621	66,483
Tuition fees and education contracts	2	96,305	78,387
Research grants and contracts	3	11,124	9,610
Other operating income	4	90,535	80,154
Endowment and investment income	5	260	507
		262,845	235,141
Less: share of income from joint ventures		(28,219)	(24,802)
Total income		234,626	210,339
Expenditure			
Staff costs	6	112,877	112,213
Other operating expenses	8	100,651	82,793
Depreciation	8	12,447	10,467
Interest and other finance costs	10	6,122	3,418
Total expenditure	8	232,097	208,891
Surplus after depreciation of tangible fixed assets at valuation and before taxation		2,529	1,448
Share of operating profit in joint ventures		288	372
Exceptional item: continuing operations			
Surplus on disposal of fixed assets		35	528
Surplus after depreciation of tangible fixed assets at valuation, disposal of fixed assets and before restructuring costs and taxation		2,852	2,348
Exceptional item: restructuring costs	6	-	(3,533)
Surplus/(deficit) after depreciation of tangible fixed assets at valuation, disposal of fixed assets, restructuring costs and before taxation		2,852	(1,185)
Taxation	9	(141)	(23)
Surplus/(deficit) after depreciation of tangible fixed assets at valuation, disposal of fixed assets, restructuring costs and taxation		2,711	(1,208)
Surplus/(deficit) for the year transferred to accumulated income in endowment funds		(5)	74
Surplus/(deficit) for the year retained within general reserves		2,706	(1,134)

All results are from continuing operations.

Financial statements

Statement of group historical cost surpluses and deficits

	Notes	2010 £'000	2009 £'000
Surplus/(deficit) after depreciation of assets at valuation and taxation		2,711	(1,208)
Difference between historical cost depreciation charge and actual charge on revalued amount of fixed assets	25	<u>786</u>	<u>774</u>
Historical cost surplus/(deficit) for the year after taxation		<u>3,497</u>	<u>(434)</u>

Statement of group total recognised gains and losses

		2010 £'000	2009 £'000
Surplus/(deficit) after depreciation of tangible fixed assets at valuation, disposal of fixed assets, restructuring costs and taxation before share of operating profit in joint ventures		2,423	(1,580)
Share of operating profit in joint ventures		288	372
Appreciation/(depreciation) of endowment asset investments	24	146	(138)
Net endowments	24	75	205
Actuarial gain/(loss) relating to pension scheme	32	34,289	(30,562)
Past service gain relating to pension scheme		8,066	-
Total recognised gains/(losses) for the year		45,287	<u>(31,703)</u>
Prior year adjustment		(11,974)	
Total recognised gains since last report		<u>33,313</u>	

Reconciliation of group reserves and endowments

		2010 £'000	2009 £'000
Opening reserves and endowments as previously stated			108,269
Prior year adjustment	35		<u>(11,974)</u>
Opening reserves and endowments restated		64,592	96,295
Total recognised gains/(losses) for the year		45,287	<u>(31,703)</u>
Closing reserves and endowments		<u>109,879</u>	<u>64,592</u>

Balance sheets as at 31 July 2010

		2010	2010	2009	2009
		Group	University	Group	University
	Notes	£'000	£'000	RESTATED £'000	RESTATED £'000
Fixed assets					
Goodwill	14	1,566	-	1,655	-
Tangible assets	12	267,011	198,044	260,106	192,838
Investments	13	1,545	69,119	1,604	69,119
Investment in joint ventures:					
Share of gross assets		4,302	-	7,183	-
Share of gross liabilities		(3,595)	-	(6,768)	-
		270,829	267,163	263,780	261,957
Endowment asset investments	15	2,397	602	2,171	592
Current assets					
Stock and work in progress	16	260	114	214	83
Debtors - within one year	17	25,531	29,069	26,220	22,398
- more than one year	17	-	1,311	-	3,599
Short term deposits		7,951	7,951	1,876	306
Cash at bank and in hand		21,372	11,855	4,708	1,176
		55,114	50,300	33,018	27,562
Creditors: amounts falling due within one year	19	(61,353)	(57,736)	(70,715)	(70,360)
Net current liabilities		(6,239)	(7,436)	(37,697)	(42,798)
Total assets less current liabilities		266,987	260,329	228,254	219,751
Creditors: amounts falling due after more than one year	20	(84,598)	(72,945)	(55,942)	(41,809)
Provisions for liabilities	22	(2,132)	(1,154)	(2,035)	(765)
Pension scheme liability	32	(23,373)	(24,317)	(62,893)	(60,734)
Total net assets		156,884	161,913	107,384	116,443

Balance sheets as at 31 July 2010

		2010 Group	2010 University	2009 Group RESTATED	2009 University RESTATED
	Notes	£'000	£'000	£'000	£'000
Deferred capital grants	23	<u>47,005</u>	<u>47,270</u>	<u>42,792</u>	<u>42,792</u>
Endowment funds					
Expendable		-	-	-	-
Permanent		<u>2,397</u>	<u>602</u>	<u>2,171</u>	<u>592</u>
	24	<u>2,397</u>	<u>602</u>	<u>2,171</u>	<u>592</u>
Reserves					
Income and expenditure account excluding pension reserve	25	107,320	115,963	100,993	110,612
Pension reserve	25	(23,373)	(24,317)	(62,893)	(60,734)
Income and expenditure reserve including pension reserve		<u>83,947</u>	<u>91,646</u>	<u>38,100</u>	<u>49,878</u>
Revaluation reserve	25	<u>23,535</u>	<u>22,395</u>	<u>24,321</u>	<u>23,181</u>
Total endowment funds and reserves		<u>109,879</u>	<u>114,643</u>	<u>64,592</u>	<u>73,651</u>
Total funds		<u>156,884</u>	<u>161,913</u>	<u>107,384</u>	<u>116,443</u>

The Financial Statements on pages 26 to 62 were approved by the Board of Governors on 23 November 2010 and signed on their behalf by:



Mrs J L Connell
Chairman



Professor R J T Wilson
Vice-Chancellor



Mr A Moffat
Group Finance Director

Consolidated cash flow statement

Year ended 31 July 2010

	Notes	2010 £'000	2009 £'000
Net cash inflow from operating activities	26	28,701	6,027
Return on investments and servicing of finance	27	(2,061)	(2,423)
Taxation – UK corporation tax received/(paid)		81	(118)
Capital expenditure and financial investment	28	<u>(13,737)</u>	<u>(38,848)</u>
<i>Cash inflow/(outflow) before use of liquid resources and financing</i>		12,984	(35,362)
Management of liquid resources	29	(6,075)	(698)
Financing	30	<u>8,518</u>	<u>35,283</u>
<i>Increase/(decrease) in cash for the period</i>		<u>15,427</u>	<u>(777)</u>
 Reconciliation of net cash flow to movement in net debt			
		2010 £'000	2009 £'000
Increase/(decrease) in cash for the period		15,427	(777)
Cash used to increase liquid resources	29	6,075	698
New loans		<u>(8,518)</u>	<u>(35,283)</u>
<i>Change in net debt</i>	31	12,984	(35,362)
<i>Opening net debt at 1 August</i>	31	<u>(68,942)</u>	<u>(33,580)</u>
<i>Closing net debt at 31 July</i>	31	<u>(55,958)</u>	<u>(68,942)</u>

Statement of principal accounting policies

Basis of preparation

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

The accounting policies are unchanged compared with the prior year and have been applied consistently in dealing with items considered material in the financial statements.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain land and buildings.

Basis of consolidation

The consolidated financial statements incorporate those of the University and its subsidiary undertakings for the year ended 31 July 2010. The University and its wholly owned subsidiaries prepare statutory accounts to 31 July, whereas Exemphas Holdings Limited and its subsidiary companies and joint ventures prepare statutory accounts to 31 March. Management accounts for the year to 31 July 2010 for Exemphas Holdings Limited have been consolidated within the University's financial statements. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation.

The Group's share of the results of associate undertakings is included in the consolidated income and expenditure account from operating surplus onwards.

Joint ventures are included under the gross equity method.

In accordance with FRS2, the activities of the Students' Union have not been consolidated as it is not a subsidiary company.

Recognition of income

Recurrent grants from funding councils are recognised in the period in which they are receivable.

Fee income is credited to the income and expenditure account over the period in which the students are studying. Where the amount of the tuition fee is reduced, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as expenditure.

Income from research grants, contracts and other services rendered is included to the extent of completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs. Any payments received in advance of such performance are recognised on the balance sheet as liabilities. Any future predicted losses on individual long-term contracts are recognised immediately.

Non-recurrent grants from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Charitable donations

a) Unrestricted donations

Charitable donations are recognised in the accounts under other operating income when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability. They are expendable within three years.

b) Endowment funds

Where the charitable donations are to be retained for the benefit of the institution as specified by the donors, these are accounted for as endowments. There are three main types:

- 1) Unrestricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.
- 2) Restricted expendable endowments – the donor has specified a particular objective other than the purchase or construction of

Statement of principal accounting policies

tangible fixed assets, and the institution can convert the donated sum into income.

- 3) Restricted permanent endowments – the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

For all the above endowment funds the capital is shown as an asset on the balance sheet. The income and expenditure are recognised in the income and expenditure account on a cash basis in the period.

Maintenance of premises

The cost of routine corrective maintenance is charged to the income and expenditure account as incurred. Where a commitment has been entered into prior to 31 July and not expended, a provision is made for work started prior to the year end.

Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the year end rates and the resulting surplus or deficit transferred to the income and expenditure account.

Pension schemes

The two principal pension schemes for the University's staff are the Teachers Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. These defined benefit schemes are externally funded and contracted out of the State Second Pension.

It is not possible to identify the University's share of the underlying assets and liabilities in the TPS and USS schemes and hence, using the exemption under FRS 17 (Retirement Benefits), contributions to the scheme are accounted for as if they were defined contribution schemes. The employer contributions payable to the scheme are charged as expenditure in the period in which they relate to.

The University is able to identify its share of the underlying assets and liabilities of the LGPS and thus fully adopts FRS17. The scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service costs and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs/income. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Staff employed by Exemphas Holdings Limited and its subsidiary companies are either members of the LGPS or are members of the group administered personal pension plan, which is a defined contribution scheme. The costs of providing retirement and related benefits for the group administered personal pension plan are charged to the income and expenditure account over the periods during which the members are employed.

The pension scheme liability also takes account of the University's unfunded pension liability. This liability, which relates to pension enhancements payable to staff who have taken early retirement, was previously included in the accounts as a provision before the full adoption of FRS 17.

Tangible fixed assets

(a) Land and buildings

Land and buildings are stated at cost or at valuation. On adoption of FRS 15, the institution followed the transitional provision to retain the book value of land and buildings, which were revalued in 1996, 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 on an annual basis in accordance with FRS 11.

Statement of principal accounting policies

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to the income and expenditure account. The valuation of land and buildings on 31 July 1996 was £80 million and was performed by Fuller Peiser.

Investment properties are stated at market value with an annual revaluation and not depreciated.

Depreciation on buildings is provided on a straight-line basis over the estimated useful lives as follows:

Freehold buildings	30-50 years
Refurbishments	10 years

Leasehold land and buildings are amortised over the life of the lease up to a maximum of fifty years. Freehold land is not depreciated.

Assets in the course of construction represent those assets which have not yet been brought into use. These assets are transferred to the relevant category of asset and depreciated from the date they are substantially complete at the appropriate rate for that category.

Land and buildings inherited from Hertfordshire County Council are stated in the balance sheet at valuation on the basis of depreciated replacement cost and were revalued on July 1996.

Finance costs are capitalised where they can be directly attributable to the construction of tangible fixed assets and only for the period of construction.

(b) Equipment

Capitalised equipment is stated at cost and depreciated over its useful life on a straight line basis as follows:

Plant and machinery	1-15 years
Fixtures, fittings and equipment	3-10 years

Leases

Leasing agreements that transfer 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 to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful economic lives of equivalent owned assets.

Operating leases are charged against income on a straight-line basis over the lease term. Benefits received as an incentive to sign an operating lease, are spread on a straight-line basis over the shorter of the lease term or the first review date, at which the rent is first expected to be adjusted to the prevailing market rate.

Investments

Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment of their value.

Endowment asset investments are included in the balance sheet at market value. Gains and losses on revaluations of endowment assets are recognised in the statement of total recognised gains and losses.

Current asset investments are included at the lower of cost and net realisable value.

Investments in subsidiary and associated companies are valued at the lower of cost or net realisable value.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost includes staff time, direct materials and attributable overheads. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such within the meaning of Para

Statement of principal accounting policies

1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Sections 478-488 of the Corporation Taxes Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 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.

The University's subsidiary companies are subject to corporation tax and VAT in the same way as any commercial organisation.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred at the balance sheet date.

Timing differences are differences between the taxable profits and the results as stated in the financial statements. Deferred tax is measured at the average tax rates expected to apply in the periods in which the timing differences are expected to reverse based on rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is measured on a non-discounted basis.

Provisions

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

Agency arrangements

Funds the institution receives and disburses as paying agent on behalf of a funding body or other body, where the institution is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from the income and expenditure of the institution.

Goodwill

Goodwill represents the difference between the cost of an acquired operation and the aggregate of the fair values of that operation's identifiable assets and liabilities. Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Where goodwill is regarded as having limited useful economic life, it is amortised over that life up to a maximum of twenty years. Currently goodwill is amortised over a period of twenty years. Impairment tests are carried out at the end of the first year and thereafter subject to normal periodic reviews for indications of impairment.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within twenty-four hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the institution's treasury management activities. They exclude any such assets held as endowment asset investments.

Joint ventures and associates

Investments in joint ventures and associated undertakings are carried in the consolidated balance sheet at the Group's share of their net assets at the date of acquisition and of their post-acquisition retained profits or losses together with any goodwill arising on the acquisition, net of amortisation. The investor's share of the results is included within the consolidated income and expenditure account.

The income and expenditure account also shows the Group's share of the joint venture's turnover and the balance sheet shows the gross assets and liabilities in amplification of the net investment in joint ventures.

Notes to the accounts

1. Funding Council grants

		Higher Education Funding Council for England	Training and Development Agency for Schools	Learning and Skills Council	2010 Total Funding Council grants	2009 Total Funding Council grants
	Notes	£'000	£'000	£'000	£'000	£'000
Recurrent grants		53,059	3,160	-	56,219	57,893
Selective initiatives		4,973	1,228	-	6,201	6,539
Release of deferred capital grants:						
Buildings	23	1,748	-	-	1,748	1,693
Equipment	23	453	-	-	453	358
		60,233	4,388	-	64,621	66,483

2. Tuition fees and education contracts

		2010 £'000	2009 £'000
UK higher education students		51,384	42,601
European Union (EU) (excluding UK) students		1,013	1,117
Non-EU students		25,841	17,895
UK further education students		-	64
Total fees paid by or on behalf of individual students		78,238	61,677
Education contracts		18,067	16,710
		96,305	78,387

3. Research grants and contracts

		2010 £'000	2009 £'000
Research councils		2,522	2,046
UK based charities		368	321
European Commission		5,261	2,880
Other grants and contracts		2,973	4,363
		11,124	9,610

Notes to the accounts

4. Other operating income

	2010 £'000	2009 £'000
Residences, catering and conferences	16,697	15,259
Other services rendered	68,025	58,288
Release of capital grant	240	483
Other income	5,573	6,124
	<u>90,535</u>	<u>80,154</u>

5. Endowment and investment income

	2010 £'000	2009 £'000
Income from permanent endowments	50	66
Interest receivable	210	441
	<u>260</u>	<u>507</u>

6. Staff costs

The average weekly number of full time equivalent (FTE) employees (including senior post-holders) during the year was made up as follows:

	2010 Numbers	2009 Numbers
Teaching departments	1,194	1,291
Teaching support services	161	168
Other support services	43	28
Administration and central services	393	388
Premises	88	158
Other	429	425
	<u>2,308</u>	<u>2,458</u>

The aggregate payroll costs of these employees were as follows:

	2010 £'000	2009 £'000
Teaching departments	70,468	69,594
Teaching support services	6,520	6,516
Other support services	2,020	1,333
Administration and central services	14,704	17,885
Premises	3,597	3,608
Other	15,568	13,277
	<u>112,877</u>	<u>112,213</u>

Notes to the accounts

6. Staff costs (continued)

	2010	2009
	£'000	£'000
Staff costs:		
Wages and salaries	93,903	92,946
Social security costs	7,354	7,583
Other pension costs	11,620	11,684
	<u>112,877</u>	<u>112,213</u>
	2010	2009
	£'000	£'000
Employment costs for staff on permanent contracts	97,976	89,770
Employment costs for staff on short-term contracts	14,901	22,443
	<u>112,877</u>	<u>112,213</u>

During early Summer 2009, the University undertook a review of the existing faculty structure resulting in the streamlining of the number of faculties to four. In addition the University offered a Voluntary Severance Scheme to staff. The costs of these restructuring exercises are shown on the consolidated income and expenditure account as an exceptional item in 2008/09.

Remuneration of higher paid staff other than the Vice-Chancellor, excluding employer's pension and national insurance contributions but including benefits, fall within the following bands:

	2010	2009
	Numbers	Numbers
£100,000 - £110,000	8	3
£110,001 - £120,000	1	4
£120,001 - £130,000	1	2
£130,001 - £140,000	-	3
£140,001 - £150,000	-	-
£150,001 - £160,000	1	1
£160,001 - £170,000	-	1
	<u>11</u>	<u>14</u>

Governors did not receive any payments except for reimbursement of travel and subsistence expenses incurred in the course of their duties. The University also provides all Governors with computer equipment to enable them to carry out their duties. The total amount of expenditure in 2009/10 for reimbursement of travel and subsistence expenses amounted to £8,200.

Notes to the accounts

7. Emoluments of the Vice-Chancellor

Emoluments of the Vice-Chancellor, excluding national insurance contributions

	2010 £'000	2009 £'000
Salary	251	247
Benefits in kind	2	2
Pension contributions	35	35
	<u>288</u>	<u>284</u>

The University's pension contribution to the Teachers Pension Scheme is paid at the same rate for the Vice-Chancellor as for other academic staff. In the year the Vice-Chancellor donated £7,700 (2009: £17,893) to the University of Hertfordshire Charitable Trust.

8. Analysis of expenditure by activity

	Staff costs £'000	Other operating expenses £'000	Interest payable £'000	2010 total £'000	2009 total £'000
Academic departments	65,212	30,288	-	95,500	90,686
Academic services	6,761	5,360	-	12,121	11,688
Administration*	15,017	10,717	-	25,734	25,933
Premises	3,030	18,196	2,378	23,604	12,049
Residences, catering and conferences	2,992	14,010	340	17,342	14,059
Research grants and contracts	4,956	4,878	-	9,834	7,919
Other expenses	14,909	17,202	3,404	35,515	36,090
	<u>112,877</u>	<u>100,651</u>	<u>6,122</u>	<u>219,650</u>	198,424
Depreciation				<u>12,447</u>	<u>10,467</u>
				<u>232,097</u>	<u>208,891</u>

The depreciation charge has been funded by:

	2010 £'000	2009 £'000
	2,491	2,088
Deferred capital grants released	786	774
Revaluation reserve released	9,170	7,605
General income	<u>12,447</u>	<u>10,467</u>

* Administration expenses include internal auditors remuneration of £nil (2009: £nil) and external auditors remuneration of £102,000 (2009: £155,000). The external auditors remuneration includes £11,810 in respect of non-audit work (2009: £13,000).

Notes to the accounts

9. Taxation

	2010	2009
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	<u>141</u>	<u>23</u>
Tax on surplus on ordinary activities	<u>141</u>	<u>23</u>
	2010	2009
	£'000	£'000
Current tax reconciliation:		
Surplus/(deficit) on ordinary activities before tax	<u>2,852</u>	<u>(1,185)</u>
Surplus on ordinary activities multiplied by standard rate in the UK (28%) (2009: 28%)	799	(332)
Effects of:		
Depreciation for the period in excess of capital allowances	105	220
Non taxable (income)/expenditure	(2,591)	143
Expenses not deductible for tax purposes	146	116
Tax losses	27	(13)
Other timing differences	(145)	(117)
Tax at marginal rate	-	(5)
Adjustments in respect of prior years	(88)	-
Revenue expenditure capitalised	(21)	-
Timing differences relating to pension liability	<u>1,909</u>	<u>11</u>
Current tax charge for the year	<u>141</u>	<u>23</u>

The above taxation charge relates to the profits of Exemplas Holdings Limited and its subsidiary companies.

10. Interest payable and other finance costs

	2010	2009
	£'000	£'000
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	9	-
Repayable within five years	-	473
Repayable wholly or partly in more than five years	1,910	463
Finance leases	753	769
Other interest payable	139	-
Net charge on pension scheme	32 <u>3,311</u>	<u>1,713</u>
	<u>6,122</u>	<u>3,418</u>

11. Surplus on continuing operations for the period

The University made a surplus on continuing operations for the period after the depreciation of tangible fixed assets, disposal of assets and taxation of £1,831,000 (2009: deficit of £1,343,000). This surplus includes a profit arising on the sale of fixed assets of £nil (2009: £854,000) and exceptional restructuring costs of £nil (2009: £3,533,000).

Notes to the accounts

12. Tangible fixed assets

Group	Land and Buildings		Assets in the course of construction	Fixtures, fittings and equipment	Plant and machinery	Total
	Freehold	Long leasehold				
	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation						
At 1 August 2009	255,383	16,083	43,754	15,617	7,247	338,084
Prior year adjustment	(7,496)	-	-	-	-	(7,496)
Restated 1 August 2009	247,887	16,083	43,754	15,617	7,247	330,588
Additions at cost	879	2,355	13,848	1,409	1,248	19,739
Transfers between accounts	47,960	-	(47,477)	(483)	-	-
Less disposals in year	(124)	-	(218)	(1,895)	(684)	(2,921)
At 31 July 2010	296,602	18,438	9,907	14,648	7,811	347,406
Depreciation						
At 1 August 2009	59,068	2,542	-	6,424	3,910	71,944
Prior year adjustment	(1,462)	-	-	-	-	(1,462)
Restated 1 August 2009	57,606	2,542	-	6,424	3,910	70,482
Charge for the year	8,288	398	-	3,203	558	12,447
Less disposals in year	(119)	-	-	(1,796)	(619)	(2,534)
At 31 July 2010	65,775	2,940	-	7,831	3,849	80,395
Net book value						
At 31 July 2010	230,827	15,498	9,907	6,817	3,962	267,011
At 31 July 2009	196,315	13,541	43,754	9,193	3,337	266,140
Inherited	28,433	-	-	-	-	28,433
Financed by capital grant	31,987	-	4,587	55	-	36,629
Other	170,407	15,498	5,320	6,762	3,962	201,949
Net book value						
At 31 July 2010	230,827	15,498	9,907	6,817	3,962	267,011

Notes to the accounts

12. Tangible fixed assets (continued)

University	Land and buildings Freehold	Assets in the course of construction	Fixtures, fittings and equipment	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2009	203,749	35,377	11,506	250,632
Prior year adjustment	<u>(7,496)</u>	<u>-</u>	<u>-</u>	<u>(7,496)</u>
Restated 1 August 2009	196,253	35,377	11,506	243,136
Additions at cost	601	13,607	743	14,951
Transfers between accounts	39,583	(39,100)	(483)	-
Less disposals in the year	<u>-</u>	<u>(218)</u>	<u>-</u>	<u>(218)</u>
At 31 July 2010	<u>236,437</u>	<u>9,666</u>	<u>11,766</u>	<u>257,869</u>
Depreciation				
At 1 August 2009	47,852	-	3,908	51,760
Prior year adjustment	<u>(1,462)</u>	<u>-</u>	<u>-</u>	<u>(1,462)</u>
Restated 1 August 2009	46,390	-	3,908	50,298
Charge for the year	6,669	-	2,858	9,527
Less disposals in the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 2010	<u>53,059</u>	<u>-</u>	<u>6,766</u>	<u>59,825</u>
Net book value				
At 31 July 2010	<u>183,378</u>	<u>9,666</u>	<u>5,000</u>	<u>198,044</u>
At 31 July 2009	<u>155,897</u>	<u>35,377</u>	<u>7,598</u>	<u>198,872</u>
Inherited	28,433	-	-	28,433
Financed by capital grant	31,987	4,587	55	36,629
Other	<u>122,958</u>	<u>5,079</u>	<u>4,945</u>	<u>132,982</u>
Net book value	<u>183,378</u>	<u>9,666</u>	<u>5,000</u>	<u>198,044</u>
At 31 July 2010	<u>183,378</u>	<u>9,666</u>	<u>5,000</u>	<u>198,044</u>

Notes to the accounts

12. Tangible fixed assets (continued)

The above includes assets held under finance leases. The net book value of these assets as at 31 July 2010 was:

	2010	2010	2009	2009
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Buildings	13,151	-	13,549	-
Plant and Machinery	1,111	-	-	-
	<u>14,262</u>	<u>-</u>	<u>13,549</u>	<u>-</u>

The depreciation charge for the year was:

	2010	2010	2009	2009
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Buildings	398	-	398	-
Plant and Machinery	72	-	-	-
	<u>470</u>	<u>-</u>	<u>398</u>	<u>-</u>

The above includes an investment property purchased on 14 August 2008 at a cost of £234,000. This asset is not depreciated.

Buildings with a net book value of £72.3 million and a cost of £82.8 million have been partly funded from Treasury sources. Should these particular buildings be sold, the University would either have to surrender part of the proceeds to the Treasury or use them in accordance with the Financial Memorandum with the Higher Education Funding Council for England.

The amount of finance costs capitalised in the year amounts to £381,000, the accumulated amount of capitalised finance costs is £1,846,000. This is included in freehold land and buildings.

An external valuation of the University's land and buildings as at 31 July 1996 was carried out by Fuller Peiser, qualified Chartered Surveyors, in accordance with the Practice Statements of the Royal Institute of Chartered Surveyors Appraisal and Valuation manual. The valuation represented the surveyor's opinion of the values of the freehold and leasehold interests in the land and buildings comprising the various properties on the basis of existing use value, depreciated replacement cost or open market value as appropriate, resulting in a valuation of £80 million. The surplus was transferred to the revaluation reserve.

The major site at Hatfield, east of College Lane, is subject to a deed of gift and conveyance dated 12 December 1946 for the purposes of education to the charity called Hatfield Polytechnic. The charity is part of the assets transferred from Hertfordshire County Council and trusteeship now rests with the Board of Governors of the University. Any proposed change in use or ownership is subject to the agreement of the Charity Commission.

It is a condition of funding, imposed by the Secretary of State and the Treasury, that no transaction involving either the acquisition of land and buildings to be maintained with the aid of funding from the Higher Education Funding Council for England or the disposal of land and buildings purchased with the aid of public funds, shall be entered into without the prior approval of the Council.

The University entered into a Private Finance Initiative scheme, through its subsidiary company Polyfield Property Limited, with a contractor for the construction of sports facilities and for the facilities management of those premises for a period of thirty years. These facilities, known as the Hertfordshire Sports Village, were completed in September 2003. Under the terms of the scheme the contractor raised the finance for the construction of buildings which have subsequently been let on a long lease to Polyfield Property Limited. The transactions for the sports facilities have been reflected in the accounts for the University Group and Polyfield Property Limited as a fixed asset under Land and Buildings (Long Leasehold) at a net book value of £13.1 million with a consequential, and matching, finance lease as a long-term creditor. At the end of the lease period ownership of the property will revert to Polyfield Property Limited.

Notes to the accounts

13. Investments

	2010 Group £'000	2010 University £'000	2009 Group £'000	2009 University £'000
Balance at 1 August	1,604	69,119	133	68,873
Additions	-	-	1,566	55,647
Disposals	(59)	-	(95)	(55,401)
Balance at 31 July	<u>1,545</u>	<u>69,119</u>	<u>1,604</u>	<u>69,119</u>
Representing:				
Subsidiary undertakings	-	69,081	-	69,081
Other	<u>1,545</u>	<u>38</u>	<u>1,604</u>	<u>38</u>
	<u>1,545</u>	<u>69,119</u>	<u>1,604</u>	<u>69,119</u>

The University's subsidiaries (all of which are registered in England and Wales) and its percentage shareholding in each are as follows:

Company	Nature of Business	Shareholding £1 Ordinary Shares	No. of Shares
UH Holdings Limited	Holding Company	100%	13,434,020
Student Forum Limited	Dormant	100%	Limited by guarantee

The University consolidates the results of the University of Hertfordshire Charitable Trust, but does not consolidate The Building Hub Limited (a company limited by guarantee) on the basis of immateriality. The University has a 50% interest and exercises dominant influence in both the University of Hertfordshire Charitable Trust and The Building Hub Limited.

The University does not consolidate the accounts of the Students' Union as there is not a relationship of dominant influence and all decisions are exercised by the Students' Union Executive.

Notes to the accounts

13. Investments (continued)

The subsidiary companies of UH Holdings Limited (all registered in England and Wales except UH Global Education (Asia Pacific), Sdn Bhd which is registered in Malaysia) and its percentage shareholding in each is as follows:

Company	Nature of business	Shareholding £1 ordinary shares	No. of shares
Cimtech Limited	Consultancy	100%	2
UH Health Limited	Healthcare training	100%	2
UH Ventures Limited	Training and consultancy	100%	2
Universitybus Limited	Transport services	100%	2
Unisecure Limited	Dormant	100%	3
UH Hospitality Limited	Conference services	100%	3
Exemplas Holdings Limited	Business advice and support	98%	98
UH Recordings Limited	Music recording	100%	2
Uno Buses Limited	Transport services	100%	1
Polyfield Property Limited	Provision of property services	100%	16,099,854
UH Global Education (Asia-Pacific) Sdn Bhd	Overseas student recruitment	100%	2
UH Invest Limited	Investment in spin-off companies	100%	2
The FIT Corporation Limited	Human Resource Management Development	100%	1,000
Corporate FIT Science Limited	Provision and development of executive development products online	100%	60,000

During the year UH Ventures Limited acquired 100% holding in the FIT Corporation Limited, 34% of the holding was transferred from UH Holdings Limited and the balance from the majority shareholder.

UH Hospitality Limited, Cimtech Limited, UH Health Limited, UH Invest Limited and UH Recordings Limited ceased trading on 31 July 2010. The trading activities of UH Hospitality Limited and Cimtech Limited will be transferred to UH Ventures Limited; the trading activities of UH Health Limited, UH Invest Limited and UH Recordings Limited will be transferred to the University of Hertfordshire.

The subsidiary companies of Exemplas Holdings Limited (all of which are registered in England and Wales) and its percentage shareholding in each are as follows:

Company	Nature of business	Shareholding £1 ordinary shares	No. of shares
Hertfordshire Business Centre Services Limited	Provision of services to business	100%	2
Exemplas Limited	Provision of services to business	100%	2
BioPark Hertfordshire Limited	Letting of property	100%	2
Herts IDB Limited	Dormant	100%	2
Polyfield Services Limited	Provision of services to business	100%	14
London Brokerage Limited	Provision of services to business	100%	2
Hertfordshire Local Enterprise Partnership Limited	Dormant	100%	2
Bedfordshire Local Enterprise Partnership Limited	Dormant	100%	2
Suffolk Enterprise Partnership Limited	Dormant	100%	2
Cambridgeshire Local Enterprise Partnership Limited	Dormant	100%	2
Norfolk Enterprise Partnership Limited	Dormant	100%	2
Corporate Degrees Limited	Dormant	100%	2
Hertfordshire Business Centre Limited	Dormant	100%	2
Hertfordshire Development Organisation Limited	Dormant	100%	2
Employer Training Services	Dormant	100%	2
South East IDB Limited	Dormant	100%	2
Exemplas Training Limited	Dormant	100%	2
East of England Brokerage Limited	Dormant	100%	2

All of the above subsidiaries are consolidated in the Group accounts.

Exemplas Holdings Limited also has a 50% interest in East of England IDB Limited and Yorkshire & Humberside IDB Limited, which run the Business Link Contracts for the East of England and Yorkshire & Humberside respectively. These have been accounted for as joint ventures.

Notes to the accounts

14. Intangible fixed assets

	2010 Group £'000	2010 University £'000	2009 Group £'000	2009 University £'000
Balance at 1 August	1,655	-	1,744	-
Amortisation	<u>(89)</u>	<u>-</u>	<u>(89)</u>	<u>-</u>
Balance at 31 July	<u>1,566</u>	<u>-</u>	<u>1,655</u>	<u>-</u>

15. Endowment asset investments

	2010 Group £'000	2010 University £'000	2009 Group £'000	2009 University £'000
Balance at 1 August	2,171	592	2,178	579
New endowments invested	75	-	205	-
Increase/(decrease) in cash balances held for endowment funds	5	3	(74)	17
Increase/(decrease) in market value of investments	<u>146</u>	<u>7</u>	<u>(138)</u>	<u>(4)</u>
Balance at 31 July	<u>2,397</u>	<u>602</u>	<u>2,171</u>	<u>592</u>
Represented by:				
Securities	1,344	53	1,199	46
Cash at bank held for endowment funds	<u>1,053</u>	<u>549</u>	<u>972</u>	<u>546</u>
Total	<u>2,397</u>	<u>602</u>	<u>2,171</u>	<u>592</u>

16. Stocks and work in progress

	2010 Group £'000	2010 University £'000	2009 Group £'000	2009 University £'000
Work in progress	<u>260</u>	<u>114</u>	<u>214</u>	<u>83</u>

17. Debtors

	2010 Group £'000	2010 University £'000	2009 RESTATED Group £'000	2009 RESTATED University £'000
Amounts falling due within one year:				
Trade debtors	15,729	12,652	12,597	9,947
Other debtors	942	448	713	66
Deferred tax	45	-	2	-
Amounts due from subsidiaries	-	11,286	-	7,653
Prepayments and accrued income	<u>8,815</u>	<u>4,683</u>	<u>12,908</u>	<u>4,732</u>
	<u>25,531</u>	<u>29,069</u>	<u>26,220</u>	<u>22,398</u>
Amounts falling due after more than one year:				
Amounts due from subsidiaries	<u>-</u>	<u>1,311</u>	<u>-</u>	<u>3,599</u>
	<u>25,531</u>	<u>30,380</u>	<u>26,220</u>	<u>25,997</u>

Notes to the accounts

18. Deferred tax asset

	2010	2010	2009	2009
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Other timing differences	<u>45</u>	<u>-</u>	<u>2</u>	<u>-</u>

The above deferred tax asset relates to Exemplas Holdings Limited and its subsidiary companies.

19. Creditors: amounts falling due within one year

		2010	2010	2009	2009
	Notes	Group	University	Group	University
		£'000	£'000	£'000	£'000
Bank loan and overdraft	21a	1,270	834	20,324	20,324
Obligation under finance lease	21b	502	-	313	-
Payments received on account		12,055	12,708	8,360	8,360
Research and other commercial activity payments received in advance		6,914	6,262	6,684	6,684
Trade creditors		6,208	5,476	3,259	3,137
Other creditors		2,064	1,982	3,348	3,174
Amounts due to subsidiaries		-	11,707	-	15,299
Corporation tax		286	-	64	-
Other taxation and social security		2,797	2,302	3,209	2,848
Accruals and deferred income		22,880	10,089	22,702	8,140
Deferred revenue grants		6,377	6,376	2,452	2,394
		<u>61,353</u>	<u>57,736</u>	<u>70,715</u>	<u>70,360</u>

The corporation tax creditor relates to Exemplas Holdings Limited and its subsidiary companies.

20. Creditors: amounts falling due after more than one year

		2010	2010	2009	2009
	Notes	Group	University	Group	University
		£'000	£'000	£'000	£'000
Bank loan and overdraft	21a	69,838	67,445	41,809	41,809
Other creditors		36	-	81	-
Obligation under finance leases	21b	14,724	-	14,052	-
Amounts due to subsidiaries		-	5,500	-	-
		<u>84,598</u>	<u>72,945</u>	<u>55,942</u>	<u>41,809</u>

Notes to the accounts

21. Borrowings

a. Bank loans and overdrafts and other loans

	2010	2010	2009	2009
	Group	University	Group	University
	£'000	£'000	£'000	£'000
Bank loans and overdrafts are repayable as follows:				
In one year or less	1,270	834	20,324	20,324
Within two and five years	25,776	24,141	3,192	3,192
In five years or more	44,062	43,304	38,617	38,617
	<u>71,108</u>	<u>68,279</u>	<u>62,133</u>	<u>62,133</u>
Group loans are repayable as follows:				
In one year or less	-	-	-	8,000
Within two and five years	-	5,500	-	-
In five years or more	-	-	-	-
	<u>-</u>	<u>5,500</u>	<u>-</u>	<u>8,000</u>

The outstanding bank loans as at 31 July 2009 were a twenty-five year term loan facility for £11 million, a thirty-four year revolving term facility for £40 million and an unsecured loan facility. These facilities, which are linked to the base rate, offer the option to fix part of the loan at certain times. The term loan facility of £11 million is fully drawn down. The outstanding balance at 31 July 2010 was £10.4 million of which £5.6 million is fixed at a rate of 5.44%. As at 31 July 2010 £37.9 million of the £40 million facility had been drawn down. Of this balance £8 million is fixed at a rate of 5.39%, £2.3 million at 5.2% and £20 million at 4.5%. A £20 million fixed term loan, at a rate of 1.5% renewable on a quarterly basis was outstanding at 31 July 2010.

b. Finance leases

The net finance lease obligations to which the Group is committed are:

	2010	2010	2009	2009
	Group	University	Group	University
	£'000	£'000	£'000	£'000
In one year or less	502	-	313	-
Between two and five years	2,200	-	1,423	-
In five years or more	12,524	-	12,629	-
	<u>15,226</u>	<u>-</u>	<u>14,365</u>	<u>-</u>

The above represents the finance lease in respect of the Hertfordshire Sports Village and a number of buses.

Notes to the accounts

22. Provision for liabilities

Group	Balance at 31 July 2010 £'000	Provision utilised £'000	Increase £'000	Balance at 1 August 2009 £'000
Long term maintenance provision	1,154	(765)	1,154	765
VAT capital goods scheme provision	978	(292)	-	1,270
	<u>2,132</u>	<u>(1,057)</u>	<u>1,154</u>	<u>2,035</u>

University	Balance at 31 July 2010 £'000	Provision utilised £'000	Increase £'000	Balance at 1 August 2009 £'000
Long term maintenance provision	1,154	(765)	1,154	765

The long-term maintenance provision is for costs in relation to the maintenance programme for premises occurring around the year end but which have commenced before 31 July 2010.

The VAT capital goods scheme provision is in respect of VAT claw back on building costs of one of the University's Learning Resource Centre buildings.

Notes to the accounts

23. Deferred capital grants

Group	Funding Council grants £'000	Other grants £'000	Total £'000
At 1 August 2009			
Buildings	26,510	7,836	34,346
Equipment	<u>2,238</u>	<u>268</u>	<u>2,506</u>
	28,748	8,104	36,852
Prior year adjustment			
Buildings	5,940	-	5,940
Restated 1 August 2009			
Buildings	32,450	7,836	40,286
Equipment	<u>2,238</u>	<u>268</u>	<u>2,506</u>
	34,688	8,104	42,792
Reclassification			
Buildings	(347)	(12)	(359)
Equipment	<u>360</u>	<u>(64)</u>	<u>296</u>
	13	(76)	(63)
Cash received			
Buildings	5,881	-	5,881
Equipment	<u>886</u>	<u>-</u>	<u>886</u>
	6,767	-	6,767
Released to income and expenditure			
Buildings	1,748	213	1,961
Equipment	<u>453</u>	<u>77</u>	<u>530</u>
	2,201	290	2,491
At 31 July 2010			
Buildings	36,236	7,611	43,847
Equipment	<u>3,031</u>	<u>127</u>	<u>3,158</u>
	39,267	7,738	47,005

Notes to the accounts

23. Deferred capital grants (continued)

University

	Funding Council grants £'000	Other grants £'000	Total £'000
At 1 August 2009			
Buildings	26,510	7,836	34,346
Equipment	<u>2,238</u>	<u>268</u>	<u>2,506</u>
	28,748	8,104	36,852
Prior year adjustment			
Buildings	5,940	-	5,940
Restated 1 August 2009			
Buildings	32,450	7,836	40,286
Equipment	<u>2,238</u>	<u>268</u>	<u>2,506</u>
	34,688	8,104	42,792
Reclassification			
Buildings	(347)	(12)	(359)
Equipment	<u>360</u>	<u>(64)</u>	<u>296</u>
	13	(76)	(63)
Cash received			
Buildings	5,881	265	6,146
Equipment	<u>886</u>	<u>-</u>	<u>886</u>
	6,767	265	7,032
Released to income and expenditure			
Buildings	1,748	213	1,961
Equipment	<u>453</u>	<u>77</u>	<u>530</u>
	2,201	290	2,491
At 31 July 2010			
Buildings	36,236	7,876	44,112
Equipment	<u>3,031</u>	<u>127</u>	<u>3,158</u>
	39,267	8,003	47,270

Notes to the accounts

24. Endowment funds

Group	Unrestricted permanent £'000	Restricted permanent £'000	2010 Total £'000	2009 Total £'000
Balance at 1 August				
Capital	817	984	1,801	1,734
Accumulated income	316	54	370	444
	1,133	1,038	2,171	2,178
New endowments	-	75	75	205
Investment income	23	27	50	66
Expenditure	(27)	(18)	(45)	(140)
Increase/(decrease) in market value of investments	70	76	146	(138)
Balance at 31 July	1,199	1,198	2,397	2,171
Represented by:				
Capital	886	1,135	2,021	1,801
Accumulated income	313	63	376	370
Total	1,199	1,198	2,397	2,171

University

	Unrestricted permanent 2010 Total £'000	2009 Total £'000
Balance at 1 August		
Capital	502	506
Accumulated income	90	73
	592	579
New endowments	-	-
Investment income	3	17
Expenditure	-	-
Increase/(decrease) in market value of investments	7	(4)
Balance at 31 July	602	592
Represented by:		
Capital	509	502
Accumulated income	93	90
Total	602	592

Notes to the accounts

25. Reserves

Group	Income and expenditure reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total £'000
At 1 August 2009	102,777	(62,893)	34,511	74,395
Prior year adjustments	<u>(1,784)</u>	<u>-</u>	<u>(10,190)</u>	<u>(11,974)</u>
Restated 1 August 2009	100,993	(62,893)	24,321	62,421
Transfer to endowments	(5)	-	-	(5)
Transfer to income and expenditure	2,835	(2,835)	-	-
Contributions to depreciation	786	-	(786)	-
Surplus after depreciation of assets at valuation and tax	2,711	-	-	2,711
Actuarial gain	-	34,289	-	34,289
Past service gain relating to pension scheme	<u>-</u>	<u>8,066</u>	<u>-</u>	<u>8,066</u>
At 31 July 2010	<u>107,320</u>	<u>(23,373)</u>	<u>23,535</u>	<u>107,482</u>

The consolidated income and expenditure reserves include £6.7 million in respect of Exemplas Holdings Limited and its subsidiary companies. According to that company's Memorandum of Association, these reserves cannot be transferred to the shareholders by way of dividend, bonus or other distribution.

Of this amount £700,000 represents the Exemplas Holdings Limited group share of reserves belonging to Business Link Yorkshire Limited. This is a contract cessation reserve which is intended to cover potential liabilities that may arise over the life of the Business Link contract. It is anticipated that the wind-up liability will principally accrue in relation to personnel costs. A target figure for this reserve represents the company's share of 100% of the estimated contract cessation costs. By virtue of the company's main contract, this reserve may only be used for this specific purpose.

University	Income and expenditure reserve £'000	Pension reserve £'000	Revaluation reserve £'000	Total £'000
At 1 August 2009	111,902	(60,734)	33,371	84,539
Prior year adjustments	<u>(1,290)</u>	<u>-</u>	<u>(10,190)</u>	<u>(11,480)</u>
Restated 1 August 2009	110,612	(60,734)	23,181	73,059
Transfer to endowments	(3)	-	-	(3)
Transfer to income and expenditure	2,737	(2,737)	-	-
Contributions to depreciation	786	-	(786)	-
Surplus after depreciation of assets at valuation and tax	1,831	-	-	1,831
Actuarial gain	-	31,537	-	31,537
Past service gain relating to pension scheme	<u>-</u>	<u>7,617</u>	<u>-</u>	<u>7,617</u>
At 31 July 2010	<u>115,963</u>	<u>(24,317)</u>	<u>22,395</u>	<u>114,041</u>

Notes to the accounts

26. Reconciliation of net cash flow from operating activities

	Notes	2010 £'000	2009 £'000
Operating surplus/(deficit) before tax		2,852	(1,185)
Investment income		(565)	(441)
Endowment income		(50)	(66)
Decrease in deferred capital grant	23	(2,491)	(2,584)
Depreciation	12	12,447	10,467
Amortisation of goodwill	14	89	89
Profit on sale of fixed assets		(35)	(528)
Interest payable		2,811	1,705
Pension costs		2,835	379
(Decrease)/increase in stocks		(46)	34
Increase/(decrease) in debtors		688	(9,764)
Increase in creditors		10,069	6,394
Increase in provisions		97	1,527
Net cash inflow from operating activities		<u>28,701</u>	<u>6,027</u>

27. Returns on investments and servicing of finance

	2010 £'000	2009 £'000
Income from endowments	50	30
Other interest received	565	360
Interest paid	(2,676)	(2,813)
Net cash inflow from returns on investments and servicing of finance	<u>(2,061)</u>	<u>(2,423)</u>

28. Capital expenditure and financial investment

	2010 £'000	2009 £'000
Payments to acquire tangible fixed assets	(20,545)	(44,856)
Investments acquired	-	(1,566)
Endowment asset investments acquired	(75)	(204)
Receipts from sales of tangible fixed assets	116	1,866
Deferred capital grant received	23	6,767
Net cash outflow from capital expenditure and financial investment	<u>(13,737)</u>	<u>(38,848)</u>

29. Management of liquid resources

	2010 £'000	2009 £'000
Deposits to short-term investments	(6,075)	(698)
Net cash outflow from management of liquid resources	<u>(6,075)</u>	<u>(698)</u>

Notes to the accounts

30. Financing

	2010 £'000	2009 £'000
Debt due beyond a year:		
New long term loans	8,975	35,581
Capital element of finance lease repayments/principal	(457)	(298)
Net cash inflow from financing	8,518	35,283

31. Analysis of changes in net debt/(net funds)

	Notes	2009 Group £'000	Cashflows £'000	Other changes £'000	2010 Group £'000
Cash at bank and in hand		4,708	16,664	-	21,372
Endowment bank balance	15	<u>972</u>	<u>81</u>	-	<u>1,053</u>
		5,680	16,745	-	22,425
Debt due over more than 1 year:					
Long term loans	20	(41,809)	-	(28,029)	(69,838)
Obligations under finance lease	20	(14,052)	-	(672)	(14,724)
Debt due under 1 year:					
Bank loan		(20,324)	(8,975)	28,029	(1,270)
Obligation under finance lease	19	(313)	457	(646)	(502)
Short term deposits		<u>1,876</u>	<u>6,075</u>	-	<u>7,951</u>
		<u>(68,942)</u>	<u>14,302</u>	<u>(1,318)</u>	<u>(55,958)</u>

32. Pension schemes

The two principal pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). Additionally, the University has agreed with the Universities Superannuation Scheme (USS) that designated employees may be eligible to become members of that scheme. The assets of the schemes are held in separate administered funds.

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme. The regulations under which the TPS operates are the Teachers' Pensions Regulations 1997, as amended. These regulations apply to teachers in schools and other educational establishments in England and Wales maintained by local authorities, to teachers in

many independent and voluntary-aided schools, and to teachers and lecturers in establishments of further and higher education. Membership is automatic for full-time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

Although teachers and lecturers are employed by various bodies, their retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the unfunded TPS, teachers' contributions on a 'pay-as-you-go' basis, and employers' contributions, are credited to the Exchequer under arrangements governed by the above Act.

Notes to the accounts

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into the TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

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

As from 1 January 2007, and as part of the cost-sharing agreement between employers' and teachers' representatives, the SCR has been assessed at 19.75%, and the supplementary contribution rate has been assessed to be 0.75% (to balance assets and liabilities as required by the regulations within fifteen years); a total contribution

rate of 20.5%. This translates into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable. The cost-sharing agreement has also introduced – effective for the first time for the 2008 valuation – a 14% cap on employer contributions payable.

A copy of the GA's 2004 valuation report can be found on the TeacherNet website at: teachernet.gov.uk/pensions

Universities Superannuation Scheme (USS)

The USS is a defined benefits scheme which is externally funded and contracted out of the State Second Pension. The assets of the scheme are held in a separate trustee-administered fund. It is not possible to identify the University's share of the underlying assets and liabilities in the scheme and hence, using the exemption under FRS 17, contributions to the scheme are accounted for as if it were a defined contribution scheme. The cost, recognised within the deficit for the year in the income and expenditure account, is equal to the contributions payable to the scheme in respect of the accounting period.

The pensions cost is assessed every three years. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation Actuarial method	31 March 2008 Projected unit method	
	Past service liabilities	Future service liabilities
Investment returns per annum	6.4%	6.1%
Salary scale increases per annum	4.3%	3.9%
Pensions increases per annum	3.3%	2.9%
Market value of assets at date of last valuation	£28,842 million	
Value of schemes technical provisions at date of last valuation	£28,135 million	
Surplus	£707 million	
Proportion of member's accrued benefits covered by the actuarial value of the assets	103%	

Notes to the accounts

Since 31 March 2008 global investment markets have continued to fluctuate and at 31 March 2010 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 91% (a deficit of £3,605 million). Compared to the previous twelve months, the funding level has improved from 74% (as at 31 March 2009) to 91%.

Surplus or deficits which arise at future valuations may impact on the institution's future contribution commitment. During the year, the employer contribution rate was increased to 16% with effect from 1 October 2009.

Local Government Pension Scheme (LGPS)

The LGPS is regulated by statute, with separate regulations for (a) England and Wales and (b) Scotland. The benefits of the LGPS are determined nationally by regulation and meet the definition of a defined benefit scheme. It is a funded scheme, with some ninety-nine separate funds administered locally by administering authorities. Each fund has many employing authorities. The Hertfordshire County Council is the administering authority with the District Councils in their County, and other bodies, for example the University, being employing authorities within that scheme. The University's wholly owned subsidiary company Universitybus Limited, whose employees are members of the LGPS, is an admitted body to the fund. All other wholly owned subsidiary companies contribute to the scheme through the University. Staff employed by Exemplas Holdings Limited and its subsidiary companies are either members of the LGPS or are members of the group administered personal pension plan, which is a defined contribution scheme.

The LGPS is not therefore a national multi-employer scheme, but each separate LGPS fund is a multi-employer scheme.

Changes to the Local Government Pension Scheme permit employees retiring on or after 6 April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up and HMRC limits for pre-April 2008 service and 75% of the maximum tax-

free cash for post-April 2008 service.

In calculating the scheme assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those included in the accounts. Any differences between expected and actual outcomes are reported through experience gains and losses.

The total contribution made to the LGPS for the year ended 31 July 2010 was as follows:

	Total £'000	Employer £'000	Employee £'000
University	7,271	5,469	1,802
Universitybus	319	238	81
Exemplas	92	73	19
Total	7,682	5,780	1,902

Employer contributions are affected by a surplus or deficit in the scheme. All new entrants to the fund are now single status employees and there is no longer any classification of officer and manual employees. The agreed contribution rates for future years are:

Year ending 31 March	2011	2012	2013
University	19.2%	19.2%	19.2%
Universitybus	18.6%	18.6%	18.6%
Exemplas	27.5%	27.5%	27.5%
Employees	5.25-7.5%	5.25-7.5%	5.25-7.5%

The estimated employer contribution payable for the year ending 31 July 2011 is £5,331,000.

Notes to the accounts

32. Pension schemes (continued)

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

	2010	2009	2008
Inflation and rate of increase in pension	3.0%	3.7%	3.8%
Rate of increase in salaries	3.0%	5.2%	5.3%
Expected return on assets	6.6%	6.0%	7.1%
Discount rate for liabilities	5.8%	6.0%	6.7%

The pension and salary increase assumption is 1.5% for the first three years.

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

University and Exemplas Holdings Limited:

	Males	Females
Current Pensioners	22.1 years	25.1 years
Future Pensioners	23.2 years	26.1 years

Universitybus Limited:

	Males	Females
Current Pensioners	17 years	19 years
Future Pensioners	18 years	20 years

The assets in the scheme (of which the Group's share is estimated at 4.98%) and the expected rates of return were:

	Long-term rate of return expected 2010	Value 2010 £'000	Long-term rate of return expected 2009	Value 2009 £'000	Long-term rate of return expected 2008	Value 2008 £'000
Equities	7.3%	1,500,000	7.3%	1,213,000	7.8%	1,431,000
Bonds	4.8%	401,000	5.3%	373,000	5.7%	299,000
Property	5.3%	85,000	5.3%	75,000	5.7%	99,000
Cash	4.4%	127,000	4.3%	205,000	4.8%	186,000
Total market value of assets		<u>2,113,000</u>		<u>1,866,000</u>		<u>2,015,000</u>

The pension scheme liability detailed below also takes account of the University's unfunded pension liability. This liability, which relates to pension enhancements payable to staff who have taken early retirement, was previously included in the accounts as a provision before the full adoption of FRS 17 in the year ended 31 July 2006.

	2010 £'000	2009 £'000	2008 £'000	2007 £'000
Group's estimated asset share	105,244	87,893	94,234	95,664
Present value of scheme liabilities	(121,896)	(142,544)	(116,506)	(107,434)
Present value of unfunded liabilities	<u>(6,721)</u>	<u>(8,242)</u>	<u>(9,680)</u>	<u>(10,536)</u>
Deficit in the scheme	<u>(23,373)</u>	<u>(62,893)</u>	<u>(31,952)</u>	<u>(22,306)</u>

The pension scheme liability for the University was (£24,317,000) as at 31 July 2010.

Notes to the accounts

32. Pension schemes (continued)

Analysis of the amount charged to income and expenditure account

	2010 £'000	2009 £'000
Service cost	5,040	4,477
Past service cost	-	79
Curtailment and settlements	<u>264</u>	<u>490</u>
Total operating charge	<u>5,304</u>	<u>5,046</u>

Analysis of net return on pension assets

	2010 £'000	2009 £'000
Expected return on pension scheme assets	5,838	6,842
Interest on pension liabilities	<u>(9,149)</u>	<u>(8,555)</u>
Net charge on pension scheme	<u>(3,311)</u>	<u>(1,713)</u>

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

	2010 £'000	2009 £'000
Actual return less expected return on pension scheme assets	7,623	(17,311)
Experience gains and losses arising on the scheme liabilities	1,273	2,004
Changes in financial and demographic assumptions underlying the present value of liabilities	25,393	(15,255)
Past service gain	<u>8,066</u>	<u>-</u>
Actuarial gain/(loss) recognised in STRGL	<u>42,355</u>	<u>(30,562)</u>

The amount of the actuarial gain relating to changes in financial assumptions for the year ended 31 July 2010 is £25,393,000 (2009: £15,255,000). The cumulative actuarial gain recognised in STRGL as at 31 July 2010 is £3,638,000 (2009: loss of £38,717,000).

The past service gain of £8,066,000 has arisen as a result of the government's announcement on 22 June 2010 that future pension increases would be linked to CPI rather than RPI. The Group has recognised this amount in the Statement of Total Recognised Gains and Losses as management consider the resulting gain a change in actuarial assumption.

Movement in deficit during the year

	2010 £'000	2009 £'000
Deficit in scheme at 1 August	(62,893)	(31,952)
Current service cost	(5,040)	(4,477)
Employer contributions	5,780	6,380
Past service costs	8,066	(79)
Curtailment and settlements	(264)	(490)
Net return on assets	(3,311)	(1,713)
Actuarial gain/(loss)	<u>34,289</u>	<u>(30,562)</u>
Deficit in scheme at 31 July	<u>23,373</u>	<u>(62,893)</u>

32. Pension schemes (continued)

Analysis of movement in the present value of the scheme liabilities

	2010	2009
	£'000	£'000
At 1 August	150,787	126,186
Current service cost	5,040	4,477
Contributions by members	1,902	1,986
Past service costs	(8,066)	79
Curtailment and settlements	264	437
Liabilities extinguished on settlements	-	(617)
Interest cost	9,149	8,555
Actuarial gain/(loss)	(26,667)	13,251
Estimated unfunded benefits paid	(496)	(480)
Estimated benefits paid	(3,296)	(3,088)
At 31 July	128,617	150,786

Analysis of movement in the fair value of the scheme assets

	2010	2009
	£'000	£'000
At 1 August	87,894	94,234
Contributions by members	1,902	1,986
Employer contributions	5,284	5,900
Contributions in respect of unfunded benefits	496	480
Assets distributed on settlements	-	(670)
Expected return on assets	5,838	6,842
Actuarial gain/(loss)	7,623	(17,311)
Estimated unfunded benefits paid	(496)	(480)
Estimated benefits paid	(3,297)	(3,088)
At 31 July	105,244	87,893

History of experience gains and losses

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Difference between the expected and actual return on assets	7,623	(17,311)	(11,770)	4,143	6,005
Percentage of scheme assets	7.2%	(19.7%)	(12.5%)	4.3%	7.3%
Experience gains/(losses) on scheme liabilities	1,273	2,004	(9)	(1)	(385)
Percentage of scheme liabilities	1.2%	1.8%	0.0%	0.0%	(0.3%)
Total actuarial gains/(losses) recognised in STRGL	42,355	(30,562)	(8,611)	15,924	(2,215)
Percentage of scheme liabilities	32.9%	(20.3%)	(6.8%)	13.5%	(1.9%)

Notes to the accounts

32. Pension schemes (continued)

Employers and employee total contributions

	Employer £'000	Employee £'000	2010 Total £'000	2009 Total £'000
Contributions to TPS	5,808	2,788	8,596	8,791
Contributions to LGPS	5,780	1,902	7,682	8,366
Contributions to USS	32	20	52	62
	<u>11,620</u>	<u>4,710</u>	<u>16,330</u>	<u>17,219</u>

33. Capital commitments

	2010 Group £'000	2010 University £'000	2009 Group £'000	2009 University £'000
Contracted at 31 July	6,666	6,603	6,274	5,095
Authorised but not contracted at 31 July	11,733	11,546	21,163	21,163
	<u>18,399</u>	<u>18,149</u>	<u>27,437</u>	<u>26,258</u>

34. Access to Learning Funding

	2010 £'000	2009 £'000
Balance at 1 August	14	10
Funding council grants	433	502
Interest earned	1	11
	<u>448</u>	<u>523</u>
Disbursed to students	(379)	(494)
Administration charges	(13)	(15)
	<u>56</u>	<u>14</u>

Access to Learning Funds are available solely for students; the University acts only as paying agent. The grants and related disbursements are accounted for as agency arrangements and are therefore excluded from the income and expenditure account.

Notes to the accounts

35. Prior year adjustment

The prior year comparatives have been restated for the following reasons:

- (i) A late gift aid adjustment in two of the subsidiary companies arose at the end of 2009 after the group accounts had been approved. This had no effect on the group accounts but was not reflected in the University's own accounts. The total amount was £494,000. The movements in the prior year figures are outlined below.
- (ii) Following the implementation of a new finance system, a detailed review of fixed assets was carried out to enable data to be transferred to the new fixed asset register. As a result of this review it was noted that some transactions in earlier years had not been correctly accounted for in the University's own accounts, including disposals of some assets and the treatment of a grant received. The movements in the prior year figures are outlined below.

Group

	Land and buildings			Income and expenditure account	Deferred capital grants	Debtors
	Cost £'000	Accumulated depreciation £'000	Revaluation reserve £'000	£'000	£'000	£'000
As previously reported	338,084	71,944	34,511	102,777	36,852	-
Grant received and release up to 31 July 2009	-	-	(7,703)	1,763	5,940	-
Asset disposals	(7,496)	(1,462)	(2,487)	(3,547)	-	-
Restated 31 July 2009	<u>330,588</u>	<u>70,482</u>	<u>24,321</u>	<u>100,993</u>	<u>42,792</u>	<u>-</u>

University

	Land and buildings			Income and expenditure account	Deferred capital grants	Debtors
	Cost £'000	Accumulated depreciation £'000	Revaluation reserve £'000	£'000	£'000	£'000
As previously reported	250,632	51,760	33,371	111,902	36,852	7,159
Grant received and release up to 31 July 2009	-	-	(7,703)	1,763	5,940	-
Asset disposals	(7,496)	(1,462)	(2,487)	(3,547)	-	-
Gift aid adjustment as above	-	-	-	494	-	494
Restated 31 July 2009	<u>243,136</u>	<u>50,298</u>	<u>23,181</u>	<u>110,612</u>	<u>42,792</u>	<u>7,653</u>

Notes to the accounts

36. Related party transactions

All transactions detailed below were undertaken at an arms length basis in accordance with the normal agreements between customers and suppliers.

Name of entity	Value of services delivered	Value of services received	Amount outstanding at 31 July 2010
Year ended 31 July 2010			
University of Hertfordshire Students' Union	£166,000	£1,202,000	£9,000
East of England IDB Limited	£2,056,000	-	-
Yorkshire & Humberside IDB Limited	£1,775,000	-	-
Year ended 31 July 2009			
University of Hertfordshire Students' Union	£849,000*	£14,000	£4,000
East of England IDB Limited	£1,081,000	-	£271,000
Yorkshire & Humberside IDB Limited	£242,000	-	£17,000

* This includes the 2009/10 Students' Union Subvention of £650,000 (2009:£585,000) and £200,000 (2009:£nil) in respect of student union facilities.

Board of Governors



Memberships from 1 August 2010

Board of Governors

Independent Members

Mrs J L Connell (*Chairman*)
His Honour Judge Baker (*from 1.9.10*)
Ms Y Batliwala (*from 1.9.10*)
Mr P L Block (*from 1.9.10*)
Professor M Elves
The Rt Revd C R J Foster (*to 31.8.10*)
Mr D J Goodridge
Mr C J Gordon
Mr A P Graham
Mr J T Harrison (*to 31.8.10*)
Mr J K Heywood
Mr N F Matthews
Mr G Morrison
Mr J F H Park
Lady Staughton

Vice-Chancellor

Professor R J T Wilson

Member nominated by the Academic Board

Mrs L Karstadt (*from 1.9.09*)

Students' Union

Miss D S E Hamlet (*to 30.6.10*)
Ms P F de Koenigswarter (*from 1.7.10*)

Co-opted Members

His Honour Judge Baker (*to 31.8.10*)
Mr P L Block (*to 31.8.10*)
Mr R I N Gordon (*from 1.9.10*)
Ms L B Haye (*to 31.8.10*)
Mr N B Lawler (*from 22.1.10*)
Miss J L McCue
Dr L Mitchell
Dr D A Neil (*from 1.9.10*)
Dr A V Stokes

Audit Committee

Mr J T Harrison (*Chairman*) (*to 31.8.10*)
Mr J K Heywood (*Chairman*) (*from 1.9.10*)
Mr D J Goodridge (*to 31.8.10*)
MR A P Graham
Mr N F Matthews
Dr L Mitchell
Dr A V Stokes

Remuneration Committee

Mrs J L Connell (*Chairman*)
Mr P L Block (*from 1.9.10*)
The Rt Revd C R J Foster (*to 31.8.10*)
Mr C J Gordon
Mr J T Harrison (*to 31.8.10*)
Mr J K Heywood (*from 1.9.10*)
Mr N F Matthews
Lady Staughton

Finance and General Purposes Committee

The Rt Revd C R J Foster (*Chairman*) (*to 31.8.10*)
Mr C J Gordon (*from 1.9.10*)
Ms Y Batiwala (*from 1.9.10*)
Mr P L Block
Mrs J L Connell
Professor M Elves
Mr D J Goodridge (*from 1.9.10*)
Mr J K Heywood (*to 31.8.10*)
Miss J L McCue
Mr G Morrison
Mr J F H Park
Professor R J T Wilson

Bankers

Barclays Bank Plc, St Albans

Auditors

Grant Thornton UK LLP
Chartered Accountants and Registered Auditors
Milton Keynes

The above committees have a direct responsibility for the financial activities of the University.

Members of the executive team



Professor Tim Wilson
Vice-Chancellor
PhD CCMi FRSA

Tim Wilson was appointed Vice-Chancellor in 2003. He is responsible for the day-to-day running of the University; the delivery of strategic and operational plans; and staff and student discipline.

Tim Wilson is acknowledged for his progressive thinking on university/business collaboration. Under his direction, the University has become the UK's leading business-facing university. He has served on several national working parties in the field of knowledge transfer and intellectual property.

He worked in industry as an analyst before developing a career in academia. He held positions at the now Leeds Metropolitan, Cranfield and de Montfort universities, as well as visiting positions at the École Supérieure de Commerce et d'Administration in Dijon, France, and the Fachhochschule Wirtschaft in Pforzheim, Germany.

After nineteen years at the University, Professor Wilson will retire from his post as Vice-Chancellor at the end of 2010.



Professor Graham Galbraith
Deputy Vice-Chancellor
BSc MSc PhD CEng MCIBSE ILTM

Graham Galbraith was appointed Deputy Vice-Chancellor in 2008. He has responsibility for research; academic planning and staffing; staff development; international and regional partnerships and developments; induction and retention of international students.

Since 2005 he had been Pro Vice-Chancellor at Glasgow Caledonian University. During his twelve years at Glasgow Caledonian he also held the position of Dean of the School of Engineering, Science and Design. He was previously at the University of Strathclyde.

Professor Galbraith is a prolific researcher, particularly active in applied research. He has a leading reputation in the study of condensation in buildings, and has a strong track record in research income generation.

Members of the executive team



Philip Waters
Secretary and Registrar
BSc FRSA

Philip Waters was appointed Secretary and Registrar in 2001. He is responsible for the management and operation of the Board of Governors and the Academic Board; compliance with University policies, regulations and procedures; legal matters of the University and its wholly-owned subsidiaries.

He joined the University in 1989 as Deputy Secretary and Registrar. Previous roles include as an Administrator with the then Greater London Council; senior administrative positions within further and higher education colleges; and Senior Assistant Secretary of Thames Polytechnic (now the University of Greenwich).



Alistair Moffat
Group Finance Director
BA FCMA

Alistair Moffat was appointed Group Finance Director in 2009. He has responsibility for all aspects of financial management within the Group including financial control, statutory reporting, treasury, tax, insurance and commercial financial support for the academic community. His role also incorporates board responsibility for the management of the

Estate, and he attends several of the board committees, also chairing UH Holdings Ltd which oversees the commercial subsidiaries in the Group.

He joined the University from Monarch Airlines where he was Chief Financial Officer. Previous roles in industry include: Finance Director Scotland at First Group Plc; Finance Director at Alstom Signalling Ltd; a number of senior finance positions within British Rail; and Finance Director at Mainline Freight Limited, through the rail privatisation process.

Graduating in Accounting and Finance, he then qualified as an accountant in 1989 and is now a Fellow of the Chartered Institute of Management Accountants.

The above listed members of the executive team have a direct responsibility for the financial activities of the University.

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