

Edge Hill University

Report & Financial Statements
for the year ended 31 July 2010



Notes to the Financial Statements Cont.

23. BURSARY AND HARDSHIP FUNDS CONT.
HEFCE Further Education Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	65	17
Grants	1,118	503
Disbursed to Students	(1,078)	(455)
Balance at 31 July	105	65

Teacher Training Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	390	1,232
Grants	5,410	4,219
Disbursed to students	(5,749)	(5,061)
Balance at 31 July	51	390

Funds provided by the TDA were used only in accordance with the provision of the Education Act 1994 (as amended by the Education Act 2005), the financial memorandum, and all other terms and conditions that the TDA has set.

Early Years Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	(19)	(28)
Grants	156	232
Disbursed to students	(146)	(223)
Unfunded Bursaries written off	9	-
Balance at 31 July	-	(19)

Early Years SAS Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	-	-
Grants	121	-
Disbursed to students	(113)	-
Balance at 31 July	8	-

24. Related Party Transactions

Due to the nature of the Institution's operations and the composition of the Board (Members being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a Member of the Board may have an interest. All transactions involving organisations in which a Member may have an interest are conducted at arm's length and in accordance with the financial regulations of the Board and normal procurement procedures. No transactions were identified which are required to be disclosed under Financial Reporting Standard 8 – Related Party Disclosures.

25. Ultimate Parent Organisation

The Board of Governors regard Edge Hill University as the ultimate parent organisation. Copies of the Group Accounts may be obtained from the Pro Vice-Chancellor (Resources), Edge Hill University, St.Helens Road, Ormskirk, Lancashire L39 4QP.

REPORT & FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2010

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Edge Hill University

Annual Report

Key Performance Indicators

Year ended 31st July	2010	2009	2008	2007	2006
Total Income in £'000	92,576	82,770	71,734	61,643	51,761
Surplus for Re-investment in £'000	10,633	6,273	4,121	3,848	2,359
Cash Generated by Activities in £'000	18,027	11,288	10,420	6,232	8,114(1)
Cash for Investment in £'000	28,596	20,486	14,086	14,461	12,929
Financial Worth of the University in £'000 (1)	65,613	51,303	34,914	45,713	36,349
Applications for University FT UG Programmes (2)	16,013	12,226	11,454	12,041	8,043
Total number of students of the University (3)	25,319	24,340	20,141	18,736	15,870
Percentage of Staff who rate the University as a good or excellent employer (4)	88%	85%	82%	72%	N/A
Employee Turnover	7.3%	10.0%	11.70%	10.23%	18.70%
Levels of University Staff Absence	3.1%	3.62%	3.24%	2.68%	2.70%

Notes

- 1) As re-stated following change in accounting policy for FRS 17
- 2) Based on UCAS statistics. The reduction in 2008 reflects the reduction in applications on the UCAS form from 6 to 5 during the year
- 3) Based on HESA Student Record
- 4) From the University's independently scrutinised Staff Survey

Report of the Board of Governors

This year Edge Hill has been celebrating the 125th anniversary of its opening as the first non-denominational teacher training college for ladies in England. It is therefore gratifying that the year has seen Edge Hill generate record levels of both income and surplus.

Total revenue was £92.6m (2009: £82.77m), an increase of 11.8% and the surplus after pension adjustment under FRS17 was £10.6m (2009: £6.27m), an increase of 69%. The Vice-Chancellor will comment in detail on the financial outcome in his report but as many in the Higher Education sector struggle financially due to the turbulent times which have already been experienced and are imminently expected it is comforting that Edge Hill had the foresight to anticipate the difficulties, and to take appropriate action to minimise their effects. This has been achieved not solely by cutting cost though all expenditure is careful managed, but by continuing to improve the income line. As a result Edge Hill has a very healthy year-end cash balance of £28.596m (2009: £20.486m), an increase of 39.6%.

This, in turn, has enabled Edge Hill to continue to fund its capital building programme. The facilities management building was ready for occupation in July and the additional student residences, since named Graduates Court, were ready for occupation in September 2010. The existing sports and sports therapy building have been expanded with enhanced facilities and this too was ready for use at the commencement of the new term in September 2010. Work has already started on the creation of the "New Student Hub" behind the Main Building which was identified in last year's report.

League tables are a "two edged sword"; if the outcome is positive they are welcomed but if the outcome is disappointing they are criticised. Whatever the sector may feel league tables are here to stay and it is pleasing that Edge Hill has climbed the ladder in *The Times* (up 10), *The Independent* (up 21), *The Guardian* (up 16) and *The Sunday Times* (up 13).

Degree outcomes in 1 and 2(1) awards were at their highest level and importantly Edge Hill was the top university in the North West and the second highest university in the country for the employability of its graduates as measured by the Destination of Leavers survey published in July with 95.3% of its students being in employment or further study within six months of graduating.

During the year Edge Hill underwent QAA Institutional audit and HEFCE Data audit and in both cases the outcomes were excellent and positive. It was rated in the top 20 places to work in the public sector in *The Sunday Times* survey and featured strongly in the National Student Survey which placed Edge Hill second in the North West.

For the second time in four years Edge Hill has been shortlisted for the Times Higher University of the Year award later this year.

Applications for September were at record levels and notwithstanding the increased criteria for entry the only constraint on further student growth has been lack of funding. The Browne Report on University Funding and Student Fees will have been published by the time this report is printed and whatever the contents it along with the outcome of the comprehensive spending review in October 2010 will present major challenges to the sector.

There have been a number of events during the year to celebrate the 125th anniversary starting with Dinner in the Town Hall in Liverpool in January and followed by a series of lectures all with the theme, Shaping Futures, along with an Alumni Reunion weekend and an Alumni Networking session. These have proven to be very successful.

Eight Honorary Awards were made during the year; in December the sole recipient was Mr Stuart Maconie. In July the recipients were Mrs Anne Laing, Mr Robert (Bob) Wilson, Baroness (Shirley) Williams of Crosby, Camila Batmanghelidjh, Dr Mary Bousted, Sir Iain Hall and Mr Kenneth (Ken) Millins. All of the individuals gave stimulating acceptance speeches carrying messages to the graduands that anything and everything is possible if they continue to apply themselves to the task in hand having already proved what they are capable of achieving.

The Governing body commenced an Effectiveness review as required every five years. Fortunately this has coincided with Edge Hill joining a pilot scheme run by the Leadership Foundation for Higher Education and the Committee of University Chairs for "Developing a New Approach to Reviewing Governing Body Effectiveness in Higher Education". Both the review and the pilot are in their early stages at the present time but I expect to be able to share fully the results of both in next year's report.

Report of the Board of Governors (cont)

In anticipation of four governors, including myself, standing down 12 months hence having served our permitted terms, the Board of Governors was strengthened last September by the appointment of Marion Cheesbrough, John Maxwell, David Owen and Christine Wynne as new independent governors. In July, Hilary Anslow was reappointed having had to resign a few years earlier owing to work pressures and Simon Pope was also appointed as an independent governor. Immediately after the November board meeting at which this report and the accompanying accounts will be formally approved Ian Duckett will retire. Ian has served as an independent governor for some 10 years and for over half that time he was Chair of the Human Resources committee. He has also been a long serving member of the Nominations and Remuneration committees and was a director of the various Edge Hill companies. Latterly Ian has been Vice-Chair of the Governing body. I take this opportunity of thanking Ian for his commitment to Edge Hill, his contribution towards taking Edge Hill forward during a critical period in its history and more recently his support to me, as Chair of the Governing body, his presence will be greatly missed.

Although Edge Hill has enjoyed its most successful year to date it is not resting on its laurels and is constantly seeking out new opportunities in all three faculties to continue the pattern of income growth which has been experienced particularly since being awarded Taught Degree Awarding Powers in 2006. Second guessing Government policy has become an "Art Form" but Edge Hill is determined to overcome what may be thrown at or more accurately be withdrawn from the sector and to maintain the highest standards which it has set itself.

This has not been and will not be possible without the total commitment of the entire Edge Hill community ably led by the Vice-Chancellor and I offer them all my sincere thanks for what has been achieved to date and what I know will be achieved in the future.

OFFICERS OF THE UNIVERSITY

UNIVERSITY CHANCELLOR
Professor T. Byron

PRO CHANCELLORS
Mr M. Pinfold
Mr C. Trinick

VICE-CHANCELLOR
Dr J. Cater

PRO VICE-CHANCELLORS
Professor J.W. Bruce
Mr S.J. Igoe
Dr D. Law

Appointed 1st August 2009

UNIVERSITY SECRETARY
Ms L. Munro

GOVERNORS

Those persons who were Governors of the University during the year and up to the date of the signing of the financial statements were as follows:

INDEPENDENT MEMBERS:

Dr M Cheesbrough	(4)	Appointed 14th September 2009
Mr I Duckett	(2) (3) (4) (5)	Appointed Vice Chair from 14th September 2009
Mr D Ensor	(5)	
Mr A Foster	(2) (4)	Re-appointed 22nd March 2010
Mr R Green	(5)	
Lady Holroyde	(1) (3)	Re-appointed 22nd March 2010
Mr M Jones	(2) (5)	Re-appointed 22nd March 2010
Mr B Laverty	(1) (5)	Re-appointed 22nd March 2010
Mr J Maxwell	(5)	Appointed 14th September 2009
Dr B McGucken	(1)	
Mrs A O'Dwyer	(4) (3)	
Mr D Owen	(1)	Appointed 14th September 2009
Mr M Pinfold	(2) (3) (4) (5)	Chair
Mrs C Wynne	(4)	Appointed 14th September 2009
Mrs H Anslow	(1)	Co-opted 22nd March 2010
Mr S Pope	(1)	Co-opted 22nd March 2010

The independent members are also trustees of the University

EX-OFFICIO MEMBER:

Dr J Cater (2)* (3) (4) (5) (Vice-Chancellor)

- (1) Audit Committee Member
- (2) Remuneration Committee Member
- (3) Nominations Committee Member
- (4) Human Resources (previously Personnel) Committee Member
- (5) Finance and Resources Committee Member

(*Except for matters relating to the Pro Vice-Chancellor's and Vice-Chancellor's terms and conditions).

STAFF MEMBERS:

Mr B Johnson – re-elected 9th November 2009
Mr M Stanton – re-elected 9th November 2009

ACADEMIC BOARD MEMBERS:

Mr F Rizzuto
Mr R Smedley

CLERK TO THE GOVERNORS:

Ms L Munro


PROFESSIONAL ADVISORS

The University uses the following professional advisors:

External Auditor - KPMG LLP
Internal Auditor - RSM Tenon
Banker - Barclays Bank PLC
Insurer - Aon Ltd
Solicitor - DLA Piper LLP
- Eversheds LLP

AUDITORS

A resolution to reappoint KPMG LLP as auditors to the Institution will be proposed at the Board of Governors meeting.



Michael Pinfold
Chairman of the Board
8th November 2010

STUDENT BODY MEMBERS:

Mr D Smith – finished 31st March 2010
Mr N Bouchard – finished 30th June 2010 (retiring
Students' Union President)
Mr G Dowling – elected 1st July 2010
Mr D Currall – elected 1st July 2010 (incoming Students'
Union President)

completed term of office 30th November 2009
appointed 22nd March 2010

Re-appointed 12th July 2009

Vice-Chancellor's Financial and Operating Review

The Financial Statements comprise the consolidated results of Edge Hill University and its subsidiaries, Edge Hill Enterprises Limited, Edge Hill LRC Limited, Edge Hill University Science Limited, Edge Hill Property Services Limited, Edge Hill Maintenance Services Limited, Edge Hill Western Campus Developments Limited and Edge Hill Education Limited together "The Group". Edge Hill Enterprises Limited undertakes activities which, for commercial or legal reasons, are more appropriately dealt with through a limited company. These activities include conference activity, Sporting Edge and short courses funded from bodies other than the Higher Education Funding Council for England (HEFCE), the Training and Development Agency for Schools (TDA), and the National Health Service (NHS). Edge Hill Education Ltd is a company set up to manage all Health delivery (excluding research) on behalf of the University. The other companies in the Group are involved in various aspects of property management.

Charitable Status of the University

Edge Hill University is a Higher Education Corporation as defined under the provisions of the Education Reform Act 1988 as amended from time to time. Under these provisions the University is an exempt charity.

Mission, Objectives and Strategy

The University's mission is to provide an innovative, high quality and inclusive learning experience underpinned by a commitment to the advancement, dissemination and application of knowledge. As a learning led University, Edge Hill is dedicated to developing students as skilled autonomous learners in challenging and supportive environments.

The University has six distinct cultural values which lie at the heart of a successful community and provide common ground for all its members:

- Respect and value diversity
- Be distinctive, influential, entrepreneurial and socially responsible
- Expect and celebrate excellence

- Be professional, challenging and supportive
- Act with integrity
- Demonstrate courtesy in its dealings

Key themes that underpin the University's aims and objectives are:

- Reputation – a University built on the solid foundation of excellence in all aspects of our business is the key to attracting students, staff and partners
- Learning Led – supporting learning and acting as a learning organisation
- Sustainability – ensuring financial and academic processes are responsive to opportunities. The University recognises it must achieve long term sustainable growth
- Community – the University sees the establishment of an aspirational and inspirational culture and ethos as key to the development of a sense of community amongst students and staff
- Inclusion – ensuring widening participation and contributing to individual personal and career development is a long standing tradition that has helped distinguish Edge Hill.

The University's six core aims can be described as follows:

- to govern and manage efficiently and effectively in the context of a commitment to growth, sustainability and equality of opportunity
- to enhance and develop a high quality, innovative, accessible and flexible academic portfolio while ensuring the maintenance of standards
- to further develop and disseminate work in research, advanced scholarship and knowledge transfer in support of the enhancement of its academic portfolio, teaching, learning and student support
- to maximise student potential through a distinctive approach to teaching and learning, the enhancement of student learning, skills, knowledge and employability and through student support
- to continue to enhance participation from under-represented groups in higher education
- to enhance its collaboration with regional, national and international partners.

Performance	2010	2009
	£'000	£'000
Income	92,576	82,770
Expenditure	(79,888)	(74,240)
Surplus Pre FRS 17 adjustment and capital write downs	12,688	8,530
Loss on capital write downs / asset disposals	(514)	(23)
	12,174	8,507
Capital reserve release	1,080	443
Historic Cost Surplus Pre FRS 17 adjustment	13,254	8,950
Pensions adjustment under FRS 17	(2,621)	(2,677)
	10,633	6,273

Income

Total income has risen by 11.8% driven to a large extent by increased student numbers. Growth in full time student tuition fee income is 23.7% rising from £18.9m to £23.4m and this is almost entirely volume related. Volume increases have been driven by record numbers of applications to study at Edge Hill as the University continues to successfully deliver against its key strategic objectives.

Growth in HEFCE funding has been acceptable particularly given the challenges facing the sector that have already witnessed cuts in funding as well as increasingly severe limitations placed on student number growth. HEFCE core funding has risen by 1.4% from £18.684m to £18.952m. Specific grants have increased by 9.2% from £5.92m to £6.46m in spite of the successful integration of two major activities related to Lifelong Learning and SOLSTICE following cessation of funding this year. The increase has been achieved due to increased funding related to widening participation and retention activities as well as higher levels of HEFCE research funding.

Aside from tuition fees, a major factor in driving double digit growth in 2009/10 has been the tremendous achievements within our Faculty of Education. The Faculty has secured and successfully delivered against several major contracts with the TDA, the DCSF and CWDC this year. Increased funding in relation to Early Years Professional Services (from £327k to £1.058m) and Every Child Counts (from £795k to £945k) has been augmented by more recent successes related to Special Educational Needs Co-ordinator contracts (£600k), Mathematics and Specialist Teaching (£383k) and our Masters in Teaching and Learning Programme (£360k).

Health activity this year has benefited from securing increased capacity to deliver against its paramedic training programmes as well as the receipt of performance related payments from the SHA. As a result, in spite of significant challenges related to reduced cohort sizes, direct Health Authority funding has reported a 1.7% increase in funding from £12.966m to £13.181m. The degree to which Health have collaborated with other faculties (to deliver HEFCE funded activity) as well as diversifying its funding streams is also pleasing.

Expenditure

Operating expenditure (pre FRS 17) has increased by £5.648m or 7.6% which represents a significant reduction on the increases in expenditure witnessed in recent years.

The major component of operating expenditure, as ever, is staff costs which has risen by 6% (pre FRS 17) compared to the previous year. Given the comparable rise in 2009 was 15.9% the growth in staff costs has clearly significantly reduced. This reduction arises partly because the previous year witnessed a significant increase in wage inflation as a result of the sector honouring its commitments to the third and then final year of the pay agreement reached with unions in 2006. That said whilst salary increases applied in 2009/10 of 0.5% are significantly less than the 5% awarded in the previous year, this does not fully account for the reduced increase in staff costs. Of equal significance is the concerted effort made this year to improve efficiency. New models for delivery have been developed that take account of the increasingly transitory nature of project funding with greater use of collaborative partners and consultants where appropriate which afford the university increased flexibility in terms of cost control. Whilst staff investment in areas of strategic importance has been made, this has been accompanied by divestment from other areas of the organisation. These initiatives are being delivered at institutional, faculty and departmental levels. Investment in improved processes and systems have also reduced the need to increase staffing particularly in key support areas.

Increases in operating expenses are significant, rising by 10.9% from £23.485 to £26.04m. A major factor contributing to this increase relates to increased payments to external organisations who support us in the delivery of key projects. This is particularly prevalent in the Faculty of Education and accounts for the 982k or 56% increase in school based training payments during the year. A further major movement in expenditure this year relates to professional fees, which have increased by £751k or 58%. The major movement here relates predominantly to the significant costs attached to initial feasibility costs incurred as outline plans are developed in relation to the various major capital projects delivered. These include sports development; decentralisation of the main boilerhouse and residential buildings. Increases in professional fees include VAT advice and increased costs of consultancy related to Action on Access activity. Finally increased costs attached to the Student Union demonstrate the University's desire to support the Union in its plans to improve services for the student body.

Offsetting these increases are a number of notable reductions, not least of all in relation to heat, light, water, electricity, waste collection and rates. The £373k or 20% reduction in expenditure highlights the wisdom of fixing wholesale power prices when prices were low. Clearly going forward it will be challenging to secure prices on a similar basis however the University is investing heavily in appropriate technologies with a view to reducing its carbon emission levels wherever possible.

A further area of cost reduction this year has been in relation to publicity and advertising which has fallen by 21% or £215k during the year. The savings made are mainly due to changes in the way staffing vacancies are advertised. Greater use of online advertising has resulted in an improved service to departments as well as a significant reduction in costs.

Finally the cost of office services and supplies have reduced by £309k or 16%. The main areas of saving in this area relate to photocopying and postage following retendering of the former and a detailed review of the latter which led to improved awareness amongst budget holders of the tools available to manage costs more effectively.

Key Performance Indicators

The University measures its performance using a variety of tools. Easily quantifiable lagging measures surrounding financial performance cover surplus generation, finance and liquidity, growth, and capital employed. All such measures have performed strongly with a record surplus and strong cash balances being reported, double digit growth and a strong balance sheet.

Clearly a leading measure of outstanding financial performance is our ability to generate capacity to grow and fully deliver against it. In this respect the University has already secured the capacity to grow in 2010/11 with a further 360 ftes to be allocated to support co-funded provision with employers and a further 45 fully funded student places related to health care and social work under the auspices of the Strategic Development Fund. The University has also been successful in securing additional student numbers under HEFCE's Modernisation Fund. With regard to delivery, demand for places remains buoyant with applications to study up 36%. Reluctantly, we must however, remain mindful of the imposition of over recruitment penalties designed to limit student number growth in the sector.

Short and medium term target setting must always be balanced against long term competitive capability if we are to sustain breakthrough performance. In this regard we have a number of qualitative targets which are mostly informed by survey and audit outcomes as well as published statistics. Perhaps the most gratifying of these this year has been the results of the National Student Survey which placed the University top in the region in terms of student satisfaction.

Equally relevant in terms of long term competitive advantage are the results of our staff survey. In this regard the University achieved its best ever outcome to date with 88% of staff rating the University as a good or excellent employer. The University was also placed amongst the top twenty public sector employers in the country in the Sunday Times Survey.

The likelihood of securing employment after graduation is a major influencing factor for any prospective student considering HE given the present economic climate. In this regard Edge Hill features in the top two universities for graduate employment in the country which clearly places the university in a position of strength.

Mindful of the impact upon the student experience of high quality on-campus residential accommodation and support (and the subsequent favourable impact on retention), the construction of a further 142 residential bedspaces to a high degree of specification is testament to our ongoing investment in this key area of the overall student experience.

Our ability to prevent potential issues from arising and the embedding of risk management processes and review of the effectiveness of such processes throughout all layers of the University is seen as vital.

Audit outcomes across the University nevertheless remain a vital indicator of quality and in this respect our performance has been exemplary with a clean “bill of health” issued in relation to the HEFCE data audit and institutional QAA audit during the year.

Outlook for 2010/11 and future risks

Whilst 2009/10 has been a record year in terms of surplus generation, there are clearly moves afoot that could potentially endanger the stability of the HE sector. The outcomes from the Comprehensive Spending Review and Browne report clearly indicate a significant period of transition and upheaval in the sector. Against such a backdrop, nothing can be discounted and we must remain alive to the possibility of previously unimaginable reductions in government funding. Of perhaps even greater concern is the ideological “blue skies” thinking in Whitehall corridors that could conceivably result in new methods of delivery. Given the recent upheaval announced to Primary Care Trusts (PCTs) with plans to provide health funding directly to GPs it is clear that, going forward, there are no sacred cows.

That said the University enters such unprecedented times well prepared: surplus and cash levels are at record levels, financing is secure, our estate is outstanding and our staff remain motivated to deliver the best possible experience to our students.

We will continue to invest in the future of the University with almost £15m spent on our estates infrastructure in 2009/10 alone and remain committed to our vision of building the university of choice for prospective students and staff.

Treasury Policy, Objectives and Liquidity

Treasury management is the management of the University’s cash flows, its banking and money market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with resources available. In this regard the University has a separate treasury management policy in place.

Year end cash balances of £28.596m have been achieved in spite of significant internal financing attached to capital expenditure associated with residential accommodation, a new Facilities Management and IT building, new sports facilities and the commencement of work to develop a student “hub” in the centre of the campus with cash inflows from operating activities exceeding £16m. Debt levels are £32.224m. Our aim is to ensure gearing levels are maintained within 60% of total reserves (excluding FRS 17) and for annualized debt servicing costs to remain within 4% of revenue. In this regard, as well as all other liquidity measures used to assess performance, we have fully achieved our targets.

Student Collaboration

The benefits of a strong partnership with our students across all aspects of their academic life and student experience are self evident, contributing to our very positive NSS scores, our successful QAA audit, our growing student numbers and enhanced reputation as a university of choice.

Proactive student participation and collaboration is encouraged throughout the student life cycle, from pre-entry engagement in Hi our applicant website, to involvement in our academic management processes, to employment opportunities within the University. To this end, students are actively engaged as ambassadors in all Open and Visit Days, Welcome Sunday, Student Inductions and all major events, giving life and vibrancy to the student experience in its widest sense. Working in partnership with our students like this requires substantial support and training from staff for those involved, however student collaboration in all aspects of University life not only enhances the quality of the student experience, but provides a wealth of opportunities for broader personal development of the individuals concerned.

The University also continues to focus on embedding the student voice in its deliberative and executive processes, actively encouraging the Students’ Union to progress the course representation system and to develop a number of campaigns targeted at improving the quality of the student experience. Campaigns in the last year have focused on assessment turn around time, remuneration of student representatives in the Faculty of Health and campus security. Future Students’ Union campaigns are likely to embrace off campus private registered landlords’ accommodation and enhancements to assessment and feedback. In addition continued support from the Academic Quality Unit has resulted in enhanced student involvement in periodic review and internal audits of varying kinds.

To ensure impartiality and to promote freedom of expression in the University Student Satisfaction Survey, one of our key methods of gathering direct student feedback to inform both quality improvement and quality enhancement activities within the University, it has this year been administered by the Students’ Union. The results will be cascaded through our deliberative structures and feedback given to students on the actions we have taken to bring about any changes or improvements.

On matters of note to all students, the University continues to ensure the systematic provision of information to students in a range of ways. A comprehensive set of Student Regulations is available and incorporated into a Student Handbook, disseminated to all students at registration, available electronically or in hard copy. Joint Student Services / Students’ Union guidelines for students on a range of academic processes have also been produced and essential information is revised and updated through relevant web pages and intranet resources.

Equal Opportunities

The University maintains its commitment to promoting equality of opportunity, endeavouring to eradicate any practices, either witting or unwitting, which promote racism, sexism, or homophobia or which discriminate against people with disabilities or from particular socio-economic backgrounds. We remain committed to widening access to all those with the potential to benefit from higher education.

Health and Safety Management

The University has a detailed Health, Safety and Environment Policy which clearly identifies the roles and responsibilities of all members of the University community with relation to safety and environmental management.

These roles are made explicit within the University’s safety management strategy, *Delivering a Positive Culture*, published in 2009, which has been supported through appropriate communications.

Our strategy outlines five key objectives:

- Senior Management Commitment and Leadership
- Empowering Our Managers
- Simple and Clear Policies and Procedures
- Safety Competent Staff, Safety Conscious Students
- Effective Communication and Consultation

To ensure the engagement and ownership of the strategy amongst all our stakeholders, the policies and associated procedures have been developed through– and ratified by– appropriate consultative forums i.e. Health, Safety & Environment Committee, Board of Governors etc.

The University's safety management system was formally inspected by the Health and Safety Executive in 2009 whose subsequent findings report concluded, "it is clear that the University is committed to excellence in health and safety management and has the means to achieve it".

Sustainable Development: Environmental Management and Carbon Reduction

The University initially participated within the Higher Education Carbon Management (HECM) Programme in 2005.

Through the scheme, the University developed its first Carbon Management Plan (CMP) the principal aim of which was to 'Embed carbon management into sustainable development and business planning at Edge Hill University'.

The CMP recognised that the University was in a period of significant growth and identified the need to assess the impact of the ambitious capital development as part of our Estates Strategy.

The CMP, and its associated strategic implementation plan (SIP), was presented to the University's Directorate and subsequently ratified, recognising its significance in terms of the University's future development.

As part of the University's wider commitment to sustainability within our Strategic Plan, there is an unequivocal commitment to carbon reduction within our medium-term Estates Strategy (2009-13) to ensure this forms an integral part of our immediate and longer-term development.

As part of our regular review of our CMP, the University re-engaged with HECM sponsors, The Carbon Trust, at the beginning of 2010, to assist in a comprehensive assessment of our CMP objectives and evaluate progress against the targets we originally set to ensure we continue to improve our environmental performance.

As part of the Carbon Trust's review, the University is taking the opportunity to re-energise its CMP. Recognising the significance of behavioural change, the University will be focusing upon further enhancing communication with stakeholders through effective engagement with departments and, in particular, with the student body.

Service to Society

Under the provisions of the Educational Reform Act 1988, Edge Hill University is an exempt charity. The governors have had due regard to the Charity Commission's public benefit guidance. Information regarding how the University has delivered their charitable purposes for the public benefit is included below.

Arts and Culture

Supporting the Arts in West Lancashire is a vital strand of Edge Hill activity with over 14,000 people attending one of the many Rose Theatre performances staged each year. The utilisation of theatre and performing arts facilities is also extended to independent and community productions. The Rose Theatre hosts a range of dance, drama and music workshops for young people as well as being extensively used by local amateur dramatic groups.

Sports and Fitness

The economic and social benefits of sports and exercise are well recognised and Edge Hill has a track record of investing in high quality facilities, working hard to open up areas for the whole community. The University's Sporting Edge complex is a major high quality facility which is reflected in Edge Hill's inclusion in the official London 2012 Pre-Training Camp guide for a number of Olympic and Paralympic events.

The facility provides a modern and attractive environment in which to exercise with over 40 stations open to the community seven days a week. It also offers a full programme of fitness classes, swimming lessons for all ages and indoor and outdoor facilities. Its ever expanding programme of activities attracts a growing number of community users with over 160,000 community visits recorded in 2009/10.

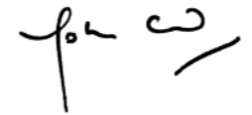
Placing a strong emphasis on young and old alike, the facility is also committed to promoting sports and exercise for disabled people, investing heavily to maintain its Inclusive Fitness Initiative accreditation.

Widening Participation

Edge Hill prides itself on playing a decisive role in widening access to HE. This is illustrated in the significantly higher levels of representation of priority access groups compared to UK averages. Its lead on Action on Access and Aimhigher programmes as well as the Greater Merseyside and West Lancashire Lifelong Learning Network helps support individuals who might not otherwise embark on HE programmes.

Edge Hill liaises closely with local schools delivering tailored packages of activities designed to inspire, raise aspirations and motivate young people as well as delivering courses to adults designed to bridge gaps between existing qualifications and those required to enter HE.

In summary Edge Hill provides an invaluable contribution to the financial, cultural and health related well being of the communities it serves helping to strengthen local ties and serving as an excellent vehicle for engaging with and motivating young and less privileged people.



Dr John Cater
Vice-Chancellor
8th November 2010

Corporate Governance

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the University's Board of Governors. The University is committed to establishing best practice in all aspects of Corporate Governance.

Whilst the University, as an exempt charity, does not fall within the regulation of the London Stock Exchange, the Board of Governors is satisfied that the Institution has complied throughout the period with the relevant provisions set out in Section 1 of the combined Code on Corporate Governance which can be applied to universities and colleges. The University also complies with the guide for members of Governing Bodies of Universities and Colleges in England and Wales, which was issued by the Committee of University Chairs in March 2009.

Summary of the University's Structure of Corporate Governance

The Board of Governors, which is the executive body of the University, comprises independent members, students and employees under the Instrument of Government of the University as approved by the Privy Council in May 2007. Independent members are in the majority. The role of Chair of the Board of Governors is separated from the role of the University's Vice-Chancellor, who is the Chief Executive of the Institution and the Accountable Officer. The Board of Governors holds to itself the responsibilities for the ongoing strategic direction, the educational character and mission, all financial and property matters and staffing policies of the University. Matters specially reserved to the Board of Governors for decision are set out in the University's Financial Regulation; by custom and under the Financial Memorandum with the Higher Education Funding Council for England (which also acts as the sector regulator for The Training and Development Agency for Schools). The Board is in receipt of regular reports from executive officers on the day-to-day operations of its business and its subsidiary companies.

The Board meets formally four times a year and operates a sub-committee structure comprising Finance and Resources, Human Resources, Audit, Nominations and Remunerations. All sub-committees are fully constituted with terms of reference and have independent members in the majority of whom one is the designated Chair. The major sub-committees meet formally three or four times a year reporting to the Board.

The Finance & Resources Committee inter alia recommends to the Board of Governors the annual revenue and capital budgets and monitors the financial performance of Capital Projects.

The Human Resources Committee (previously Personnel) advises the Board on human resource matters relevant to the University's staffing establishment.

The Nominations Committee considers nominations for vacancies in the Board of Governors' membership. This year it has reconvened the Governance Working Party to oversee the five-year effectiveness review, the arrangements for the appointment of a new Chair of the Board and revisions to the Governor's Handbook.

The Remunerations Committee determines the annual remuneration of designated senior staff.

The Audit Committee is responsible for meeting at least four times annually with the External Auditors and Internal Auditors of the University and reviewing their work. The Committee considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. They also receive and consider reports from the Higher Education Funding Council for England as they affect the University's business and monitor adherence with the regulatory requirements. They review the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee. The Chair of the Board is also precluded from membership. The Committee meets with the External and Internal Auditors in private session at the commencement of each meeting.

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 from the staff and students of the University. It is responsible for general issues relating to teaching and learning and research work, for the development of academic activity and for advising on such other matters as the Board and Vice-Chancellor may refer to it.

The University maintains a register of interests, which may be consulted by prior arrangement with the University Secretary.

The Board is served by a Clerk to the Governors who is also the University Secretary and who provides independent advice on matters of governance to all Board members.

Statement Of Internal Control

As the Governing Body of Edge Hill University, we have responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, as stated in the Strategic Plan, 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 Instrument and Articles of Government and the Financial Memorandum with the HEFCE which now includes charity regulation requirements.

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 against material mis-statement or loss.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically.

This process has been in place for the year ended 31 July 2010 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

The Governing Body has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- It meets at regular intervals to consider the plans and strategic direction of the University.
- It receives periodic reports from the Chair of the Audit Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- It has requested the Audit Committee to provide oversight of the University's management of risks.
- The Audit Committee receives regular reports from the head of internal audit, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, together with recommendations for improvement.
- The Chair of Audit is invited to attend facilitated workshops which are held for senior and other managers to identify and keep up to date the record of risks facing the organisation.
- The system of reporting on risk management has

been reviewed by the Director of Strategic Planning and has been agreed by the Board and Audit Committee and the new process has operated during the year. This involves a range of formal reports and an analysis of risk at each meeting.

- At the end of the year the Chair of the Audit Committee formally reports to the full Board on the Committee's activities during the year in accordance with relevant guidance. This report includes an assessment of the effectiveness of the Internal Control System (including risk management) during the year.
- 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 regularly received from budget holders and/or other key members of staff on key risks.

The approach of the Governing Body to risk is to manage the University's exposure to it. The University will seek to recognise risk and mitigate adverse consequences where possible whilst embracing appropriate opportunities. The University recognises that in pursuit of its mission and academic objectives it may choose to accept an increased level of risk. It will do so subject to ensuring that the benefits and risks are fully understood before activities are authorised and that appropriate measures to mitigate risk are established.

The Board's review of the effectiveness of the system of internal control is informed by internal audit, 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 2008. The report of the HEFCE Assurance Service and the HEFCE Data Audit carried out in May 2010 makes clear that HEFCE are able to place reliance on the accountability information provided by Edge Hill University. The internal auditors submit regular reports, which include the head of internal audit's independent opinion on the adequacy and effectiveness of the University's system of internal control, with recommendations for improvement.

The Board's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the University, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Responsibilities of the Board of Governors

In accordance with the Statutes of Edge Hill University (“the University”) the Governing Body of the University, responsible for the administration and management of the affairs of the University, is required to present audited financial statements for each financial year. Working through its Finance and Resources Committee and Audit Committee, the Governing Body is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Institution and enable it to ensure that the financial statements are prepared in accordance with the Instrument and Articles of the Institution, the Statement of Recommended Practice on Accounting in Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England (also acting on behalf of the Training and Development Agency for Schools) and the University, the Governing Body through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus and cash flows for the year.

In causing the financial statements to be prepared, the Governing Body has ensured that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University will continue in operation. The Governing Body is satisfied that the University has adequate resources to continue in operation for the foreseeable future; for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Governing Body has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England and the Training and Development Agency for Schools are used only for the purposes for which they have been given and in accordance with the HEFCE Financial Memorandum and any other conditions which the Funding Councils may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University’s resources and expenditure.

Report of Independent Auditors, KPMG LLP, to the Board of Governors of Edge Hill University

We have audited the group financial statements of Edge Hill University for the year ended 31 July 2010 which comprise the Group Income and Expenditure Account, the Statement of Historical Cost Surpluses and Deficits, the Group Statement of Total Recognised Gains and Losses, the Balance Sheet, 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 Board of Governors, as a body, in accordance with paragraph 10 of the University’s 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 Board of Governors 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 Board of Governors and Auditors

The Governing Body’s responsibilities for preparing the Board of Governor’s Report, the Vice-Chancellor’s report and the group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of responsibilities on page 20.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, have been properly applied only for the purposes for which they were received, and whether in all material respects income has been applied in accordance with the Statutes and where appropriate with the Financial Memorandum with the Higher Education Funding Council for England, dated June 2008 and with the Financial Memorandum with The Training and Development Agency for Schools.

We also report to you if, in our opinion, the Vice-Chancellor’s report is not consistent with the Financial Statements, the University has not kept proper accounting records or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Vice-Chancellor’s Operating and Financial Review (including 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.

Basis of Opinion

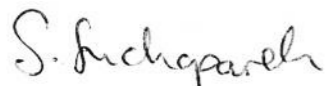
We conducted our audit in accordance with International Auditing Standards (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts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

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

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the affairs of the Group's and the University's affairs as at 31 July 2010, and of the group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England and the Training and Development Agency for Schools, 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; and
- 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 Higher Education Funding Council for England, dated June 2008 and the funding agreement with the Training and Development Agency for Schools.



S Suchoparek
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS
8th November 2010

Statement of Principal Accounting Policies

Principal Accounting Policies

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. A summary of the more important accounting policies, which have been applied consistently, is set out below:

Basis of Accounting

The financial statements have been prepared in accordance with the historic cost convention, modified by the revaluation of certain fixed assets on a depreciated replacement cost basis.

Basis of Consolidation

These consolidated financial statements include the results for the financial year to 31 July 2010 and net assets at 31 July 2010 of the University and the following wholly-owned subsidiary companies of Edge Hill University: Edge Hill Enterprises Limited, Edge Hill LRC Limited, Edge Hill University Science Limited, Edge Hill Property Services Limited, Edge Hill Maintenance Services Limited, Edge Hill Western Campus Developments Limited and Edge Hill Education Limited.

In accordance with FRS 2 the consolidated financial statements do not include the results of Edge Hill University Students' Union, as it is a separate organisation in which the University has no financial interest and over which it has neither control nor significant influence in relation to policy decisions.

Recognition of Income

Income from tuition fees is recognised in the period for which it is received. Income from grants, contract and other services rendered is included to the extent of the completion of the contract or service concerned. Recurrent grants from funding councils are recognised in the period in which they are receivable. 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. All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Foreign Currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains and losses are included in the surplus on ordinary activities.

Investments

Investments in subsidiaries are recorded at cost.

Fixed Assets

Fixed asset land and buildings are included at the revaluation amount as at 31 July 2009. The revaluation was undertaken by King Sturge & Co, an external firm of professional chartered surveyors on a depreciated replacement cost basis.

Expenditure on fixed assets with a useful life of more than one year and with a cost in excess of £1,000 is capitalised. Depreciation for 2009/2010 has been charged to expenditure at rates estimated to write off the cost or valuation of tangible fixed assets by equal annual instalments over their anticipated useful lives, the principal rates being:

	%
Leased land	1
Landscaping	5
Temporary buildings	10
Equipment	
Computer hardware and electrical equipment	33
Computer software	25
Non-electrical education equipment and furniture	10
Motor vehicles	33

Freehold land and assets in the course of construction are not depreciated.

Buildings in use and major refurbishments to them are depreciated over their expected useful economic lives of between 10 and 60 years, and leasehold land over the life of the lease. Where buildings are acquired with the aid of specific grants they are capitalised and depreciated as above.

Leased buildings include the rental valuation for Woodlands, Chorley at ten years' lease at a rental of £104,000 p.a. The use of the Woodlands site was subject to a separate agreement with Lancashire County Council in 1989 giving use of 51% of the Woodlands site in perpetuity to Edge Hill University. This building is not depreciated as Lancashire County Council have a responsibility to maintain this property to a high standard in perpetuity.

Leases

Fixed assets held under finance leases and the related lease obligations are recorded in the Balance Sheet at the fair value of the leased assets at the inception of the lease or any subsequent revaluation. The excess of lease payments over recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of obligations. Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Government Grants

The University receives both recurrent and specific revenue and capital grants from both the Higher Education Funding Council for England (HEFCE) and the Training and Development Agency for Schools (TDA). Recurrent revenue grants are included in the income and expenditure account in the period in which they are receivable. Capital grants received in the year are treated as deferred credits, with appropriate transfers being made to the income and expenditure account over the estimated useful lives of the related assets.

Stocks

Stocks are valued in the balance sheet at the lower of cost and net realisable value.

Maintenance of Premises

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

Pension

The two principal pension schemes for the University's staff are the Teachers Pension Scheme (TPS – formerly the Teachers Superannuation Scheme) for academic staff and the Local Government Pension scheme (LGPS) for those staff not included as academic.

Local Government Pension Scheme

The University operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the group.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

Teachers Pension Scheme

This is an unfunded defined benefit scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Universities Superannuation Scheme

The Institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administrated fund. The institution is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included in cash. Liquid resources comprise assets held as a readily reclaimable store of value.

Access funds

Funding Council grants relating to access funds are available solely for students. The University acts only as payment agent. Grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1998). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the ICTA 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

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

Consolidated Income and Expenditure Account for the Year Ended 31 July 2010

INCOME	NOTE	2010 £'000	2009 £'000
Funding council grants	1	45,538	42,853
Academic fees and support grants	2	23,405	18,906
Research grants and contracts		355	393
Other operating income	3	23,154	20,469
Interest receivable from short-term deposits		124	149
Total Income		92,576	82,770
EXPENDITURE			
Staff costs	4	50,210	47,973
Depreciation	7	2,666	2,725
Other operating expenses	5	26,040	23,485
Interest payable	6	3,593	2,734
Total Expenditure		82,509	76,917
Surplus On Continuing Operations After Depreciation Of Fixed Assets And Before Tax		10,067	5,853
Loss on disposal of assets	7	(514)	(23)
Surplus On Continuing Operations After Depreciation Of Fixed Assets And Disposal Of Assets And Before Tax		9,553	5,830
Statement of Historical Cost Surpluses and Deficits For the Year Ended 31 July 2010			
Surplus on ordinary activities after taxation		9,553	5,830
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	16	1,080	443
Historical Cost Surplus After Taxation		10,633	6,273

The consolidated income and expenditure of the Institution and its subsidiaries relate wholly to continuing operations.

The notes on pages 31 to 52 form an integral part of these financial statements.

Statement of Consolidated Total Recognised Gains and Losses for the Year Ended 31 July 2010

	NOTE	2009 £'000	2008 £'000
Surplus for the year on continuing operations after depreciation of assets at valuation and disposal of assets		9,553	5,830
Charge made to revaluation reserve*		(640)	-
Gain on revaluation of assets		-	7,685
Actuarial loss in respect of pension scheme	14	(3,134)	713
Past Service cost gain of pension scheme liabilities**	14	5,712	
Total recognised gains/(losses) relating to the period		11,491	14,228
RECONCILIATION			
Opening reserves		37,427	23,199
Total recognised (losses)/gains for the year		11,491	14,228
Closing Reserves		48,918	37,427

*These charges arise partly as a result of additional expenditure of £365k incurred on buildings. The remaining £275k relates to the payment of input tax on a building constructed by Edge Hill Education Ltd. Resolution of these matters was not reached until after the revaluation of all buildings under the depreciated replacement cost method as at 31st July 2009.

**In its June 2010 budget the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the LGPS scheme rules and associated members' literature and has concluded that this change is as a result of a revised actuarial assumption about the level of inflation indexation that should be made, and as such the resulting gain should be recognised through the statement of Total Recognised Gains and Losses. At the date of these financial statements, the Urgent Issues Task Force is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Balance Sheets as at 31 July 2010

FIXED ASSETS	NOTE	GROUP		PARENT	
		2010 £'000	2009 £'000	2010 £'000	2009 £'000
Tangible assets	7	112,225	99,684	99,928	87,077
Investment in subsidiaries	8	-	-	18,517	18,517
Other investments		4	4	4	4
		112,229	99,688	118,449	105,598
CURRENT ASSETS					
Stock and stores in hand		46	34	46	34
Debtors	9	4,071	3,443	10,160	10,373
Short term deposits		11,000	7,725	10,000	7,725
Cash at bank and in hand		17,596	12,761	9,684	3,779
		32,713	23,963	29,890	21,911
Creditors: Amounts falling due within one-year	10	(16,606)	(14,337)	(21,272)	(20,075)
NET CURRENT ASSETS		16,107	9,626	8,618	1,836
TOTAL ASSETS LESS CURRENT LIABILITIES		128,336	109,314	127,067	107,434
Creditors: Amounts falling due in more than one year	11	(30,979)	(26,224)	(35,385)	(30,444)
Provisions for liabilities and charges	13	(1,644)	(1,730)	(1,644)	(1,730)
NET ASSETS excluding pension liability		95,713	81,360	90,038	75,260
Pension liability		(30,100)	(30,057)	(30,100)	(30,057)
NET ASSETS including pension liability		65,613	51,303	59,938	45,203
Deferred capital grants	15	16,695	13,876	12,013	9,196
Reserves					
Revaluation reserve	16	22,843	24,563	22,606	23,768
Income & expenditure account excluding pension liability		56,175	42,921	55,419	42,296
Pension Reserve		(30,100)	(30,057)	(30,100)	(30,057)
Income & expenditure account including pension liability		26,075	12,864	25,319	12,239
TOTAL FUNDS		65,613	51,303	59,938	45,203

The financial statements on pages 23 to 52 were approved by the Board of Governors on 8th November 2010 and were signed on its behalf by:

Michael Pinfold - Chairman, Board of Governors
Dr John Cater – Vice-Chancellor



Consolidated Cash Flow Statement for the Year Ended 31 July 2010

	NOTE	2010 £'000	2009 £'000
Net cash inflow from operating activities	18	18,027	11,288
Returns on investments and servicing finance	19	(1,631)	(1,246)
Capital expenditure and financial investment	20	(13,055)	(8,428)
Cash inflow/(outflow) before use of liquid resources and financing		3,341	1,614
Management of liquid resources – short term deposits		(3,275)	(1,096)
Financing	21	4,769	4,786
(Decrease)/Increase in cash		4,835	5,304

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	NOTE	2010 £'000	2009 £'000
Increase in cash in period		4,835	5,304
Increase in short term deposits		3,275	1,096
Repayment of debt		1,231	1,214
Debt acquired		(6,000)	(6,000)
Change in net funds		3,341	1,614
Net funds at 1 August	22	(6,969)	(8,583)
Net funds at 31 July	22	(3,628)	(6,969)

Notes to the Financial Statements

1. FUNDING COUNCIL GRANTS	NOTE	2010 £'000	2009 £'000
Recurrent Grant: HEFCE		18,952	18,684
TDA		17,010	17,015
Specific Grants:			
HEFCE Specific			
Improving retention		4,481	3,632
HEFCE research		407	47
Special Initiatives		1,572	2,238
TDA Other		2,755	939
Deferred capital grants released in year:			
Buildings	15	355	272
Equipment	15	6	26
		45,538	42,853

2. ACADEMIC FEES AND SUPPORT GRANTS	2010 £'000	2009 £'000
Full-time students	21,578	17,148
Full-time students charged overseas fees	512	523
Part-time fees	923	1,047
Short course fees	392	188
	23,405	18,906

3. OTHER OPERATING INCOME	2010 £'000	2009 £'000
Health authorities	13,181	12,966
Residences, catering and conferences	3,536	2,813
Other	6,311	4,610
Deferred capital grants released in year:		
Buildings	15	38
Equipment	15	88
	23,154	20,469

Notes to the Financial Statements Cont.

4. STAFF COSTS	2010 £'000	2009 £'000
Wages and salaries	41,422	38,981
Social security costs	3,224	3,030
Pension costs	4,789	4,618
	49,435	46,629
FRS 17 adjustment:		
Service cost	3,170	3,697
Past service costs/curtailment/settlement gain	23	22
Employer contributions	(2,418)	(2,375)
	50,210	47,973

Staff Costs By Activity	2010 £'000	2009 £'000
Academic departments	32,459	30,434
Academic Support Services	3,201	3,213
Other Support Services	4,153	4,238
Administration and Central Services	5,011	4,626
Premises	2,326	2,159
Income Generating Activities	973	803
Catering and Residence	1,312	1,156
	49,435	46,629

Average Full-Time Equivalent staff numbers by function	2010 Number	2009 Number
Academic departments	608	595
Academic support services	97	98
Other support services	108	112
Administrative and central services	123	119
Premises	80	80
Income generating activities	24	22
Catering and residence	55	51
	1,095	1,077

Notes to the Financial Statements Cont.

SENIOR EMPLOYEES REMUNERATION

	Vice-Chancellor	Pro Vice-Chancellor (Resources)	Pro Vice-Chancellor (Academic)	Pro Vice-Chancellor (Students & External)	University Secretary
Year to 31st July 2010	£'000	£'000	£'000	£'000	£'000
Gross Pay	216	145	138	133	93
Benefits in kind	3	3	1	-	-
	219	148	139	133	93
Employers Pension Contributions (at standard terms)	29	19	22	21	11
Gross Remuneration	248	167	161	154	104
Year to 31st July 2009					
Gross Pay	202	140	141	128	81
Benefits in kind	3	3	2	-	-
	205	143	143	128	81
Employers Pension Contributions (at standard terms)	27	17	18	18	11
Gross Remuneration	232	160	161	146	92

Note. The remuneration of the PVC (Academic) has reduced compared to the previous year due to a change in staff member.

Remuneration for Higher paid staff (including the Vice-Chancellor), was in the following ranges:

	2010 Number	2009 Number
£90,000 - £95,000	-	1
£100,000 - £109,999	1	-
£140,000 - £149,999	-	1
£150,000 - £159,999	1	-
£160,000 - £169,999	2	2
£230,000 - £239,999	-	1
£240,000 - £249,999	1	-

Pension contributions are included in the remuneration disclosed in this banding table. Members of the Board of Governors do not receive any fees or remuneration for their services. In their capacity as trustees of the University total expenses paid to or on behalf of 16 Independent members of the Board of Governors was £1310. No expenses were paid in the previous year. These expenses represent travel and subsistence incurred in attending governors' and committee meetings and courses and conferences in their official capacity.

Notes to the Financial Statements Cont.

5. OTHER OPERATING EXPENSES

	2010 £'000	2009 £'000
Residence, catering and conferences operating expenses	1,462	1,401
Books and periodicals	880	841
Heat, light, water, electricity, waste collection and rates	1,458	1,831
Maintenance materials	1,382	1,147
Validation costs	4	208
Office services and supplies	1,575	1,884
Consumables and supplies	979	871
Publicity and advertising	823	1,038
Staff training and development	496	651
Bursaries	3,240	3,016
School practice and educational visits	963	745
School based training payments	2,737	1,755
Temporary staff	1,127	992
Staff travel and subsistence	764	773
Grants to Students' Union	400	240
Professional fees	2,052	1,301
Auditors' remuneration - external audit	42	41
Auditors' remuneration - internal audit	21	21
Auditors' remuneration in respect of non-audit services	236	128
Other operating expenses	5,226	4,562
	26,040	23,485

The external audit remuneration includes £35,572 (2009: £34,850) in respect of the audit of Edge Hill University itself. Auditors' remuneration for non-audit services principally comprises fees in respect of Tax services £14,850 (2009: £18,777) and Education advisory £221,342 (2009: £108,792).

6. INTEREST PAYABLE

	2010 £'000	2009 £'000
On bank loans: Repayable wholly or partly in more than 5 years	1,670	1,398
	1,670	1,398
Other interest	77	3
	1,747	1,401
FRS 17 Charge consisting of:		
Expected return on pension scheme assets	(3,002)	(3,203)
Interest on pension scheme liabilities	4,848	4,536
	3,593	2,734

Notes to the Financial Statements Cont.

7. FIXED ASSETS	GROUP						Total £'000
	Buildings Under Construction £'000	Land and Buildings £'000	Long Term Leased Land and Buildings £'000	Equipment £'000	Leased Equipment £'000	Vehicles £'000	
Cost or valuation							
At 1 August 2009	4,174	73,132	8,168	8,049	13	86	93,622
Additions	14,219	668	-	747	-	-	15,634
Disposals	-	(527)	-	(138)	-	-	(665)
Inter category transfers	(12,994)	13,533	(539)	-	-	-	-
At 31 July 2010	5,399	86,806	7,629	8,658	13	86	108,591
Depreciation							
At 1 August 2009	-	-	-	6,751	13	82	6,846
Charge for the year	-	1,669	-	993	-	4	2,666
Disposals	-	(17)	-	(138)	-	-	(155)
At 31 July 2010-	-	1,652	-	7,606	13	86	9,357
Net book value							
At 31 July 2010	5,399	103,785	1,040	2,001	-	-	112,225
At 31 July 2009	4,174	92,302	1,040	2,164	-	4	99,684
Inherited	-	12,238	1,040	-	-	-	13,278
Financed by capital grant	-	16,559	-	136	-	-	16,695
Other	5,399	74,988	-	1,865	-	-	82,252
Net book value							
at 31 July 2010	5,399	103,785	1,040	2,001	-	-	112,225

Notes to the Financial Statements Cont.

	PARENT						Total £'000
	Buildings Under Construction £'000	Land and Buildings £'000	Long Term Leased Land and Buildings £'000	Equipment £'000	Leased Equipment £'000	Vehicles £'000	
Cost or valuation							
At 1 August 2009	4,174	73,132	8,168	8,049	13	86	93,622
Additions	14,219	668	-	747	-	-	15,634
Disposals	-	(527)	-	(138)	-	-	(665)
Inter category transfers	(12,994)	13,533	(539)	-	-	-	-
At 31 July 2010	5,399	86,806	7,629	8,658	13	86	108,591
Depreciation							
At 1 August 2009	-	-	-	6,450	13	82	6,545
Charge for the year	-	1,377	118	773	-	4	2,272
Disposals	-	(17)	-	(137)	-	-	(154)
At 31 July 2010	-	1,360	118	7,086	13	86	8,663
Net book value							
At 31 July 2010	5,399	85,446	7,511	1,572	-	-	99,928
At 31 July 2009	4,174	73,132	8,168	1,599	-	4	87,077
Inherited	-	12,238	1,040	-	-	-	13,278
Financed by capital grant	-	9,459	2,527	27	-	-	12,013
Other	5,399	63,749	3,944	1,545	-	-	74,637
Net book value							
at 31 July 2010	5,399	85,446	7,511	1,572	-	-	99,928

Notes to the Financial Statements Cont.

8. INVESTMENTS IN SUBSIDIARIES	PARENT	
	2009 £'000	2008 £'000
Investment in Edge Hill Enterprises Limited	1	1
Investment in Edge Hill LRC Limited	1,486	1,486
Investment in Edge Hill University Science Limited	4,892	4,892
Investment in Edge Hill Property Services Limited	7,138	7,138
Investment in Edge Hill Maintenance Services Limited	-	-
Investment in Edge Hill Western Campus Developments Limited	4,000	4,000
Investment in Edge Hill Education Limited	1,000	1,000
	18,517	18,517

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Enterprises Limited (£1,000). The principal activities of the company are the promotion of Edge Hill University and the generation of profits which are covenanted to the University.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill LRC Limited (£1,486,000). The subsidiary is at present non-trading.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill University Science Limited (£4,892,000). The principal activities of this company relate to property management.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Property Services Limited (£7,138,000). The principal activities of this company relate to the management and maintenance of the property portfolio owned by Edge Hill University.

Edge Hill Maintenance Services Limited is a company limited by guarantee. The principal activities of the company are to maintain and repair the majority of premises owned by Edge Hill University.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Western Campus Developments Limited (£4,000,000). The principal activities of this company relate to property developments.

The University owns 100% of the issued share capital of its subsidiary company Edge Hill Education Limited (£1,000,000). The principal activity of the company is nurse training. All subsidiary companies are registered in England and operating in the U.K.

Notes to the Financial Statements Cont.

9. DEBTORS	GROUP		PARENT	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Debtors due within one year:				
VAT recoverable	201	155	201	-
Payments in advance	1,124	814	1,074	792
Other debtors	2,581	2,297	2,348	1,778
Tax recoverable	18	18	18	18
Other amounts owed by subsidiary undertakings	-	-	3,124	4,389
Debtors due after more than one year:				
Loan to subsidiary undertaking	-	-	3,248	3,237
Other	147	159	147	159
	4,071	3,443	10,160	10,373

10. CREDITORS: Amounts falling due within one year	GROUP		PARENT	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Bank loans	1,245	1,231	1,045	1,031
VAT payable	618	1,692	-	1,687
Receipts in advance	3,425	1,995	3,425	1,995
Creditors	3,842	3,544	2,524	2,410
Corporation tax/Income tax	2	2	-	-
Social Security and other taxation payable	1,675	1,630	1,675	1,624
Accruals	5,799	4,243	5,484	3,911
Amounts owed to subsidiary undertaking	-	-	7,119	7,417
	16,606	14,337	21,272	20,075

11. CREDITORS: Amounts falling due after more than one year	GROUP		PARENT	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
Unsecured loans repayable between 1999 & 2020				
Bank loans (see note 12a)	30,979	26,224	26,779	21,824
Obligations under finance leases (see note 12b)	-	-	3,466	3,466
Amounts owed to subsidiary undertakings	-	-	5,140	5,154
	30,979	26,224	35,385	30,444

Notes to the Financial Statements Cont.

12. BORROWINGS

(a) Bank Loans and Overdrafts

Bank loans and overdrafts are repayable as follows:

	GROUP		PARENT	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
In one year or less	1,245	1,231	1,045	1,031
Between one and two years	1,245	1,245	1,045	1,045
Between two and five years	5,036	4,095	4,436	3,495
In five years or more	24,698	20,884	21,298	17,284
	32,224	27,455	27,824	22,855

£1,276k of the above balance was used to finance the construction of Forest Court Residences. The loan was fixed on 13th December 2007 at an interest rate of 5.29% repayable in equal instalments in March, June, September and December in each year until 14th June 2019.

A review of the relative mix of fixed to variable interest rate debt was also undertaken at this time, which led to the conversion of £3m of then variable rate debt to a fixed rate of 5.2% payable in equal instalments in March, June, September and December each year until December 2025. The current balance outstanding in relation to this debt is £2.325m.

£2,612k of the above balance relates to what was originally part of a development loan facility converted to a treasury term loan of 18 years in May 2003 with the first 10 years fixed at a rate of 5.4225% repayable in equal instalments in May, August, November and February.

£4,400k of the balance relates to a development loan facility. The loan is currently at a rate of 5.5071% with capital repayable in equal instalments of £50,000 in September, December, March and June until 2032.

£7,040k of the balance relates to a development loan facility. The loan is currently at a rate of 5.7868% with capital repayable in equal instalments of £80,000 in August, November, February and May until 2032.

£12,000k of the above balance represents the first 2 of 5 annual loan draw downs from a £30m development loan facility. The loans are at a rate of 5.23% and were drawn on 1st December 2008 and 1st December 2009. They will remain interest only until the full £30m has been drawn. On 1st December 2012, the loan will revert to a 25 year term loan repayable in December 2037.

£2,571k of the above balance was originally drawn as part of a development loan facility. £824k was fixed at 5.6775% until March 2009 and £1,923k was fixed at 6.2% until October 2009. In October 2009 both loans will be consolidated into a single amount at a rate of 5.3% and repayable in equal instalments in March, June, September and December. This loan will be fully repaid in January 2024.

(b) Finance Leases

The net finance leases obligations to which the institution is committed are:

	GROUP		PARENT	
	2010 £'000	2009 £'000	2010 £'000	2009 £'000
In one year or less	-	-	-	-
Between two and five years	-	-	-	-
In five years or more	-	-	3,466	3,466
	-	-	3,466	3,466

Notes to the Financial Statements Cont.

13. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND PARENT

	Pension £'000
At 1 August 2009	1,730
Utilised in year	(124)
Transfer from Income and Expenditure Account	77
Release of provision	(39)
At 31 July 2010	1,644

14. PENSION**Local Government Pension Scheme (LGPS)**

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

LGPS is a funded defined benefit scheme with assets held in separate trustee administered funds. The actuary of the scheme has identified the institutions share of its assets and liabilities as at 31 July 2010 at 1.48%. The employer contribution rate payable is 13.5%. Employee contribution rates vary according to salary level bandings.

The latest full actuarial valuation was carried out as at 31st March 2007. The major assumptions used in this valuation were:

Actuarial Method	Projected Unit
Rate of Discount	6.5% per annum
Pension increases per annum	2.75% per annum
Pensionable pay increases per annum	4.5% per annum
Market value of assets at date of last valuation	£3,689 million

Proportion of members' accrued benefits covered by the actuarial value of the assets is 84%.

The full actuarial valuation was updated for FRS17 purposes to 31st July 2010 by a qualified independent actuary as follows:

	2010	2009	2008
Inflation assumption CPI	2.8%	3.2%	-
Inflation assumption RPI	3.3%	3.7%	3.8%
Rate of increase in salaries	5.05%	5.45%	5.55%
Rate of increase in pensions	2.8%	3.7%	3.8%
Discount rate applied to scheme liabilities	5.5%	6.3%	5.9%

Notes to the Financial Statements Cont.

14. PENSION Cont.

Local Government Pension Scheme (LGPS) Cont.

Assumed life expectation on retirement age 65 are:	At 31 July 2010	At 31 July 2009
Retiring today		
Males	21.2	21.1
Females	24.1	24.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.0	25.0

The assumptions used by the actuary are best estimates chosen from a range of possible actuarial assumptions, which due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets and their long term expected rate of return is:

	2009	2008	2007			
Long-term rate of return expected	Value £'000	Long-term rate of return expected	Value £'000			
Equities	7.5%	2,220,000	7.5%	1,961,820	7.5%	2,255,752
Government Bonds	4.2%	296,000	4.5%	217,980	4.8%	241,296
Other Bonds	5.1%	555,000	5.8%	435,960	5.9%	552,056
Property	6.5%	296,000	6.5%	186,840	6.5%	219,360
Cash/Liquidity	0.5%	111,000	0.5%	124,560	5.0%	153,552
Other	7.5%	222,000	7.5%	186,840	7.5%	233,984
	3,700,000		3,114,000		3,656,000	

The scheme's assets are not intended to be realised in the short term and maybe subject to significant change before they are realised. The following amounts at 31 July 2010 were measured in accordance with the requirements of FRS 17.

	2010 £'000	2009 £'000	2008 £'000
University's estimated asset share	54,805	45,319	46,691
Present value of scheme liabilities	(84,905)	(75,376)	(74,784)
Deficit in the scheme	(30,100)	(30,057)	(28,093)

Notes to the Financial Statements Cont.

14. PENSION Cont.

Local Government Pension Scheme (LGPS) Cont.

ASSET AND LIABILITY RECONCILIATION	2010 £'000	2009 £'000
Reconciliation of Liabilities		
Liabilities at start of period	75,376	74,784
Service cost	3,170	3,697
Interest cost	4,848	4,536
Employee contributions	1,202	1,170
Experience gains and losses on scheme liabilities	7,204	(8,171)
Actuarial (gain)/loss		
Benefits paid	(1,206)	(662)
Past service cost	(5,712)	0
Curtailments and settlements	23	22
Liabilities at end of period	84,905	75,376
Reconciliation of Assets		
Assets at start of period	45,319	46,691
Expected return on assets	3,002	3,203
Actuarial (gain)/loss	4,070	(7,458)
Employer contributions	2,418	2,375
Employee contributions	1,202	1,170
Benefits paid	(1,206)	(662)
Assets at end of period	54,805	45,319

Notes to the Financial Statements Cont.

14. PENSION Cont.**Local Government Pension Scheme (LGPS) Cont.**

Analysis of the amount charged to income and expenditure account	2010 £'000	2009 £'000
Employer service cost net of employee contributions	(3,170)	(3,697)
Past service cost	(23)	0
Employer contributions	2,41	2,375
Total operating charge	(775)	(1,322)
Analysis of pension finance costs	2010 £'000	2009 £'000
Expected return on pension scheme assets	3,203	3,203
Interest on pension liabilities	(4,848)	(4,536)
Net return	(1,846)	(1,333)
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	4,070	(7,458)
Experience gains and losses arising on the scheme liabilities	-	-
Change in financial and demographic assumptions underlying the scheme liabilities	(1,492)	8,171
Actuarial gain/(loss) recognised in STRGL	2,578	713
Movement in deficit during year	2010 £'000	2009 £'000
Deficit in scheme at 1 August	(30,057)	(28,093)
Movement in year:		
Current service charge	(3,170)	(3,697)
Contributions	2,418	2,375
Past service cost/curtailments	(23)	(22)
Net interest/return on assets	(1,846)	(1,333)
Actuarial gain	2,578	713
Deficit in scheme at 31 July	(30,100)	(30,057)

Notes to the Financial Statements Cont.

14. PENSION Cont.**Local Government Pension Scheme (LGPS) Cont.**

History of experience gains and losses	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Difference between the expected & actual return on assets amount	4,070	(7,458)	(6,214)	1,086	1,907
% of scheme assets	7.4%	16.4%	13.3%	2.3%	4.6%
Experienced gains and losses on scheme liabilities:	2010 £'000	2009 £'000	2008 £'000	2007 £'000	2006 £'000
Amount	(1,492)	0	(1,001)	0	(1,555)
% of scheme liabilities	1.7%	0%	(1.3%)	0%	2.9%
Total amount recognised in STRGL	2,578	713	(14,423)	1,744	(1,697)
Amount					
% of scheme liabilities	3.0%	0.9%	19.4%	2.9%	(3.2%)

Teachers Superannuation Scheme

The Teachers Superannuation Scheme is an unfunded defined benefit scheme for academic staff. Contributions on a pay as you go basis are made by the Institution and its employees.

The Teachers Superannuation Scheme is valued every five years in accordance with the advice of the government actuary. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

Latest actuarial valuation	31 March 2007
Actuarial method	Prospective Benefits
Real rate of return in excess of prices	3.5% per annum
Real earnings growth rate*	1.5% per annum
Long term gross rate of return	6.5% per annum
Market value of assets at date of last valuation	£163.24 million

*In addition to increases arising from salary progression, promotion etc

Proportion of present value of accrued liabilities covered by the market value of assets is 98%. Following the implementation of Teachers Pensions (Employers Supplementary Contributions) Regulations 2000 the government actuary carried out a further review on the level of employers contributions. From 01/01/2007 the employer contribution is 14.1%.

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

Notes to the Financial Statements Cont.

Universities Superannuation Scheme

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. USS has over 130,000 active members and the University has 5 active members participating in the scheme.

Because of the mutual nature of the scheme, the University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The latest actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions.

At the valuation date, the value of the assets of the scheme was £28,842.6 million and the value of the scheme's technical provisions was £28,135.3 million indicating a surplus of £707.3 million. The assets therefore were sufficient to cover 103% of the benefits which had accrued to members allowing for expected future increases in earnings.

The University contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, agreed to increase the University contribution to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fall and at 31 March 2009 the actuary has estimated that the funding level under the new scheme specific funding regime had fallen from 103% to 74%. By comparison the 12 months from April 2009 to March 2010 has shown an improvement in the funding level from 74% to 91% as at 31 March 2010. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over the year and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions).

On the FRS 17 basis, using an AA bond discount rate of 5.6% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2010 was 80%. An estimate of the funding level measured on a buy-out basis at that date was approximately 57%.

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

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The next formal triennial actuarial valuation is due as at 31 March 2011. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

Notes to the Financial Statements Cont.

15. DEFERRED CAPITAL GRANTS	GROUP			PARENT		
	Funding Council £'000	Other Grants £'000	Total £'000	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2009						
Buildings	12,183	1,463	13,64	7,70	1,463	9,163
Equipment	33	197	230	33	-	33
Total	12,216	1,660	13,876	7,733	1,463	9,196
Grants received						
Buildings	3,306	-	3,306	3,113	-	3,113
Equipment	-	-	-	-	-	-
Total	3,306		3,306	3,113	-	3,113
Released to Income and Expenditure						
Buildings	355	38	393	252	8	290
Equipment	6	88	94	6	-	6
Total	361	126	487	258	38	296
At 31 July 2010						
Buildings	15,134	1,425	16,559	10,561	1,425	11,986
Equipment	27	109	136	27	-	27
Total	15,161	1,534	16,695	10,588	1,425	12,013

16. REVALUATION RESERVE	GROUP £'000	PARENT £'000
At 1 August 2009	24,563	23,768
Transfer from revaluation reserve to income and expenditure account	(1,080)	(1,076)
Charged to Revaluation Reserve	(640)	(86)
At 31 July 2010	22,843	22,606

17. CAPITAL COMMITMENTS	GROUP 2010 £'000	PARENT 2009 £'000
Contracted at 31 July	6,779	5,610
Authorised but not contracted at 31 July	375	6,553

Notes to the Financial Statements Cont.

18. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES	2010 £'000	2009 £'000
Surplus before tax	5,830	3,222
Surplus before tax	9,553	5,830
Depreciation (note 7)	2,666	2,725
Loss on Disposal of Fixed Assets	514	23
Deferred Capital Grants Released to Income (note 15)	(487)	(378)
Interest Receivable	(124)	(149)
Interest Payable	3,593	2,734
(Increase)/Decrease in Stocks	(12)	1
Increase in Debtors	(597)	(719)
Increase/(Decrease) in Creditors	2,232	(89)
Decrease in Provisions	(86)	(34)
Pension cost less Contributions payable	775	1,344
Net Cash Inflow from Operating Activities	18,027	11,288

19. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2010 £'000	2009 £'000
Income from Short Term Investments	93	151
Interest paid	(1,724)	(1,397)
Net Cash Outflow from returns on investments and Servicing of Financing	(1,631)	(1,246)

20. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	2010 £'000	2009 £'000
Tangible Assets Acquired	(15,721)	(10,974)
Deferred Capital Grants Received (note 15)	3,306	2,541
Disposal proceeds of tangible fixed assets	-	5
Items paid charged to Revaluation Reserve	(640)	-
Net cash outflow from investing activities	(13,055)	(8,428)

Notes to the Financial Statements Cont.

21. ANALYSIS OF CHANGES IN CONSOLIDATED FINANCING DURING THE YEAR	Bank Loans £'000
Balance at 1 August 2008	22,669
Capital repayments	(1,214)
Capital Acquired	6,000
Net amount acquired in year	(4,786)
Balance at 31 July 2009	27,455
Capital repayments	(1,231)
Capital Acquired	6,000
Net amount acquired in year	4,769
Balance at 31 July 2010	32,224

22. ANALYSIS OF CHANGES IN NET FUNDS	Cash at Bank & in hand £'000	Short term Deposits £'000	Debt £'000	Total £'000
As at 1 August 2009	12,761	7,725	(27,455)	(6,969)
Cash	4,835	3,275	(4,769)	3,341
As at 31 July 2010	17,596	11,000	(32,224)	(3,628)

Notes to the Financial Statements Cont.

23. BURSARY AND HARDSHIP FUNDS**Access Funds**

	2010	2009
	£'000	£'000
Balance at 1 August	56	8
Funding Council Grants	481	533
Interest earned	-	2
	537	543
Admin fee	(14)	(16)
Disbursed to Students	(481)	(471)
Balance at 31 July	42	56

Foundation Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	167	167
Grants	-	-
Disbursed to students	-	-
Balance at 31 July	167	167

Health Hardship Fund

	2010	2009
	£'000	£'000
Balance at 1 August	-	1
Grants	-	-
Disbursed to students	-	(1)
Balance at 31 July	-	-

Secondary Shortage Subject Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	16	27
Grants	(16)	23
Disbursed to students	-	(34)
Balance at 31 July	-	16

SAS Bursaries

	2010	2009
	£'000	£'000
Balance at 1 August	234	314
Grants	120	162
Disbursed to Students	(136)	(242)
Balance at 31 July	218	234

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