



ANNUAL REPORT

2015/16

Student Successes to Celebrate

This has been another fantastic year for our students with widespread success across a range of subject areas:

Stephanie Kiewel completed a three-year degree in film and television production and was named runner up in the Motion Arts & Theatre Design section of the New Designer of the Year competition.

Mental health nursing student, *Laura Collins*, successfully launched a new teaching session for nurses to help reduce the number of suicides and was later named a Point of Light by Prime Minister David Cameron.

A talented group of performing arts students achieved a notable early success in the acting and drama world. A play which was written, directed, produced and performed by members of the group, was selected for the prestigious National Student Drama Festival (NSDF), held each year in Scarborough. The play is one of only 12 productions selected from over a hundred national entries.

The university theatre group was made up of six students studying for a degree in performing arts. *Amie Petricca-Lear* (21) wrote the play, entitled *Dahmer*, and co-directed it with fellow student *Thomas Newall* (23). Together they established their theatre group *HeadsUp Productions*, enrolling four other students to perform roles in the play.



Centred - Stephanie Kiewel



Laura Collins - BSc (Hons) Mental Health Nursing



HeadsUp Production Group

Three of our students were shortlisted in the prestigious Student Nursing Times Awards, from a record-breaking list of over 450 entries. Kerry Cooper, (39), was one of the finalists for Student Midwife of the Year while Holly Phillips (27) and Heather Maw (43) were shortlisted from 'unprecedented numbers' of entries in the Learning Disabilities Student Nurse of the Year category.

A third year student studying an illustration degree course was runner-up in the prestigious Book Illustration Competition 2016, for producing original illustrations for a new edition of Michael Morpurgo's famous book *War Horse*. Catt Fearnley, originally from Farnborough, was long-listed and then shortlisted from nearly 400 entries from both students and professional illustrators. Entries were received from 27 countries including the US, Brazil, Taiwan, Kazakhstan and Ukraine.

Our graduates have also continued to achieve year-on-year success at the Royal Television Society Awards for the North East and Border, and this year was no exception. Stephanie Kiewel and Finn H. Drude, who graduated with degrees in film and television production, scooped the RTS Regional Student Award: Drama while media production graduate, Topher McGrillis, won the RTS Professional Excellence: Photography category as director/camera/editor of *Topher McGrillis Photography*, showcasing some great examples of the art of television camerawork.

University of Cumbria PhD student Kingsley Adinnu impressed the Rotary Club of Britain and Ireland to the extent that they have offered him a scholarship to develop his study into SMEs in developing countries.

Visual ecologist and University of Cumbria PhD student John Kitchin staged a fascinating exhibition at Whinlatter Forest Visitor Centre in March 2016. As part of his research studies, John has spent much of his time over the past four years in British Columbia (BC), Canada observing and filming brown, otherwise known as grizzly, bears. The exhibition was featured on television, and included some remarkable video footage of brown bears in their natural habitat as well as stunning still photography and information about John's ongoing research work.



Kingsley Adinnu - PhD Student



John Kitchin's image of brown bears

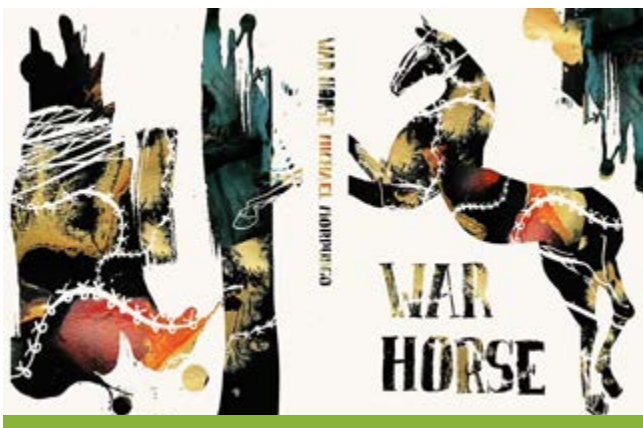


Arts graduate Claire Kelly's paintings were inspired by sexual harassment and how it can happen to men as well as women. Her pictures, worked in acrylic paints, were deliberately of no particular gender, so everyone could relate to the subject.



Dr. Volker Deecke, Associate Professor.

Photography shows a group of killer whales (Orcinus orca) in southern Iceland. Volker has been involved in research there since 2009. Recently he has been documenting interesting interactions between pilot and killer whales with the killer whales rapidly leaving the area when the pilot whales show up.



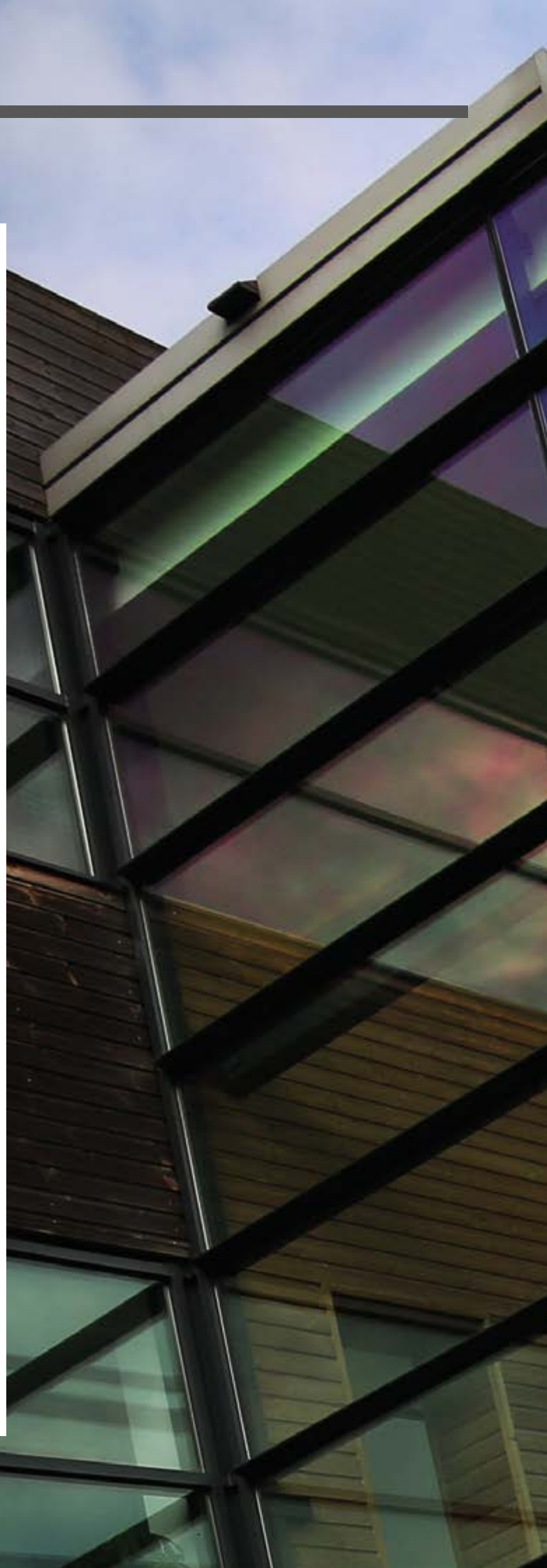
Catt Fearnley a third year student from the illustration degree course has been announced as a runner-up in the prestigious Book Illustration Competition 2016, to produce original illustrations for a new edition of Michael Morpurgo's famous book War Horse.

About the university

The university's total student numbers for the 2015/16 academic year were approximately 9,000 with 921 employees. The university's student body is largely made up of undergraduate students, with about 50 per cent of these coming onto general Higher Education Funding Council for England (HEFCE) programmes. About 30 per cent of our students study for allied health professions and 20 per cent study at undergraduate or postgraduate level to become qualified teachers.

As one of the largest providers of teacher training in the UK and joint first in the UK for students completing their PGCE Secondary programme, if you walk into a school in north Lancashire or Cumbria there's a high chance you will meet a University of Cumbria-trained teacher; in East London the percentage can be up to 70% due to our specialist teacher training campus based there. Similarly, at regional hospitals or health care providers, University of Cumbria trained nurses, midwives, occupational therapists, physiotherapists and radiographers are filling essential roles.

The university operates from four main campuses, plus a small campus location in London and from dedicated Higher Education facilities in Furness and West Cumbria. There are two main campuses in Carlisle: Fusehill Street with general HE provision, including teacher education, allied health professions and a range of programmes including sciences, policing, psychology, and law programmes, and Brampton Road, our specialist arts campus. There is also the Carlisle Business Interaction Centre in the city centre.





satisfied with English and Creative Writing courses*

Our Lancaster campus is home to teacher education, allied health professions, sport and business. Ambleside is a small specialist campus in the heart of the Lake District National Park and is the home of outdoor education, conservation sciences, forestry and our Institute for Leadership and Sustainability. Finally, we operate a small specialist teacher education campus within sight of Canary Wharf in East India Dock Road, London.

Our relatively small campuses mean that we offer a personal experience to our students. Students have easy access to lecturers and our award-winning student support services, and a number of the campuses are specialist in terms of the academic provision they offer.

We are committed to accessible higher education so we aim to ensure as many people as possible benefit from the opportunities provided by a university education.

All these factors contribute to providing a unique offer that distinguishes us from other institutions.

In total the university has spent over £3.9 million on activities to improve access to higher education. Of this, over £1 million was spent giving direct financial support to individual students. The university recruits over 98% of full-time undergraduate students from state schools and over 41% of students come from lower socio-economic groups and 20.5% from low participating neighbourhoods. In all these areas the university is either in line with or exceeding the location adjusted benchmarks.

For our students to continue to achieve, our teaching and learning must be of the highest quality. The university has the highest level of approval from the Quality Assurance Agency for Higher Education; it is rated as "good" by OFSTED for its teacher training with some London provision assessed as "outstanding"; our health programmes are rated as "good" (the highest category) by the Nursing and Midwifery Council, and the most recent Mott MacDonald inspection positively endorsed our provision.

Another nationally recognised measure of this quality is the proportion of academic staff that holds professional recognition for teaching in higher education. The latest data reported showed that compared to a sector average of 38 per cent, over 76 per cent of University of Cumbria academic staff have a recognised teaching qualification. Currently around 65 per cent are accredited with the Higher Education Academy (HEA) and one member of staff has been awarded a principal fellowship of the HEA, one of only a handful of principal fellows in the UK.





...About the university

The university's research community has grown in size and stature, with activity grounded in the real world. The outcome of the most recent Research Excellence Framework (REF) showed that, overall, 81% of our research was considered to be of a standard recognised internationally or higher, including 94% recognition at this level for the Allied Health Professions submission.

The assessment panels noted particularly strong research and impact in a number of areas including:

- improving the understanding of medical image perception and enhancing interpretation in practice
- international excellence in forestry outputs
- world-leading research output in the area of leadership, with internationally recognised and internationally excellent outputs in local economic development, with the submission demonstrating that the non-academic impact is high on the agenda for business research at the university
- internationally excellent research on, and major centre for, professional learning and assessment, and recognised value of the national networks that the university hosts, particularly the Teacher Education Advancement Network (TEAN)
- world-leading sports research outputs in the area of coaching science, and the work using qualitative methodologies is particularly strong
- our practice-based art and design research was considered internationally excellent, very considerable or outstanding in terms of its originality, reach and significance, and world-leading in terms of its impact on cultural life.

In terms of assessing the university's economic impact on the economy, some is easy to see: employees', students' and staff contribution to local businesses. Other areas are less immediately visible. Assessment of our economic impact indicated a worth annually of some £120 million to the regional economy, and £230 million to the national economy.

The University of Cumbria's support for small to medium sized enterprises (SMEs) and the local economy have also been recognised this year with a leading business award. The Small Business Charter, which brings together leading business schools and SME communities across the UK, has given the University of Cumbria's Business School a Small Business Charter bronze award in recognition of its active participation in supporting start-ups and small businesses in Cumbria and North Lancashire. We are one of only 31 universities in the UK to hold this award.

And... it's official - it's greener up north. We're second in a national league table of universities that have most reduced their carbon footprint. Brite Green, a sustainability consultancy, compiled the league table to measure which universities have most reduced their carbon emissions over the past 10 years.



In 2016 the university introduced 100% electric cars to its fleet of vehicles to help reduce carbon emissions.

Strategic Report

Chairman's Foreword

The university finds itself in a challenging and changing environment and it is with this context in mind that it is particularly pleasing to see some of our longer term plans begin to come to fruition.

We have continued to invest in our physical and virtual infrastructure to support the student experience, with the next phase of our investment at our Lancaster campus in a new teaching block emerging out of the ground to join our other redevelopments.

We have agreed a new corporate strategy, alongside a new academic strategy which will take us to 2018 just past our 10th anniversary as a university. Our preparations to apply for Research Degree Awarding powers are also on track for our submission in 2017.

Our emphasis on the future employment of our students has been rewarded with this year's results placing us amongst the best in the sector, and we have improved our student satisfaction.

The year has however not been without its issues and student recruitment in a very competitive market place has again proved a challenge. In spite of this we have exceeded our financial plans, giving us the ability to realise our longer term plans.

This report sets out these achievements, and the progress we made to deliver our 2015/16 annual operating plan and Corporate Strategy.

The successes of the last 12 months follow the many achievements of recent years. I would like to record my thanks to Professor Peter Strike, the outgoing Vice Chancellor, who oversaw the significant progress that the university has made over the past five years. Through his leadership, with his management team and its staff, the university has changed significantly, and now is a more mature institution ready for the future.

The university is proud of its success to date and has strong foundations on which to build and it is with pleasure that I welcome our new Vice Chancellor, Professor Julie Mennell, to lead the institution in the next stage of its development.

Euan Cartwright
Chair of the University Board of Directors



Vice Chancellor's Introduction

Professor Julie Mennell



Welcome

This year, saw the university ranked 2nd in the sector for the percentage of students in work or further study 6 months after graduation, with 97% of our graduates placed – a figure of which we are very proud.

As the university's new Vice Chancellor, I am absolutely delighted to have joined the university. Even before I arrived, I knew Cumbria was a special and unique place; landscape and environment providing great challenges and potential in equal measure.

What attracted me to the university and the region was the opportunity to be part of something which delivers real impact. Impact that not only changes lives, but which shapes community and places, and delivers social cultural and economic benefits to many.

The University of Cumbria, is young in terms of its university title, but a university with a long and proud history of preparing students for work and life: striving hard to ensure our students achieve their personal and professional potential, wherever they study – whether at university, with a college partner, in a work-based placement, or in their place of work. We pride ourselves in supporting education and learning in all its forms and at all levels.

This year, saw the university ranked 2nd in the sector for the percentage of students in work or further study 6 months after graduation, with 97% of our graduates placed – a figure of which we are very proud.

However, this success is not solely the success of the university – it is a collective success of those that we work with both at an individual level and through the work of partner organisations. Together we have built confidence, resilience and ambition within our communities, enabling and supporting individuals to benefit from a university experience and qualification. While, we have much to be proud of, there is much more for us to achieve.

To fulfil our potential and those of others, partnerships and partnership working will be key – at all stages of the educational journey and spectrum. Raising aspirations, providing accessible learning, building progression routes into Further Education, Higher Education and into employment and across employment and importantly in attracting new talent into the region to study, live, work and settle here.

I look forward with optimism to working with staff, students, university partners and key stakeholders to deliver this agenda.



Professor Julie Mennell
Vice Chancellor



Lancaster Campus

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Strategic review

The university's mission is to:

“provide and promote excellent and accessible higher education which enhances the lives of individuals, supports the needs of our local economies, and fosters the development of the communities to which we belong.”

In delivering this mission, the university's strategic priorities in 2015/16 focussed on the following themes:

- Enhancing the success and experience of our students.
- Improving our campuses.
- Increasing student numbers.
- Meeting the needs of employers.
- Developing our research activity.

Significant achievements were made in each area which the Strategic Plan for 2016/17 will build on.

Enhancing the success and experience of our students

Our students' success and experience are central to the university's strategy. Our focus on preparing students for the next step in their career or education has made us a leading university for employment or study prospects.

Over 3,000 students graduate from the university each year. The most recent “industry standard” Destination of Leavers from Higher Education survey showed that 97% of our students entered the workplace or continued their studies within six months of leaving the university. This was the second highest figure across all broad based universities nationally. Our students go on to headline-making success, such as graduate Matthew Atkinson who became one of the country's youngest headteachers this year.

This desire for all students to succeed is seen in the launch of a range of programmes in 2015/16 with an integrated foundation year. The foundation year helps prepare students for a three-year undergraduate programme by enhancing their skills and subject knowledge. This initiative has helped over 90 students who may previously have missed out on the opportunity to gain a university degree, and all the benefits that this brings.

The experience of students at the university continues to be enhanced, whether it is in the accommodation, learning spaces, IT, equipment and resources provided or in the support our staff provide. A new student portal was launched this year which provides students with access to all online resources and systems in one place. Learning resources investment increased in the year by 24% and we were shortlisted for the prestigious national Times Higher Education "outstanding library team" award. This builds on awards in previous years for "outstanding student services team".

This is supported by the financial help we offer students to meet the costs of study with over £1m being spent during the year on providing bursaries, fee waivers and hardship grants.

The National Student Survey in 2015 highlighted areas where the experience of our students could be further enhanced. The university responded to this with a focussed action plan which has led to an improvement in the survey results for 2016 with an overall satisfaction rate of 80%. We are not satisfied with this and there is still work to do. Improving this satisfaction rate is a central focus of our plans for 2016/17.

OUR CAMPUSES



Ambleside



Lancaster



London



Brampton Road, Carlisle



Fusehill Street, Carlisle

Improving our campuses

1.



2.



The learning and living environment the university offers is a crucial factor in enhancing the experience and success of our students and staff. Investment in our campuses and facilities is a strategic priority and investment exceeded £10m in 2015/16.

This expenditure has vastly improved the accommodation available to students with en-suite bedrooms added in Lancaster and a new halls of residence opened in Ambleside.

Our teaching and research facilities continue to be improved. With the support of the Lancashire Local Enterprise Partnership, construction of a new £9m building in Lancaster began in year and will complete in early 2017. The university's investment in its STEM (Science, Technology, Engineering and Mathematics) programmes increased further. The first phase of our development in Carlisle, providing new laboratory space, was completed for the start of the academic year and we were delighted to welcome key regional employers to the formal opening of these impressive facilities by renowned biologist and environmental scientist, Sir Martin Holdgate.

Given the employer and student demand in our region, and with the support of the Cumbria Local Enterprise Partnership, this opening was rapidly followed by the construction and equipping of the second phase, adding an additional floor and providing more learning and research spaces for students and employers.



3.



4.



As part of other developments, the university now boasts the world's largest simulated Sonography laboratory which is offering postgraduate students unrivalled experience in the area of medical ultrasound. This investment was accompanied by the reequipping of clinical skills laboratories used by healthcare students.

Alongside these major capital investments, the university continued to focus on improving the condition of its buildings with rolling programmes of refurbishments and an emphasis on reducing their environmental impact. Further investment is committed in 2016/17 to help refresh and modernise buildings across the university's campuses and key targets around condition, suitability and carbon emissions, which have reduced by almost 50% since 2010, have been met.

1. Teaching Block (Lancaster)
- 2-3. Halls of residence (Ambleside)
4. STEM Laboratories (Carlisle)
5. New state-of-the-art science laboratories (Carlisle)

5.





Increasing student numbers

We are privileged to be providing university education to over 10,000 students each year. We have ambitions to ensure that many more students can benefit from the unique experience and opportunities to succeed that we offer. New types of programmes and subject areas were successfully launched including various sciences and integrated foundation year options. Further development of the academic portfolio, especially designing programmes to directly meet the skills needs of employers, including in apprenticeships, began in 2015/16 and will continue in 2016/17 and 2017/18.

The demand for many of our courses remains strong with lengthy waiting lists, for example, for the university's healthcare programmes. However, the university operates in a challenging context and achieving student number growth is not without its challenges. Changes in Government policy on teacher and healthcare training and increasing competition between universities present risks to growth plans and have seen a fall in student numbers in 2015/16 largely in the area of teacher training.

Increasing student numbers remains a key priority. Our revised academic strategy is focussed on new programme areas and growth and the investment in student experience, our campuses and our staffing have been made to support this. Contracts have been signed with industry partners and with other institutions which will help increase student numbers in forthcoming years. Growth will, however, take time and 2016/17 is likely to be a year of consolidation as the university builds up its recruitment to new provision.



International Students at the Lancaster Campus



Fusehill Street Campus, Carlisle

Meeting the needs of employers

1.



The university plays an increasingly leading role in meeting the skills needs of employers and its regions.

Following a tender process, the university was awarded a multi-million pound contract with Sellafield Ltd to lead on the provision of project management training to its staff over the next five years. Working alongside the University of Manchester, Lakes College and Furness College, the 'Project Academy for Sellafield' will provide specialist education, training and professional qualifications necessary to deliver the complex and challenging projects associated with decommissioning Europe's most complex nuclear site. We plan to help support a range of other employers across the region as they seek to enhance the project management skills of their workforce.

This year also saw the university become a founding partner of the National College for Nuclear which, alongside Sellafield Ltd and EDF Energy and other university and college partners, will develop and deliver a curriculum which helps train the next generation of nuclear workers.

The healthcare training we provide to organisations continues to expand. With a particular focus on paramedicine, our specialist team offers training to members of the armed forces and the North West Ambulance Service. 180 members of the army and Royal Air Force were trained in 2015/16.

Expansion plans include up to 800 combat medics undertaking an access programme over the next couple of years (for completion by October 2018). This will enable progression and increased numbers to the current Cert HE / Dip HE / BSc awards.

2.



3.



Through the ongoing partnership with North West Ambulance Service, training of Emergency Medical Technicians continues to grow with 61 students undertaking programmes within 2015/16. As a result of the university's collaboration with North West Ambulance Service, and our ongoing development of new and existing programmes, we are working to meet the needs of the local community in addressing the shortfall of paramedics within Central and West Cumbria in particular.

Work with other bodies has included signing a memorandum of understanding with The National Trust to establish a relationship to co-operate in a broad range of areas including defining research topics and supporting students and the community to work together for their mutual benefit. The university and Carlisle United Football Club have also signed a memorandum of understanding to collaborate on community engagement projects which

saw the two organisations working together to support the residents of Carlisle following the devastating floods and holding a joint community fun day attended by 600 people.

Additionally, the university has worked alongside the Local Enterprise Partnerships in Cumbria and Lancashire as they develop their skills plans for their regions. Our role in helping provide these skills was recognised in their award of £3.5m of funding of the capital projects in Carlisle to provide our state of the art science laboratories and the new teaching building in Lancaster which will have a particular focus on healthcare.

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1. *National College for Nuclear (Lillyhall, Cumbria)*
 2. *NCfN Partners and the Vice Chancellor*
 3. *Paramedic student and the virtual ambulance at our Lancaster Campus*

Developing our research activity

Our students benefit from our professionally focussed, high quality and research informed programmes. The university's research community is growing in both size and stature and our focus has intensified in preparation for our application for Research Degree Awarding Powers in 2017. Our research activity is very much grounded in the real world. Through our work we concentrate on achieving outcomes that will help to address issues for the community and society in general.

As you would expect given our location the rural and visitor economy plays an important part in our activity. The university and The Lake District National Park Partnership formed a collaboration to support the Partnership Plan improvement programme and to back the UNESCO bid for World Heritage Site status. The formation of the **Centre for National Parks and Protected Areas** in June 2016, was a breakthrough action for the partners to establish a world class centre of excellence for research and knowledge exchange focussed on sustainable development of national parks. This brings together five key strands of research activity of the university; Wildlife Conservation; Ecosystem Services; Community, Collaboration & Governance; Health & Wellbeing; and Citizenship & Environment. The centre, based at our Ambleside campus, is uniquely situated in the heart of the Lake District National Park.



81%

*of our research was
considered to be of a
standard recognised
internationally or
higher.*

Also in 2016, Professor Alison Marshall, Director of the **Cumbrian Centre for Health Technologies** (CaCHeT) presented at the House of Lords at the Rural Services Network, Rural Health Conference on the 'The Cumbria Rural Health Forum and the role of digital technologies'. Examples of our contract research work in this area includes for *Implementation of Strategies for Digital Technologies in Health and Social Care*, and a *Qualitative Evaluation of a Fetal Telemedicine Pilot*.

The **Active Ageing Research Group** hosted the inaugural conference of the European Research and Impact in Active Ageing conference, with delegates from 10 European countries. The conference followed publication of some of our practical research, considering the impact of different activities on the likelihood of falls. For example, the Group's most recent study concluded that carrying shopping bags, whether in one or both hands, should pose no additional threat of falling. Researching and applying the knowledge gained, ensures that we understand the factors that could lead to avoiding falls in older age, and improved quality of life.



Active Aging Conference 2016 at the University of Cumbria, Lancaster



Robert Williams, Professor of Fine Art at the University of Cumbria Institute of the Arts

Whilst we do much practical research, the arts are also a big part of our portfolio, and it was pleasing that Robert Williams, Professor of Fine Art at the University of Cumbria Institute of the Arts, was a participant in an exhibition at the world-famous École des Beaux-arts in Paris in the spring.

The introduction of tuition fees has led to a debate about the value of some subjects, and the publication by Stephen Longstaffe "*Employability and the English Literature Degree*" in "*English Studies: The State of the Discipline, Past, Present, and Future*" showed the importance of course design and specifically developing a critical model of 'English in the World' to inform teaching and learning, providing not only improved graduate employment but also greater student satisfaction.

Finally it was pleasing that, in September 2015, and coinciding with the launch of global Sustainable Development Goals at the United Nations, Professor Jem Bendell was recognised as one of the world's foremost thinkers on collaboration for sustainable development.

Financial review


The university's financial results for 2015/16 reflect our desire to invest in the experience of our students while ensuring the financial sustainability that allows this investment to continue to grow in the future.

This year's surplus of £3.1m was achieved against an increasingly challenging operating environment. Income reduced by 6% compared to the previous year due largely to these challenges, which included continued changes in the national approach to teacher training, and reductions to Government funding made available by the Higher Education Funding Council for England.

In anticipation of this fall in income, importantly, we invested significantly, including in activities and infrastructure we believe will lead to improvements in student satisfaction and future growth in student numbers and which will benefit existing students. Alongside this, we identified efficiency saving measures which helped reduce operating costs. Whilst maintaining academic staffing levels, we reduced overall staffing costs by 3.4% compared to 2014/15 despite increasing pension and national insurance costs. There was a similar fall in other types of expenditure.




Careful management of budgets ensured that £4.9m of cash was generated from operating activities, in line with our financial plans. All of this, as well as £1.9m of cash reserves, was spent on investments in buildings, facilities and infrastructure or the servicing of borrowing taken out to do this in previous years. Several major projects were fully or partially completed using this investment. These included the construction of a £9m teaching building in Lancaster which will be completed in early 2017, new student accommodation at Ambleside costing £4m and the second phase of the science laboratories in Carlisle which will take the total investment in this growing academic area to £4m.



£3.5m

Investment For science teaching and research laboratories in Carlisle

This facilities will help fulfill the shortage of STEM graduates.



£9m

Investment for New Teaching Block in Lancaster

The modern teaching facility will have a "Silver" SKA rating.



£4m

Investment for New Student Accommodation in Ambleside

The bespoke accommodation will provide high-quality ensuite rooms.

Our academic strategy, which this expenditure supports, includes the key objectives of increasing student numbers and continuing the development of new academic areas. Whilst the strategy is expected to lead to income growth, the impact will not be immediate. Given the recent reductions in student numbers, the 2016/17 budget estimates a further 5% fall in income. As a result, and given external changes and risks, reductions will be made to the university's cost base which will enable us to continue to generate the surpluses which allow for continued investment and development. The 2016/17 surplus is, however, expected to be at a lower level than in 2015/16, with EBITDA reducing by £3.2m. Following the planned actions to reduce costs, EBITDA is expected to increase from 2017/18.

The university approaches future opportunities and uncertainties from a strong financial position. Large surpluses in previous years have helped increase the cash balance, which, at just over £24m, remains healthy. This cash will help fund continued building and infrastructure works and support organisational changes planned for this year. As a result, we expect cash reserves to reduce to around £13m by the end of 2016/17 which provides more than adequate working capital. Our plans are focussed on increasing this balance throughout the subsequent year.

The capital investment made in 2015/16 has increased the value of non-current assets significantly and the ratio of current assets to liabilities is at an excellent 1.9:1. However, the balance sheet itself has been adversely affected by the accounting adjustments the university is required to make to reflect its share of the Local Government Pension Scheme deficit. This non-current liability increased from £32m to £43m in 2015/16 and had the effect of reducing the Income and Expenditure Reserve. This large movement was primarily due to a change in the assumptions applied by the actuaries. While the funding of pensions remains a risk area for the university, these accounting adjustments have no immediate impact on the payments due by the

university. A deficit recovery plan is in place with the Scheme and significant additional contributions have been made since 2014. The position of the fund will be clearer in early 2017 when the triennial valuation is completed.

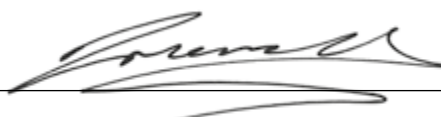
Readers of the Annual Report should note that all universities adopted new accounting standards (FRS102) in 2015/16. The university's financial statements are therefore presented on this basis and the 2014/15 financial statements have been restated. The adoption of new accounting standards has changed the way some figures are presented and means that the financial results in this annual report are not readily comparable with those of previous years. They are also not necessarily comparable to those of some other universities who may have selected different options to the university in the way they have adopted the new standards.

The changes have had the effect of reducing the surplus for 2014/15 and 2015/16 by around £1m compared to the level that would have previously been reported in both years. The changes have also increased liabilities by £16m due to the presentation of capital grants as liabilities. Further detail is provided in Note 25 of the financial statements.

The Strategic Report is signed on behalf of the Board of Directors by:



Mr Euan Cartwright, Chair of the Board of Directors



Professor Julie Mennell, Vice Chancellor and Chief Executive

Directors' and Corporate Governance Report

Governance

The following section explains how the composition and organisation of the university's governance structures supports the achievement of the university's objectives.

Background

The university is a company limited by guarantee and is an exempt charity under the terms of Charities Act 2011. The university's structure of governance is as laid out in its revised Articles of Association, as approved by the Privy Council implemented on 3 March 2016. The Articles of Association, require the university to have a Board of Directors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities and to support the achievement of its objectives.

The university is committed to exhibiting best practice in all aspects of corporate governance. Its Board of Directors acts in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to institutions of higher education which has been provided by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland.

The university has adopted the CUC Governance Code of Practice and has also adopted a statement of primary responsibilities which is publicised on the university's web pages at www.cumbria.ac.uk/StatementOfPrimaryResponsibilities.

The university Board of Directors, which meets at least six times each year, is the university's governing body. It is responsible for approving the corporate strategy and associated plans and budgets, monitoring the performance of the university and its executive, determining major business decisions and policies and is responsible for the overall framework of governance and management. It is specifically required to determine the educational character and mission of the university and to set its strategic direction. The responsibilities of the Board of Directors are set out in detail on page 36.

The university's Board of Directors comprises persons who are appointed in accordance with its Articles of Association. During 2015/16 the Chair was Mr Euan Cartwright and the Vice Chair was Dr Stephen Curl. During the year, through the adoption of revised Articles of Association, the composition of the University Board was reduced from 21 to 15 with independent Directors forming the majority. The membership includes the Vice Chancellor, a student director, who is the President of the Students' Union or equivalent and, via open elections, a staff director. A full list of members is at page 29.

Subject to the overall responsibility of the University Board, the Academic Board has oversight of the academic affairs of the university and draws its members from staff and students of the university. It is concerned with general issues relating to the teaching, professional and research work of the institution.

The University Board undertakes an annual self-effectiveness review, overseen by the Chair and Secretary to the Board and also undertakes regular independent external effectiveness reviews in line with the CUC Governance Code of Practice. An independent external effectiveness review was undertaken in 2014/15. The outcome of the review was positive about the effectiveness of the University Board and the role of contribution of the Directors.

As part of the effectiveness review the Board's operations were benchmarked against the new CUC HE Code of Governance and the Board was able to confirm it met the seven primary elements of governance set out in the code and at its meeting in March 2015 agreed to adopt the CUC HE Code.

The university maintains a Register of Interests of Directors of the University Board and the University Executive Group, which is available on request via the university Registrar and Secretary.

Board Committees

The Board of Directors is served by five sub-committees which have the following roles:

- **Employment Policy Committee** (chaired by Mr Geoff Donnelly) inter alia considers and recommends to the University Board on matters of Human Resource strategy and policy and monitors performance in relation to the approved HR Strategy. It also considers and recommends to the University Board on matters in respect of Health and Safety strategy and policy and Equality, Diversity and Inclusivity strategy and policy.
- **Nominations Committee** (chaired by Mr Euan Cartwright) considers nominations for appointment to the Board and its subcommittees. Nominations Committee met during 2015/16 to oversee the implications of the proposal to reduce the Board size from 21 to 15 Directors and to identify potential future Directors and Associate Directors for its sub-committees
- **Remuneration Committee** (chaired by Dr Stephen Curl) determines the remuneration and conditions of service of the most senior staff, including the Vice Chancellor. It met on two occasions in 2015/16.
- **Audit and Risk Committee** (chaired by Mr David Allen) has responsibility for monitoring and reviewing the effectiveness of the university's systems of internal control, including risk management and financial controls, procedures, data and value for money.
- **Finance and Resources Committee** (chaired by Dr Stephen Curl) has responsibility for advising and recommending to the Board on financial, estates and IT investment matters. It recommends to the University Board the university's annual revenue and capital budgets and monitors performance in relation to the approved budgets and overall performance against the strategic plan.

...Directors' and Corporate Governance Report

The university's internal and external auditors attend the Committee and report on the systems of internal control and management's responses and implementation plans. Whilst senior executives attend meetings of the Audit and Risk Committee as necessary, they are not members of the Committee and the Committee also meets the internal and external auditors on their own for independent discussions.

The risk management element of the Committee's role includes the review of the processes which lead to the statement on internal control in the Corporate Governance report. The Committee will also, whenever appropriate, provide explicit confirmation to the Board that necessary actions have been, or are being, taken to remedy any significant failings or weaknesses identified from the review of the effectiveness of internal control.

Senior Officers and Executive Committees

The principal academic and administrative officer of the university is the Vice Chancellor who is personally responsible to the governing body for ensuring compliance with the terms of HEFCE's Memorandum of Assurance and Accountability and for providing HEFCE with clear assurances to this effect. As chief executive of the university, the Vice Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice Chancellor is supported in her role by the University Executive Group (UEG) which meets regularly and shapes the strategic direction, performance and management of the University. UEG is the senior executive decision-making body and deals with all matters of policy.



The newly refurbished library facilities at the Lancaster campus.



Members of the University Board of Directors and University Executive Group 2015/16

	Notes	Attendance at board in 2015/16 (maximum 6)
Vice Chancellor Professor Peter Strike	(2, 3, 4, 5)	6
Chair of the Board of Directors Mr Euan Cartwright	(2, 4, 5)	6
Members of the Board of Directors		
Mr David Allen	(1)	6
Mrs Emma Bales	(2, 6)	6
Professor Linda Challis	(2, 5)	5
Dr Stephen Curl	(2, 4)	5
Mr Geoff Donnelly	(3, 4)	5
Miss Elin Fitzpatrick	(7) - until 31 December 2015	0
Mr Neill Fraser	(2)	6
Mr Aden Fry	(7) - w.e.f March to June 2016	6
Mrs Claire Hensman	(1, 4)	5
Professor John Lee	(3)	6
The Right Reverend James Newcome, Bishop of Carlisle	(5)	3
Mr Bill Sang	(2) - until 31 December 2015	2
Dr Keith Snell	until 31 December 2015	2
Mrs Sheona Southern	until 19 November 2015	1
Mrs Jill Stannard	(3, 5)	3
Mr Daniel Tomlinson	(1)	4

Members of the University Executive Group in 2015/16

Professor Peter Strike (Chair) (Vice Chancellor)
Mr Neil Harris (Registrar and Secretary)
Professor Sandra Jowett (Deputy Vice Chancellor) - until 31 December 2015
Ms Sandra Booth (Pro Vice Chancellor)
Mrs Kate McLaughlin-Flynn (Director of Finance and Resources)
Mrs Janet Whitworth (Chief Operating Officer)
Professor Cliff hardcastle (Interim Pro Vice Chancellor) - w.e.f 4 January 2016
Professor Robin Talbot (Executive Dean)

Notes

1. Audit and risk committee
2. Finance and resources committee
3. Employment policy committee
4. Remuneration committee
5. Nominations committee
6. Staff director
7. Student director

Public Benefit Statement

For the purposes of charity law, members of the Board of Directors are the trustees of the university and, as such, they have had regard to the Charity Commission's guidance on public benefit. In setting and reviewing its objectives and activities, the university's Board of Directors has had due regard to the Charity Commission's guidance on the reporting of public benefit and its supplementary public benefit guidance on the advancement of education.

The overall aim of the university is the advancement of education in the UK through the undertaking of educational and research activities. The charitable objects of the university set out in its Memorandum of Association make specific provisions for the advancement of learning and knowledge by teaching and research and for enabling students to obtain the advantages of university education.

The students of the University of Cumbria are the primary beneficiaries and are directly engaged in learning or research. However, beneficiaries also include employers and businesses particularly in the health, schools, education and public service sectors as well as school children who have the opportunity to attend educational events organised by the university; the general public are also able to attend various educational activities in the university such as exhibitions. The development of the University of Cumbria has provided the county and region with a range of HE learning opportunities that were previously not widely available or easily accessible to previous generations of local people and businesses and employers.

The university's aims and objectives are centred on benefitting the public and the achievements of this year, as set out in this report; demonstrate that this is our focus in practice.

Director / Trustee Remuneration

Members of the Board of Directors, who are the trustees of the university, do not receive fees or other remuneration for their role as Directors. Two Directors are employed by the university and they receive remuneration solely with regard to their employment.

The total expenses paid to or on behalf of Directors / Trustees was £7,221 (2014/15: £6,807). This relates to travel and subsistence expenses incurred in their official capacity in attending Board Meetings, Board Committees and meetings related to their roles as trustees.



Statement on Internal Control

Responsibilities

The university's Board of Directors has overall responsibility for maintaining and reviewing the effectiveness of a sound system of internal control, which supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which they are responsible.

System of internal control

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

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

The Board of Directors has the following processes in place for maintaining and reviewing the effectiveness of the system of internal control:

- The Board meets at regular intervals to consider the plans and strategic direction of the university.
- The Board receives regular reports from the chairman of the Audit and Risk Committee concerning internal control, in the light of regular reports from the internal auditors, and from managers on the steps they are taking to manage risks in their areas of responsibility.
- The Audit and Risk Committee receives regular reports from the Internal Auditors, which include an independent opinion on the adequacy of the effectiveness of the university's system of internal control together with recommendations for improvement.

- The Audit and Risk Committee provides oversight of the risk management policy and risk register process and requires regular reports from the university management on how risk is being managed including progress on key priorities.
- The Board has delegated day to day responsibility for the maintenance of a sound system of internal control to the Vice Chancellor and through him/her the University Executive Group. This system supports achievement of the university's policies, aims and objectives, whilst safeguarding the public funds and assets for which the Board is responsible. Any material weaknesses or breakdowns in internal control must be reported to the University Board.
- Audit and Risk Committee has agreed with the external providers of the internal audit function appropriate audit planning arrangements and also audit methodology and approach, so that the audit function conforms to the latest professional standards reflecting the adoption of risk management.
- The internal audit function reports to the Audit and Risk Committee and for management purposes, to the Registrar and Secretary.

Annual Review of Effectiveness

In line with the HEFCE Accounts Direction to Higher Education Institutions, the effectiveness of the system of internal control has been reviewed.

The university and its Board of Directors are satisfied with the effectiveness of the system of internal control at the university.



Risk Management

The strategic management of risk is an integral element within our decision-making processes and culture, supporting effective planning and evaluation of its activities.

The development of a risk management culture is promoted in all parts of the institution, through the acceptance by all staff of their shared responsibility for the good organisation of the institution.

The university regularly reviews the strategic risks it faces and identifies the controls that are in place to mitigate these as well as the sources of assurance which provide confirmation that controls are effective.

Of the strategic risks identified and being managed by the university, the key ones are as follows:

- The risk to student numbers and income from the current volatile external environment. This includes: the recruitment of students in a free market driven by student choice, the ongoing changes in teacher training and the changes to the funding regime from bursaries to student loans from 2017/18 for programmes which are currently funded by the NHS. The university is seeking, through its growth strategies, to manage these risks and to maximise the many opportunities that come from these changes.

- As a relatively new university, we are seeking to build and enhance our status and profile. As such we are potentially vulnerable to results and events that damage our reputation, brand and our position in league tables. Within this, a key area of risk is around the experience of our students. The National Student Survey results showed improvements in 2015/16 but remain below the sector average. Student experience is closely monitored across the university and robust action plans are in place to improve the areas of particular concern as well as continuing our systematic activities to progress scores across the institution.

Both these risks are being actively managed using a combination of identified actions, mitigation, and contingency plans.

The strategic risk register is informed by the risk registers that are held at Departmental and Service level and those which are maintained for specific projects. Escalation processes are in place which ensure that where the impact of these local or project risks is significant to the university, these are assessed and monitored at a strategic level.

Fundraising

The university undertakes fundraising activities. As an exempt charity, the university is not covered by the Charities (Protection and Social Investment) Act 2016. HEFCE is the principal regulator of those higher education institutions (HEIs) it funds that are exempt charities. The university seeks to apply the principles outlined in the Fundraising Regulator's Code of Fundraising Practice. Specifically, the university seeks to operate in a fair, open and transparent manner and does not engage in fundraising which: may be perceived to be an intrusion on a person's privacy; unreasonably persistent; or places undue pressure on a person to donate. The university does not use third part fundraisers to act on its behalf. An annual report of fundraising activities is made to the Board.



Tour of Britain Sponsorship 2016



*JWK Colour Dash Sponsorship 2016.
Pictured - Members of staff from University of Cumbria*

Responsibilities of the Board of Directors of the University of Cumbria

In accordance with the Education Reform Act 1988 and the Articles of Association and Articles of Government, the Board of Directors is responsible for the administration and management of the affairs of the University of Cumbria and is required to present audited financial statements for each financial year. This also includes ensuring the operation of an effective system of internal control.

The Board of Directors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the university and enable it to ensure that the financial statements are prepared in accordance with the revised Instrument and Articles of Government, the Audit Code of Practice issued by the Higher Education Funding Council for England, the Statement of Recommended Practice on Accounting in Higher and Further Education Institutions, and other relevant accounting standards. In addition, within the terms and conditions of a Memorandum of Assurance and Accountability between the Higher Education Funding Council for England and the Board of Directors of the University of Cumbria and in accordance with Company Law, the university Board of Directors through its designated office holder (the Vice Chancellor), 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 or deficit and cash flows for that year.

In the preparation of the financial statements the University Board of Directors 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; and
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the university will continue in operation. The Board of Directors is satisfied that the university has adequate resources to continue for the foreseeable future: for this reason, the going concern basis continues to be adopted in the preparation of the financial statements.

The University Board of Directors has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council and the Teaching Agency/ National College for Training and Leadership are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability between the Higher Education Funding Council for England and institutions and any other conditions which the Funding Council or Agency 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 of Cumbria and to prevent and detect fraud; and
- secure the economical, efficient and effective management of the university's resources and expenditure.

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

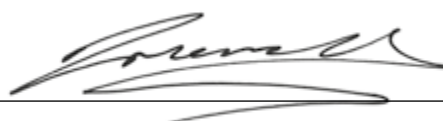
- clear definition of the responsibilities and delegated authority of Heads of Academic and Professional Services.
- a comprehensive medium and short term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- regular review of academic and financial performance and regular reviews of financial results including variance reporting and updates of forecast outturns.

- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approved levels set by the university Board of Directors.
- financial regulations detailing financial controls and procedures, approved by Audit and Risk Committee in consultation with Finance and Resources Committee.
- a professional Internal Audit team whose annual programme is approved by the Audit and Risk Committee and endorsed by the university Board of Directors and whose head provides the Board with a report on internal audit activity within the university and an independent opinion on the adequacy and effectiveness of the university's system of internal control, including financial control, together with recommendations for improvement.

The Statement of the Responsibilities of the Board of Directors is signed on behalf of the Board of Directors by:



Mr Euan Cartwright, Chair of the Board of Directors



Professor Julie Mennell, Vice Chancellor and Chief Executive

Financial statements

Independent auditor's report to the Board of Directors and the Members of the University of Cumbria

We have audited the financial statements of the University of Cumbria for the year ended 31st July 2016 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and University Statements of Changes in Reserves, the Consolidated and University Balance Sheets, the Consolidated and University Cash Flow Statement, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Board of Directors and the members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and paragraph 13(2) 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 Directors, and to the members, those matters we are required to state 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 Directors for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Directors and auditor

As explained more fully in the Statement of Responsibilities of the Board of Directors within the Annual Report, the Board of Directors (who are the Directors of the company for the purposes of company law) is responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and university's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the university's affairs as at 31st July 2016 and of the Group's and the university's income and expenditure, gains and losses, changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2015 Statement of Recommended Practice – Accounting for Further and Higher Education; and
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the university for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the university's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.

Financial Statements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, the Operating and Financial Review and the Directors' and Corporate Governance Statement (which together constitute the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Opinion on other matters prescribed in the HEFCE Audit Code of Practice (effective 1 August 2014) issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the Group or the university for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- income has been applied in accordance with the university's articles of government;
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability and any other terms and conditions attached to them; and
- the corporate governance and internal control requirements of HEFCE's Accounts direction to higher education institutions for 2015-16 financial statements have been met.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report, the Operating and Financial Review and the Directors' and Corporate Governance Statement (which together constitute the Strategic Report and the Directors' Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the university, or returns adequate for our audit have not been received from branches not visited by us; or
- the university financial statements are not in agreement with the accounting records and returns;
- certain disclosures of directors' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit.



Tim Cutler (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
Manchester
M2 3AE

16th December 2016

Consolidated and University Statement of Comprehensive Income and Expenditure Year ended 31 July 2016

		Year Ended 31/7/16	Year Ended 31/7/15
		£'000	£'000
Income	Notes		
Tuition fees and education contracts	1	51,139	52,941
Funding body grants	2	4,351	5,110
Research grants and contracts	3	270	332
Other income	4	7,068	8,331
Investment income	5	146	90
Total income before endowments and donations		62,974	66,804
Donations and endowments	6	39	17
Total income		63,013	66,821
Expenditure			
Staff costs	7	39,443	40,823
Other operating expenses		17,007	17,659
Depreciation	10	2,759	2,992
Impairments		0	119
Interest and other finance costs	8	1,485	1,436
Total expenditure	9	60,694	63,029
Surplus/deficit before other gains losses and share of operating surplus/deficit of joint ventures and associates.		2,319	3,792
Gain/(loss) on disposal of fixed assets		765	292
Surplus / (Deficit) before tax		3,084	4,084
Taxation		0	0
Surplus / (Deficit) for the year		3,084	4,084
Actuarial (loss)/gain in respect of Local Government Pension Scheme	23	(9,029)	(4,625)
Actuarial (loss)/gain in respect of enhanced pension provision		(90)	(13)
Total comprehensive income for the year		(6,035)	(554)
Represented by:			
Restricted comprehensive income for the year		14	(1)
Unrestricted comprehensive income for the year		(6,049)	(553)
Revaluation reserve comprehensive income for the year			
Attributable to the University		(6,035)	(554)
Attributable to the non-controlling interest		-	-
		(6,035)	(554)

All items of income and expenditure relate to continuing activities

Consolidated and University Statement of Changes in Reserves

Year ended 31 July 2016

Consolidated	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2014	149	7,420	10,408	17,977
Surplus/(deficit) from the income and expenditure statement	(1)	4,085	-	4,084
Other comprehensive income	-	(4,638)	-	(4,638)
Total comprehensive income for the year	(1)	(553)	0	(554)
Transfers between revaluation and income and expenditure reserve	-	634	(634)	0
Balance at 1 August 2015	148	7,501	9,774	17,423
Surplus/(deficit) from the income and expenditure statement	27	3,057	-	3,084
Other comprehensive income	-	(9,119)	-	(9,119)
Total comprehensive income for the year	27	(6,062)	0	(6,035)
Transfers between revaluation and income and expenditure reserve	-	430	(430)	0
Transferred to creditors	(13)	0	0	(13)
Balance at 31 July 2016	162	1,869	9,344	11,375

University	Income and expenditure account		Revaluation reserve	Total
	<i>Restricted</i>	<i>Unrestricted</i>		
	£'000	£'000	£'000	£'000
Balance at 1 August 2014	149	7,323	10,408	17,880
Surplus/(deficit) from the income and expenditure statement	(1)	4,085	-	4,084
Other comprehensive income	-	(4,638)	-	(4,638)
Total comprehensive income for the year	(1)	(553)	0	(554)
Transfers between revaluation and income and expenditure reserve	-	634	(634)	0
Balance at 1 August 2015	148	7,404	9,774	17,326
Surplus/(deficit) from the income and expenditure statement	27	3,058	-	3,085
Other comprehensive income	-	(9,119)	-	(9,119)
Total comprehensive income for the year	27	(6,061)	0	(6,034)
Transfers between revaluation and income and expenditure reserve	-	430	(430)	0
Transferred to creditors	(13)	-	-	(13)
Balance at 31 July 2016	162	1,773	9,344	11,279

Consolidated and University Balance Sheet

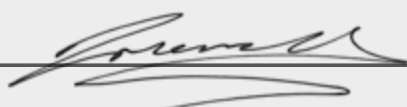
As at 31 July 2016

	Notes	As at 31 July 2016		As at 31 July 2015	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Non-current assets					
Fixed assets	10	67,635	67,635	62,297	62,297
Investments	11	0	10	0	10
		<u>67,635</u>	<u>67,645</u>	<u>62,297</u>	<u>62,307</u>
Current assets					
Stock	12	0	0	35	35
Assets held for sale	10	700	700	1,178	1,178
Trade and other receivables	13	3,642	3,642	3,078	3,078
Cash and cash equivalents	18	24,346	24,346	26,199	26,199
		<u>28,688</u>	<u>28,688</u>	<u>30,490</u>	<u>30,490</u>
Less:					
Creditors: amounts falling due within one year	14	(14,843)	(14,950)	(14,400)	(14,507)
Net current (liabilities)/assets		13,845	13,739	16,090	15,983
Total assets less current liabilities		81,480	81,384	78,387	78,290
Creditors: amounts falling due after more than one year	15	(25,382)	(25,382)	(26,467)	(26,467)
Provisions					
Pension provisions	16	(43,686)	(43,686)	(33,051)	(33,051)
Other provisions	16	(1,037)	(1,037)	(1,446)	(1,446)
Total net assets		11,375	11,279	17,423	17,326
Restricted Reserves					
Income and expenditure reserve - restricted reserve	17	162	162	148	148
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		1,869	1,773	7,501	7,404
Revaluation reserve		9,344	9,344	9,774	9,774
Total Reserves		11,375	11,279	17,423	17,326

The financial statements were approved by the Governing Body on 17 November 2016 and were signed on its behalf on that date by:



Mr Euan Cartwright, Chairman of the Board of Directors



Professor Julie Mennell, Vice Chancellor

Consolidated and University Cash Flow

Year ended 31 July 2016

	Notes	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Cash flow from operating activities			
Surplus for the year		3,084	4,084
Adjustment for non-cash items			
Depreciation	10	2,759	2,992
Impairments	10	0	119
Decrease/(increase) in stock	12	35	(6)
Decrease/(increase) in debtors	13	(564)	(89)
Increase/(decrease) in creditors	14	102	918
Increase/(decrease) in pension provisions	16	1,516	1,253
Increase/(decrease) in other provisions	16	(409)	52
Adjustment for investing or financing activities			
Investment income	5	(146)	(90)
Interest payable	8	241	265
Profit on the sale of fixed assets		(765)	(292)
Capital grant income		(900)	(704)
Net cash inflow from operating activities		4,953	8,502
Cash flows from investing activities			
Proceeds from sales of fixed assets		1,343	1,341
Proceeds from sales of intangible assets		0	0
Capital grants receipts		642	1,307
Investment income		131	57
Payments made to acquire fixed assets		(7,029)	(3,681)
New deposits		0	0
		(4,913)	(976)
Cash flows from financing activities			
Interest paid		(235)	(232)
Interest element of finance lease		(10)	(16)
New unsecured loans		14	147
Repayments of amounts borrowed		(1,505)	(1,467)
Capital element of finance lease		(156)	(151)
		(1,892)	(1,719)
(Decrease)/increase in cash and cash equivalents in the year		(1,853)	5,807
Cash and cash equivalents at beginning of the year	18	26,199	20,392
Cash and cash equivalents at end of the year	18	24,346	26,199

Statement of Accounting Policies for the year ended 31 July 2016

1. Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The university is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

The university's financial statements are prepared on a going concern basis. The university's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review and Financial Review alongside the financial position of the university, its cash flows, liquidity position and borrowing.

The university has considerable financial resources together with contracts with a number of customers and suppliers. The Board has considered the university's current financial position, together with the future key future risks and mitigating factors. As a consequence, the directors believe that the university is well placed to manage its business risks successfully despite changes in funding policy and the current uncertain economic outlook.

The Board of Directors has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Board of Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Basis of consolidation

The consolidated financial statements include the university and its subsidiary for the financial year to 31 July 2016. The consolidated financial statements do not include the income and expenditure of the Students' Union as the university does not exert control or dominant influence over policy decisions. Associated companies and joint ventures are accounted for using the equity method.

3. Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced by any form of discount, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the university receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the university where the university is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants, including those from the Higher Education Funding Council for England, are recognised in income over the periods in which the university recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non government sources are recognised in income when the university is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the university is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the university is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or unrestricted income according to the terms other restriction applied to the individual endowment fund.

Statement of Accounting Policies (continued)

for the year ended 31 July 2016

3. Income recognition (continued)

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the university is entitled to the funds subject to any performance related conditions being met.

4. Accounting for retirement benefits

Retirement benefits for employees of the University of Cumbria are provided by defined benefit schemes which are funded by contributions from the university and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff and to the Local Government Pension Scheme (LGPS) for support staff. These are both independently administered schemes. The TPS is administered by the Government and the LGPS is administered by Lancashire Pension Service.

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

Under the definitions set out in FRS 102, the TPS is a multi-employer defined benefit 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 102 and has accounted for the contributions as though it were a defined contribution scheme.

5. Employment benefits

Short term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the university. Any unused benefits are accrued and measured as the additional amount the university expects to pay as a result of the unused entitlement.

6. Employment benefits

Leases in which the university assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

7. Service Concession Arrangements

Fixed assets held under service concession arrangements are recognised on the Balance Sheet at the present value of the minimum lease payments when the assets are bought into use with a corresponding financial liability.

Payments under the service concession arrangement are allocated between service costs, finance charges and financial liability repayments to reduce the financial liability to nil over the life of the arrangement.

8. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Statement of Accounting Policies *(continued)* for the year ended 31 July 2016

9. Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit (except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income). Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency, [Sterling], at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while still retaining control, the relevant proportion of the accumulated amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while still retaining significant Influence or joint control, the relevant proportion of the cumulative amount is recycled to the Statement of Comprehensive Income and Expenditure.

10. Fixed assets

Fixed assets are stated at cost or valuation less accumulated depreciation and accumulated impairment losses. Certain items of fixed assets that had been revalued to fair value prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

Land and buildings

Land and buildings are measured using the revaluation model. Under the revaluation model, assets are revalued to fair value. The university has a policy of ensuring that all land and buildings are revalued at least every five years such that the market value is not materially different to the current value. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the university.

Freehold land is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated on a straight line basis over their expected useful lives up to a maximum of:

Buildings	50 years
Refurbishments	20 years

Leasehold land is depreciated over the life of the lease up to a maximum of 50 years.

No depreciation is charged on assets in the course of construction.

Statement of Accounting Policies *(continued)* for the year ended 31 July 2016

10. Fixed assets *(continued)*

Equipment

Equipment, including computers and software, costing more than £10,000 per individual item or for groups of interrelated items are capitalised. Equipment below this threshold is recognised as expenditure unless the purchase has been made with a capital grant or is purchased alongside similar assets as part of a significant replacement or investment project.

Capitalised equipment is stated at cost and depreciated over its expected useful life as follows:

Computer Equipment	3-10 years
Equipment	3-15 years
Motor Vehicles	4 years

Depreciation methods, useful lives and residual values are reviewed at the date of preparation of each Balance Sheet.

Borrowing costs

Borrowing costs are recognised as expenditure in the period in which they are incurred.

11. Investments

Non current asset investments are held on the Balance Sheet at amortised cost less impairment.

12. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

13. Cash and cash equivalents

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.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

14. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- (a) the university has a present obligation (legal or constructive) as a result of a past event;
- (b) it is probable that an outflow of economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the university a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the university. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the university a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the university.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Statement of Accounting Policies *(continued)* for the year ended 31 July 2016

15. Taxation

The university is an exempt charity within the meaning of Part 3 of the Charities Act 2011, and, as such, is a charity within the meaning of Section 506 (1) of the Income and Corporation Taxes Act 1988. The university is recognised as a charity by HM Revenue & Customs. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the university is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) 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. Irrecoverable VAT on inputs is included in the costs of such inputs. Any irrecoverable VAT allocated to fixed assets is included in their cost.

The university's subsidiary is liable to Corporation Tax in the same way as any other commercial organisation.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are more likely than not to be recovered. Deferred tax assets and liabilities are not discounted.

16. Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose and therefore the university is restricted in the use of these funds.

17. Transition to 2015 SORP

The university is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the 2015 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the university is provided in note 25.

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016	Year Ended 31 July 2015
	Consolidated & University	Consolidated & University
Notes	£'000	£'000
1 Tuition fees and education contracts		
Full-time home and EU students	35,119	37,105
Full-time international students	661	741
Part-time students	3,531	3,126
Education Contracts (NHS)	11,828	11,969
	<u>51,139</u>	<u>52,941</u>
2 Funding body grants		
Recurrent grant		
Higher Education Funding Council	2,794	3,466
National College for Teaching and Leadership	3	670
Specific grants		
Higher Education Funding Council	658	353
National College for Teaching and Leadership	106	144
Higher Education Funding Council Capital grant	790	477
	<u>4,351</u>	<u>5,110</u>
3 Research grants and contracts		
Research councils & charities	270	332
	<u>270</u>	<u>332</u>
4 Other income		
Residences	2,806	2,877
Catering	318	827
Conferences	311	367
Other capital grants	110	227
Other income	3,523	4,033
	<u>7,068</u>	<u>8,331</u>
5 Investment income		
Investment income on restricted reserves	17	1
Other investment income	145	89
	<u>146</u>	<u>90</u>
6 Donations and endowments		
Donations with restrictions	17	13
Unrestricted donations	7	4
	<u>39</u>	<u>17</u>

Notes to the Accounts

for the year ended 31 July 2016

	Year Ended 31 July 2016 Consolidated & University £'000	Year Ended 31 July 2015 Consolidated & University £'000
7 Staff costs		
Staff Costs :	£'000	£'000
Salaries	31,277	32,214
Social security costs	2,665	2,513
Occupational Pension Scheme Costs:		
Employer Contributions	4,854	4,609
FRS102 Adjustments	337	152
Restructuring Costs	310	1,335
Total	<u>39,443</u>	<u>40,823</u>

	Year Ended 31 July 2016 £	Year Ended 31 July 2015 £
Emoluments of the Vice-Chancellor:		
Salary	184,133	176,866
Employer pension contributions	0	0
Benefits	0	0
	<u>184,133</u>	<u>176,866</u>

HEFCE's Accounts Direction requires that the University describes any salary sacrifice arrangements relating to the Vice Chancellor. In 2014/15 and 2015/16, the Vice Chancellor participated in the University's salary sacrifice scheme for on-campus car parking.

Remuneration of other higher paid staff shown before salary sacrifice:	Year Ended 31 July 2016 No.	Year Ended 31 July 2015 No.
£100,000 to £109,999	3	2
£110,000 to £119,999	1	2
£120,000 to £129,999	0	0
£130,000 to £139,999	0	0
£140,000 to £149,999	0	0
	<u>4</u>	<u>4</u>

Average staff numbers by category :	No.	No.
Academic	362	361
Academic support and other support staff	559	601
	<u>921</u>	<u>962</u>

Notes to the Accounts for the year ended 31 July 2016

7 Staff costs (Continued)

Key management personnel

While the oversight, control and governance of the University is the responsibility of the University Board of Directors, the day to day operations are led and managed by the Vice Chancellor and members of the University Executive Group, comprising the Vice Chancellor, Deputy Vice Chancellor, Pro-vice Chancellor, Registrar and Secretary, Director of Finance and Resources, Chief Operating Officer and Executive Dean.

The figures below include gross salaries and employer's pension contributions.

	Year ended 31 July 2016 £'000	Year ended 31 July 2015 £'000
Key management personnel compensation	887	812

The University's Board of Directors members are the trustees for charitable law purposes. No trustee received any remuneration or waived payments from the University during the year. The total expenses paid to or on behalf of trustees was £7,221 (2014/15: £6,807). This relates to travel and subsistence expenses incurred in their official capacity in attending Board Meetings, Board Committees and meetings related to their roles as trustees.

	Year Ended 31 July 2016 Consolidated & University £'000	Year Ended 31 July 2015 Consolidated & University £'000
8 Interest and other finance costs		
Loan interest	231	249
Finance lease interest	10	16
Net charge on Local Government Pension Scheme	23 1,226	1,139
Net charge on enhanced pension provision	18	32
	1,485	1,436

9 Analysis of total expenditure by activity

Academic departments and services	34,489	34,674
Administration and central services	16,567	18,584
Premises	7,176	7,039
Residences, catering and conferences	1,804	2,153
Impairments	0	119
Research grants and contracts	656	449
Other expenses	2	11
	60,694	63,029

Other operating expenses include:

External auditors remuneration in respect of audit services	45	45
External auditors remuneration in respect of non-audit services	25	2
Operating lease rentals:		
Land and buildings	328	568
Other	107	90

Notes to the Accounts for the year ended 31 July 2016

10 Fixed Assets

	Freehold Land and Buildings	Equipment	Assets in the Course of Construction	Total
	£'000	£'000	£'000	£'000
Consolidated and University				
Cost or valuation				
At 1 August 2015	57,705	14,359	1,219	73,283
Additions	1,580	1,293	5,323	8,196
Transfers	890	-	(890)	0
Disposals	(105)	(32)	-	(137)
At 31 July 2016	60,070	15,620	5,652	81,342
Consisting of valuation as at:				
31 July 2013	44,414	-	-	44,414
31 July 2014	12,023	-	-	12,023
Cost	3,633	15,620	5,652	24,905
	60,070	15,620	5,652	81,342
Depreciation				
At 1 August 2015	1,733	9,253	-	10,986
Charge for the year	1,018	1,741	-	2,759
Disposals	(6)	(32)	-	(38)
At 31 July 2016	2,745	10,962	-	13,707
Net book value				
At 31 July 2016	57,325	4,658	5,652	67,635
At 31 July 2015	55,972	5,106	1,219	62,297

At 31 July 2016, freehold land and buildings included £8.3m (2015 - £8.6m) in respect of freehold land and is not depreciated.

Leased assets included above:

Net Book Value:

At 31 July 2015	0	468	0	468
At 31 July 2016	0	312	0	312

Assets held for Sale

At 31 July 2016 there were land and buildings with net book value of £0.7m (2015 £1.2m) within Current assets on the balance sheet. These buildings are not included above. These buildings are no longer in use, are not being replaced and there is a commitment to sell the properties.

Finance Leases

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

	Year Ended 31 July 2016 £'000
Cost	780
Accumulated depreciation	(312)
Charge for year	(156)
Net book value	312

Notes to the Accounts

for the year ended 31 July 2016

11 Non-Current Investments

	Year Ended 31 July 2016		Year Ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Subsidiary Companies	0	10	0	10
	0	10	0	10

The University owns 100% of the share capital of its subsidiary, UoC Trading Limited. This company did not trade in 2014/15 or 2015/16.

12 Stock

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Goods for Resale	0	0	35	35
	0	0	35	35

During the year, management of the University's catering services was moved to a third party and all catering stock was transferred to them.

13 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Other trade receivables	1,690	1,690	1,202	1,202
Prepayments and accrued income	1,952	1,952	1,876	1,876
	3,642	3,642	3,078	3,078

Notes to the Accounts

for the year ended 31 July 2016

14 Creditors : amounts falling due within one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Secured loans	427	427	416	416
Unsecured loans	107	107	1,088	1,088
Obligations under finance leases	161	161	151	151
Trade payables	3,662	3,662	3,842	3,842
Social security and other taxation payable	849	849	854	854
Accruals and deferred income	9,637	9,637	8,049	8,049
Amounts due to subsidiary companies	0	107	0	107
	14,843	14,950	14,400	14,507

Deferred income

Included with accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Grant income	11	11	24	24
	11	11	24	24

15 Creditors : amounts falling due after more than one year

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Deferred income	18,262	18,262	18,660	18,660
Obligations under finance lease	0	0	166	166
Secured loans	6,531	6,531	6,958	6,958
Unsecured loans	589	589	683	683
	25,382	25,382	26,467	26,467

Analysis of secured and unsecured loans:

Due within one year or on demand (Note 14)	534	534	1,504	1,504
Due between one and two years	567	567	535	535
Due between two and five years	1,434	1,434	1,595	1,595
Due in five years or more	5,119	5,119	5,511	5,511
Due after more than one year	7,120	7,120	7,641	7,641
Total secured and unsecured loans	7,654	7,654	9,145	9,145

Notes to the Accounts for the year ended 31 July 2016

15 Creditors : amounts falling due after more than one year (continued)

Included in loans are the following loans made to the University:

Lender	Term	Amount £'000	Interest %	Security
Barclays	2036	6,400	2.15 -	Secured
Barclays	2020	558	10.62 -	Secured
Cumbria County Council	Indefinite (reducing balance)	392	4.52 - variable	Unsecured
HEFCE	2018	143	0	Unsecured
HEFCE	2020	161	0	Unsecured
Total		<u>7,654</u>		

16 Provisions for liabilities

Consolidated and University

	LGPS Pension £'000	Pension Enhancement £'000	Onerous Leases £'000	Leasehold Dilapidation £'000	Restructuring Provision £'000	Total £'000
At 1 August 2015	32,287	764	603	639	204	34,497
Utilised in year	0	(65)	(108)	0	(142)	(315)
Additions in 2015/16	0	0	0	0	0	0
Unused amounts reversed in 2015/16	0	0	(97)	0	(62)	(159)
Net FRS102 costs to Income and Expenditure	1,563	18	0	0	0	1,581
Actuarial loss	9,029	90	0	0	0	9,119
At 31 July 2016	42,879	807	398	639	0	44,723

Pension enhancement

The enhanced pension provision relates to liabilities to former staff from which the University cannot reasonably withdraw at the balance sheet date. In calculating the provision for enhanced pension costs under Financial Reporting Standard 17, Retirement Benefits, an interest rate of 2.3% (2014/15: 3.46%) and a net interest rate of 1.3% (2014/15: 1.75%) have been assumed.

Onerous Leases

The University provided £2.2m in 2010/11 in respect of the future costs which are related to several property leases it holds. This provision was made under FRS 12 due to the fact that these future costs are unavoidable and represent an onerous obligation to the University from which it expected to derive no economic benefit. £295k of the provision relates to leases ending in June 2023, and £103k to leases ending in April 2018. In 15/16 these have been updated to represent current estimated future costs of the leases.

Leasehold Dilapidation

The University provided £0.6m in 2012/13 in respect of the liability for dilapidations works at two leased properties.

Restructuring Provision

The University provided £0.2m in 2014/15 for obligations relating to restructuring which began in 2014/15 and which completed during 2015/16.

Notes to the Accounts

for the year ended 31 July 2016

17 Restricted Reserves

Reserves with restrictions are as follows:

	2016 Total £'000	2015 Total £'000
Opening balance	148	149
New donations	32	13
Investment income	1	1
Donations Returned	(13)	-
Expenditure (Decrease) / increase in market value of investments	(6) -	(15) -
Total restricted comprehensive income for the year	<u>14</u>	<u>(1)</u>
Closing balance	<u>162</u>	<u>148</u>

	2016 Total £'000	2015 Total £'000
Analysis of other restricted funds /donations by type of purpose:		
Hardship Support	54	46
Study Support	106	100
Prize funds	2	2
	<u>162</u>	<u>148</u>

18 Cash and cash equivalents

	Notes	At 1st August 2015 £'000	Cash Flows £'000	At 31st July 2016 £'000
Consolidated				
Cash and cash equivalents		26,199	(1,853)	24,346
		<u>26,199</u>	<u>(1,853)</u>	<u>24,346</u>

19 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	31 July 2016 Consolidated & University £'000	31 July 2015 Consolidated & University £'000
Commitments contracted for	2,655	224
	<u>2,655</u>	<u>224</u>

Notes to the Accounts for the year ended 31 July 2016

20 Lease obligations

Total rentals payable under operating leases:

	31 July 2016		Other leases £'000	Total £'000	31 July 2015 £'000
	Land and Buildings £'000	Plant and Machinery £'000			
Payable during the year	328	0	107	435	568
Future minimum lease payments due:					
Not later than 1 year	439	0	106	545	457
Later than 1 year and not later than 5 years	1,167	0	131	1,298	1,134
Later than 5 years	397	0	0	397	516
Total lease payments due	2,003	0	237	2,240	2,107

21 Subsidiary undertakings

The University owns 100% of the share capital of its subsidiary, UoC Trading Limited, which is incorporated in the United Kingdom. This company did not trade in 2014/15 or 2015/16.

22 Related Party Transactions

The University's Board of Directors and Executive Group formally declare all interests outside of their role with the University on an annual basis. Specific declarations are also made and minuted if any such interests relate to decisions that the University is taking. In such cases, clear procedures are in place to avoid any conflict of interest and to ensure propriety.

A review of these declarations has confirmed that there were no related party transactions as defined under FRS 102 (33) in 2015/16 either directly between the University and its Directors or members of the Executive Group or with other entities in which they have declared an interest.

The Group has applied the exemption set out in FRS 102 (33) and has not disclosed transactions with its subsidiary.

Notes to the Accounts for the year ended 31 July 2016

23 Pension Schemes

Different categories of staff were eligible to join one of two different schemes:

- Teacher's Pension Scheme of England and Wales (TPS).
- Local Government Pension Scheme - Lancashire County Pension Fund (LGPS).

The pension costs for the University and its subsidiaries were:

	Year ended 31 July 2016			Year ended 31 July 2015		
	Employer Contributions	FRS 102 Adjustments	Total Pension Costs	Employer Contributions	FRS 102 Adjustments	Total Pension Costs
TPS	2,369	0	2,369	2,113	0	2,113
LGPS	2,485	1,563	4,048	2,496	1,291	3,787
Total Pension Costs	4,854	1,563	6,417	4,609	1,291	5,900

TPS

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and, from 1 April 2014, by the Teachers' Pension Scheme Regulations 2014.

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act 1972 and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations 2010 require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pension increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer defined benefit 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 102 and has accounted for the contributions as though it were a defined contribution scheme.

The latest actuarial review of the TPS was carried out as at 31 March 2012 and in accordance with The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014. The valuation report was published by the Department for Education on 9 June 2014. The key results of the valuation are:

- Employer contribution rates from 1 September 2015 increased to 16.48% of pensionable pay (including a 0.08% levy for administration).
- Total scheme liabilities for service to the effective date of £191.5 billion, and notional assets of £176.6 billion, giving a notional past service deficit of £14.9 billion.
- An employer cost cap of 10.9% of pensionable pay.

The total University contribution into the scheme in 2015/16 was £2.4m (2014/15 £2.1m).

Notes to the Accounts for the year ended 31 July 2016

23 Pension Schemes (continued)

LGPS

The Lancashire County Pension Fund is a funded defined benefit scheme, with assets held in separate trustee administered funds.

The current employer contribution rate is 11.3% of pensionable salaries. The total contribution of the University into the scheme in 2015/16 was £3.0m (2014/15: £2.5m). This included £0.5m that was paid into the Scheme in 2015/16 in respect of staff members who left the University's employment following restructuring and who, under the Scheme Regulations, were entitled to an unreduced pension. In addition, within the 2015/16 total contribution are £0.9m of payments which are made in order to recover the University's share of the scheme's past service deficit.

The scheme is valued every three years by professionally qualified independent actuaries with the rates of contribution payable being determined by the trustees on the advice of the actuaries. The results of the valuation as at 31 March 2013 were released during 2013/14 and these are detailed in the table below. As well as setting out the key assumptions made by the actuary, the table shows that, at 31 March 2013, there was a shortfall of £1,377m and that the assets were sufficient to cover 78% of the scheme's liabilities. Note that, in calculating the employer contribution rate, the University opted to assume that salaries would rise by 4.1% per annum in both the short and long-term.

The University will receive the outcome of the 31 March 2016 valuation in late 2016 and any changes in contribution rates will come into effect from 1 April 2017.

Latest Actuarial Valuation	31 March 2013
	£m
Total Assets	5,011
Total liabilities	(6,388)
Past service surplus / (shortfall)	(1,377)
Funding level	78.0%
Discount rate	4.8%
Pension increase per annum	2.6%
Salary scale increases per annum (short-term)	1.0%
Salary scale increases per annum (long-term)	4.1%
Long term CPI inflation	2.6%

The University has applied FRS 102 and the following disclosures relate to the accounting standard. The University recognises any gains or losses in each period in the Consolidated Statement of Comprehensive Income and Expenditure. The material assumptions used by the actuary at 31 July 2016 were:

	2015/16	2014/15
	(%)	(%)
Price increases (CPI)	1.7	2.2
Salary increases	3.2	3.7
Pension increases	1.8	2.2
Discount rate	2.6	3.8

LGPS (continued)

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

	2015/16	2014/15
	(Years)	(Years)
<i>Retiring today</i>		
Males	23.0	22.9
Females	25.6	25.4
<i>Retiring in twenty years</i>		
Males	25.2	25.1
Females	27.9	27.8

Notes to the Accounts

for the year ended 31 July 2016

23 Pension Schemes (continued)

Scheme assets

The assets in the scheme were:

	Fair value as at		
	31-Jul-16	31-Jul-15	31-Jul-14
	£m	£m	£m
Equities	33,091	23,980	30,636
Government bonds	0	3,834	123
Corporate bonds	2,143	1,812	16,396
Property	8,144	6,343	5,917
Cash	3,001	906	1,479
Other	39,350	32,832	7,088
Total	85,729	69,707	61,639

The following amounts at 31 July 2016 were measured in accordance with the requirements of FRS102:

	Year Ended 31-Jul-16 £'000	Year Ended 31-Jul-15 £'000
Analysis of the amount shown in the balance sheet for Scheme		
Scheme assets	85,729	69,707
Scheme liabilities	(128,608)	(101,994)
Deficit in the scheme – net pension liability recorded within pension provisions (Note 16)	(42,879)	(32,287)
Analysis of the amount charged to staff costs (note 7):		
Current service cost	(2,981)	(2,651)
Employer contributions - including pension strain payments	2,971	2,499
Curtailements	(327)	0
Past service costs	0	0
Profit and loss charge	(337)	(152)
Analysis of the amount charged to interest and other finance costs (note 8):		
Interest cost	(3,862)	(3,763)
Expected return on assets	2,691	2,681
Administrative expenses	(55)	(57)
Profit and loss charge	(1,226)	(1,139)
Total profit and loss charge	(1,563)	(1,291)
Analysis of actuarial loss in respect of Scheme		
Remeasurement of assets	11,164	4,002
Remeasurement of liabilities	(20,193)	(8,627)
Total actuarial loss	(9,029)	(4,625)
Movement in deficit in the year		
Deficit in scheme at beginning of year	(32,287)	(26,371)
Amount charged to staff costs	(337)	(152)
Amount charged to interest and other finance costs	(1,226)	(1,139)
Actuarial loss	(9,029)	(4,625)
Deficit in scheme at end of year	(42,879)	(32,287)

Notes to the Accounts

for the year ended 31 July 2016

23 Pension Schemes (continued)

History of experience gains and losses – LGPS

	31-Jul 2016	31-Jul 2015	Year to 31-Jul 2014	31-Jul 2013	31-Jul 2012
Difference between actual and expected return on scheme assets:					
Amount (£'000)	11,164	4,002	(2,695)	6,395	1,733
% of assets at end of year	13%	4.4%	-4.4%	10.4%	3.3%
Experience (gains)/losses on scheme liabilities:					
Amount (£'000)	0	0	4,418	0	0
% of liabilities at end of year	0	0.0%	5.0%	0.0%	0.0%

	Year to 31-Jul-16 £'000	Year to 31-Jul-15 £'000
Analysis of movement in the present value of LGPS liabilities		
Present value of LGPS liabilities at the start of the year	101,994	88,010
Current service cost	2,981	2,651
Interest cost	3,862	3,763
Past service cost	0	0
Actual member contributions	948	967
Actuarial loss	20,193	8,627
Curtailments	327	0
Actual benefit payments	(1,697)	(2,024)
Present value of LGPS liabilities at the end of the year	128,608	101,994

Accounting estimates and judgements

In the application of the Group's accounting policies, management is required to make estimates and judgements about complex transactions or those involving uncertainty about future events.

Although judgements have been made in producing these financial statements, none are believed to have a significant effect on the amounts that have been recognised.

The financial statements contain estimated figures that are based on the assumptions made by the University. Estimates are made taking into account historical experience, current trends, professional advice and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The balance in the University's balance sheet at 31 July 2016 for which there is a significant risk of a material adjustment in the forthcoming financial year is the Local Government Pension Scheme liability (£42.9m). Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Mercers, a firm of consulting actuaries, is engaged, via Lancashire County Council, to provide the University with expert advice about the assumptions to be applied. However, a small change in these assumptions can lead to significant movements in the liability.

Notes to the Accounts for the year ended 31 July 2016

25 Transition to FRS102 and the 2015 SORP (Group and University)

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS 102 and the SORP. The University's accounting policies have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the preparation of an opening FRS 102 Statement of Financial Position at 1 August 2014. In preparing its FRS 102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS 102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial position	01-Aug-14		31-Jul-15	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Total reserves under 2007 SORP	19,369	19,272	18,730	18,633
Employee leave accrual	(1,540)	(1,540)	(1,455)	(1,455)
Endowments and donations transferred to restricted reserves	143	143	148	148
Total effect of transition to FRS 102	(1,397)	(1,397)	(1,307)	(1,307)
Total reserves under 2015 SORP	17,972	17,875	17,423	17,326

Financial performance	31-Jul-15	
	Consolidated £'000	University £'000
Surplus for the year under 2007 SORP	4,953	4,953
Local Government Pension Scheme charge	(953)	(953)
Employee leave accrual movement	85	85
Net endowment income	(1)	(1)
Total effect of transition to FRS 102	(869)	(869)
Total comprehensive income for the year under 2015 SORP	4,084	4,084

Cash Flows

There was no impact on cashflows as a result of the adoption of FRS 102 and the 2015 SORP.

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