
2014/15
Annual Report



LLB (Hons) Law

Front cover

Sophie Allinson: "I chose the course at the University of Cumbria because I was local and it was a new course - I liked the practical aspects of it."

BA (Hons) Performing Arts

The Tailormade (Matt, Aaron & Jack): All three members worked on an EP (5 track CD). "We wanted to work on something valuable that would be useful for the future, i.e. for real life. We did a presentation pitch as if to a record company (the tutors). We even wore suits for the occasion!"



Contents

Strategic Report	4
Vice Chancellor's report	6
Director of Finance and Resources' report	14
About the University of Cumbria	18
Economic impact	20
Examples of working with local businesses	22
Greener by miles	24
Our staff achievements	26
Our students' success	30
Our honorary fellows	34
Corporate Governance Reports	36
Governance	38
Public benefit statement	42
Director/Trustee remuneration	43
Statement on internal control	44
Risk management	45
Going concern	46
Responsibilities of the Board of Directors	47
Financial Statements	50
Independent auditor's report	52
Statement of principal accounting policies	54
Consolidated income and expenditure account	57
Statement of group historical cost surpluses and deficits	58
Statement of group total recognised gains and losses	59
University and consolidated balance sheet	60
Consolidated cash flow statement	61
Notes to the consolidated financial statements	62

Strategic Report

Vice Chancellor's report
Director of Finance and Resources' report
About the University of Cumbria
Economic impact assessment highlights



BSc (Hons) Forest & Woodland Conservation

Tom Harvey: "When I came back to the UK, I was working with a friend, first in arboriculture, then in tree surgery, and he signed up for the course. As I had moved from arboriculture into a more forest-based route, I thought the course seemed exactly what I was looking for."

Vice Chancellor's report

This year has been hugely significant and seen us achieve a level of organisational maturity as a university that many would not have believed possible at the launch in 2007.



The intentions and strategies of the university, set out in the annual operating plan, have provided a blueprint for tackling both internal and external challenges, and significant progress has been made across all areas during the past year towards achieving our long-term goals and aims. Proud of our position at the heart of the region, we are energetically developing national and international connections that support our vision of a dynamic, creative and entrepreneurial university community, with sustainability as its foundation.

With this shared vision, staff, students, alumni, university board members and all our stakeholders continue to work to establish the University of Cumbria as a recognised centre of academic, professional and educational excellence.

We have continued to deliver good financial results, but perhaps the most significant progress in the last year has been in the developing area of significant research and in growing the impact that the university makes on the local and national economies.

Our research focus has intensified in preparation for our application for Research Degree Awarding Powers

(RDAP). The university's research community is growing in both size and stature; our 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.

Recent outputs have included work on the invasive grey squirrel, knee joint position sense, occupational therapy in diabetes care and customer care in the NHS – all issues with a very real and immediate impact on people. Much of our research is designed to inform decision-makers, and in some cases has led to almost immediate changes to guidance and/or clinical practice.

Perhaps of greatest satisfaction in this area was the outcome of the Research Excellence Framework (REF) 2014, which is the Higher Education Funding Council for England's national assessment of the quality of research. The university submitted work in six areas that reflected our focus on research that is of value to the public, policy makers, practitioners and businesses.

The outcome was that, of the areas submitted, overall 81 per cent was considered to be of a standard recognised internationally, or higher, and included 94 per cent 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.

Although relatively small in scale, this is an excellent result, providing an important indicator of the development of research at our university.

The year saw over 4,300 students achieve their degrees and awards, a figure that delivers huge satisfaction to us all as it reflects additional skilled professionals entering the workplace or continuing on to higher degrees. Many will choose to remain in Cumbria, north Lancashire and east London, contributing to the economic success and regeneration of our communities by applying the knowledge they have acquired to their new roles in the public and private sectors.

Working in partnership with 2,000 schools across the UK, we are one of the largest providers of teacher training in the country. If you walk into a school in north Lancashire or Cumbria, there's a very high chance you will meet a University of Cumbria-trained teacher. The same is true in East London where the percentage in some boroughs is an impressive 70 per cent due to our specialist teacher training campus based there.

Similarly, enter any hospital or health care provider in Cumbria, Lancashire or Northumberland and you are sure to meet nurses, midwives, occupational therapists, physiotherapists and radiographers trained by us.

One of our proudest boasts is that 93.2 per cent of our graduates find work or enrol for a higher degree within six months of leaving us, a statistic that puts us among the top in the sector. We believe this success stems from the nature of the programmes we deliver. We continue to hold the concept of experiential learning at the heart of our provision and are focused on ensuring that as much of our provision as possible is also accredited by professional bodies. With lecturers who are practitioners as well as academics, our students are able to enjoy contact with people who can put their learning into context, by providing first-class work experience and placements.

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 its 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. Around 60 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.

This year we have taken stock of the impact that the university has on the economy. Some of this is easy to see, such as the contribution of employees, students and staff to local businesses. Other areas, such as the impact upon the visitor economy as a result of graduations, open lectures, exhibitions, performances and conferences, are less immediately visible. Perhaps of greatest potential impact is the growth in connectivity between organisations and the student population, and the ability of the university to act as a focus for innovative partnerships and knowledge exchange. This can range from straightforward internships, consultancy, contract research or work on product development, through to knowledge-transfer partnerships between a business and the university, enabling access to the knowledge, technology, skills and expertise held by our academics, professionals and technical specialists.

Assessment of our economic impact indicated that this was worth some £120 million to the regional economy, and £230 million to the national economy per year.

One of our key risks over the next three years is the market in which we operate. Our forecasts show potentially reducing income and surpluses, reflecting the changes in teacher education policy and continuing pressure on student recruitment, together with the significant upward cost pressures of pensions and NI contributions. Add to this the comprehensive spending review, and other national policy changes, and there is an operating landscape with a high degree of uncertainty.

Carlisle campus



As the higher education context becomes increasingly competitive, we must strive to diversify our income through developments in employer engagement and international partnerships. Relying on core undergraduate programmes alone is unlikely to meet our growth projections, although we must also continue to grow our market share in these programmes.

The key priority of our corporate strategy therefore is centred on delivering long-term financial sustainability by driving income growth and generating increased revenue. This will support the continuing enhancement of the infrastructure, facilities and services for students as well as the development of key academic programme areas and new markets.

Over the coming years, the region will see planned investment worth £1.4 billion in a new generation of nuclear reactors as well as the continuation of the huge decommissioning project at Sellafield. Further developments of nuclear power, allied to other infrastructure projects in the region, are estimated to see no less than £25 billion of inward investment into Cumbria over the next 20 years. Our working relationships with the nuclear industry sector have continued to develop over the last year, and we look forward to playing a pivotal role, as founding members of the virtual National College for Nuclear, in delivering the skills training that will be needed to drive the success of these projects. In particular, the university will be involved in the creation of specialised national training, education and development programmes for the nuclear industry, to create clear pathways from schools to universities.

In the international arena, we have entered into partnership with a number of Chinese and Malaysian universities. This initiative will provide opportunities for both overseas and our own students and staff to meet people from different cultures and backgrounds, exposing them to new ideas, and will further enhance their learning opportunities.

We have invested in our buildings to support our academic developments. An investment of £1.5m has been made to allow an expansion of science programmes and a new, high-specification laboratory at our Fusehill Street campus in Carlisle.

The new laboratory provides space for multi-purpose teaching across a range of subjects. The first three courses, which started in September 2015, are BSc (Hons) Biology, BSc (Hons) Zoology and BSc (Hons) Marine and Fresh Water Conservation. Programmes in forensic science and applied science have been relocated from Ambleside. Looking to the future, the university will develop new courses in chemistry, biomedical science and other related science areas.

The aim is to increase the number, the attractiveness and the accessibility of science, technology, engineering and mathematics (STEM) careers for university students. By promoting closer co-operation with local further education colleges and employers, a ladder of opportunity will be created for training in these subjects in Cumbria. Currently, there is no university provision within Cumbria in mainstream science subjects such as biology and chemistry.

The university's intention is that the skills and knowledge acquired from studying, together with professional body accreditation where applicable, will enhance student employability prospects and create a wider pool of skilled graduates to supply the regional economy. It is our intention that this new STEM offer will help bring higher-value skills and jobs to our region and in turn help stimulate other new opportunities for investment and development along the M6 corridor and within the town and city areas.

Elsewhere in our estate we have started on a programme of improvement to enhance the learning and living experience of our students, which will see us investing over £20m. As well as our new science laboratories, 2014/15 has seen major improvements elsewhere in our facilities. In Lancaster, we have improved student accommodation, created a simulated learning ambulance and new skills labs, and recently secured planning permission for a new teaching block. In Carlisle, the inauguration of the University of Cumbria Institute of the Arts at the Brampton Road campus, in recognition of a history of continuing excellence in delivery of art and design education in Carlisle dating back to 1822, was preceded by the creation of a new library, fine art and performance space. As part of a series of events, the new Vallum Ditch Gallery was opened in September 2015 by Professor Conrad Atkinson, globally acclaimed as one of the leading fine artists of his generation, and alumnus of one of the university's predecessor institutions, some 54 years previously. New student accommodation has been scheduled for Ambleside, following planning consent. These developments are an investment in the university's future and the generations of students yet to study at the university, who will contribute to the economies of Cumbria, North Lancashire and elsewhere.

Our students and staff continue to be a source of pride for us as an institution; large numbers of our graduates deliver a wide range of public services across our regions, many moving on to influential managerial and leadership roles. Our successful alumni include a TV presenter, Hollywood actors, a Turner prize-winning artist and fashion designers. More recently one of our graduates, who is now PR and communications manager with Story Homes won North West Young Communicator of the Year 2015 from the Chartered Institute of Public Relations.

Another is working as a journalist for a TV channel in Spain, while a media graduate has set up a local web design business and employs other University of Cumbria alumni. Some of their experiences and achievements are included in this report.

As a university we have continued to gain acknowledgement in the sector. We were successful in winning the National Education Opportunities Network (NEON) Widening Access Initiative award and in the Times Higher Education Leadership & Management Awards for 2015, two of our teams were shortlisted for the categories of Outstanding Estates Team and Outstanding Human Resources Team.

The judges at the NEON Awards presented us with the winner's trophy for encouraging students from a care-leaving background to attend the University of Cumbria. This is particularly pleasing as it reflects our commitment to ensuring as many people as possible, regardless of background, benefit from the transformational opportunities provided by a university education. Over 98 per cent of our students come from state schools, with around 40 per cent coming from low-participation groups, and our completion rate is nearly 86 per cent.

Towards the end of the year we underwent a staffing restructure to fine-tune our operations, consolidating two faculties into one deanery and streamlining the professional services. As we take this into the next academic year, we will continue to put our students at the centre of all we do, working to improve their experience so that they will become our ambassadors, helping to promote our reputation and raise awareness of the excellence that we offer across our campuses.

Looking ahead, there is no reason to believe that next year will be any less volatile or more stable than those we've recently experienced. Removing the student number control has unleashed a whole new set of challenges for the sector and the outcome is not yet visible. Our new corporate strategy focuses on the benefits the university and higher education can bring not only to individuals but also to communities and our local economies.

The diversity of our locations is one of our strengths and if you add to this the commitment of hard-working and highly professional staff at all levels across the university, I believe the opportunities will outweigh the challenges. The University of Cumbria will continue to develop in its role, not only as a university of and for Cumbria, but equally as a university of choice nationally and internationally.

The 2015/16 current academic year will be my last with the University of Cumbria as vice chancellor. The year following will see the institution celebrate its tenth anniversary following the launch in 2007.

I will end my report where I started; the institution has achieved a maturity that few would have believed possible to accomplish so rapidly. This has been attained against an uncertain and often volatile background as the higher education environment has shifted constantly beneath us.

I am proud that the University of Cumbria has done well this year, I am proud of our students and their contribution to making a better world, but particularly I am proud and want to thank all of our staff who have made this possible. Undoubtedly the coming year, just

like all those before it, will bring both challenges and opportunities, but I'm more than confident the University of Cumbria remains in a sound position and can address whatever comes its way.



Director of Finance and Resources' report

The university's overall financial performance in 2014/15 was strong. The cash generated from operating activities was at the highest level since the university was formed and EBITDA (earnings before interest, tax, depreciation and amortisation), which excludes many accounting adjustments, exceeded the university's minimum target of 10% of income.

Summary of financial results	2014/15 £m	2013/14 £m	2012/13 £m	2011/12 £m	2010/11 £m
Total income	66.8	70.2	73.6	78.2	86.3
Total expenditure	62.2	63.1	69.4	70.6	79.7
Surplus before exceptional items	4.7	7.2	4.2	7.6	6.6
EBITDA	7.8	10.8	10.3	10.0	9.4
Net cash inflow from operating activities	9.8	8.5	8.0	2.9	8.7

Key financial indicators	2014/15 as % of income	2013/14 as % of income	2012/13 as % of income	2011/12 as % of income	2010/11 as % of income
Net cash inflow from operating activities	14.6%	12.2%	10.8%	3.8%	10.1%
Net liquidity (days)	161	133	110	77	78
Staff costs	61.1%	55.8%	55.2%	52.8%	51.7%
External borrowing	14.2%	26.20%	35.9%	50.3%	62.9%
Discretionary reserves	61.7%	50.3%	35.9%	26.2%	14.2%
Current ratio	2.4	2.5	1.9	1.2	1.1

Against the majority of key financial indicators, the university is now either at or better than the average for the higher education sector. This is against a background of a fall in income and increasing cost pressures as outlined below.

As the university continues to respond to opportunities, student expectations, government policy and many forms of change, it does so with a track record of excellent financial results and from a robust financial position. It also does so with a keen awareness of the risks it faces.

Income

Income fell by 5 per cent compared to 2013/14. This had been expected. Although student recruitment exceeded the previous year's levels, this drop in revenue reflected the impact of the graduation of the large student cohorts from 2011/12. Lower recruitment in subsequent years and from 2012/13 in teacher training areas, has reduced the number of continuing students and therefore the overall size of the student population and the level of fees and grants received. The tuition fee income increase in 2014/15, which is recorded in the financial statements, is due to a shift from government grants to tuition fees.

Growing income levels is a key strategic objective for the university. The operating environment is challenging, with reductions in government funding expected in 2015/16 and beyond, further reform of the approach to teacher training in 2016/17 and changes being proposed to the way allied health students are funded. Within this context, the university is focused on increasing student recruitment and diversifying and expanding its income streams in the short to medium term. Progress is being made and while a small reduction in overall revenue is expected in 2015/16, it is anticipated that various initiatives and the impact of student recruitment to new courses and new types of provision will lead to growth after this.



Expenditure

The response to reduced income has been planned and effective. Despite further cost pressures from pay inflation, general inflation and pension changes, the university has continued to control its costs. Overall expenditure reduced by £0.9m compared to 2013/14 and this has helped the university deliver its healthy £4.7m surplus. If the costs of restructuring, which have helped the university prepare for 2015/16, are excluded, this drop in costs is over £1.5m or 4 per cent.

Staff costs did increase by £1.7m. There are several elements to this including an extra £0.5m paid into the Local Government Pension Scheme in order to help reduce the university's deficit and the additional staff restructuring costs.

Staff costs continue to be a financial risk for the university with increases in employers' contributions to the Teachers' Pension Scheme from September 2015, employer's national insurance changes in April 2016 and the next Local Government Pension Scheme valuation also due in 2016. In response to this and ongoing pay inflation and falling income, the university has taken decisive steps to reduce its staff full-time equivalents (FTEs) to a more sustainable level ahead of 2015/16. At 61.1 per cent, the university's staff costs as a percentage of income are significantly in excess of the sector average and the measures in 2014/15 and those planned in 2015/16 and beyond are focused on ensuring that staffing costs remain proportionate.



Balance sheet

The action to control costs has led to a strengthening balance sheet. The cash balance was over £26m and leaves the university capacity to begin to deliver its ambitious estates investment programme. The collection of student debt remains effective, and improved significantly in 2014/15 following process re-engineering and the outstanding loan balance continues to decline, leaving increasing capacity for further future borrowing if that is required.

There was a net increase in the value of fixed assets reflecting the continued plans to improve the university's infrastructure. £4.6m was spent on capital investment including laboratories to support new science provision. The £2.2m expended on equipment reflects the enhancement of the learning environment for students including improved IT facilities, software and the equipment used within teaching and research.

Pensions

The recent FRS 17 accounting valuation of the university's Local Government Pension Scheme liability at 31 July 2015 was not favourable. Largely due to change in the assumed discount rate, the liability grew from £26.4m to £32.3m. While this has no immediate impact on the operating position of the university, it is an indication that the next triennial valuation of the scheme, as at 31 March 2016, may lead to increased employer contributions from April 2017. This likelihood is being reflected within the university's financial modelling and planning.

Kate McLaughlin-Flynn

Director of Finance and Resources



About the University of Cumbria

The university's total student numbers for the 2014/15 academic year were 9,000 and on average it had 1,126 employees (929 FTE). 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, where we are one of the largest teacher training providers in the UK.

The university operates from four main campuses, plus a small campus location in London and from dedicated HE 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 HEFCE programmes, and Brampton Road, our specialist arts campus. There is also the Carlisle Business Interaction Centre in the city centre.

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 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.





Economic impact

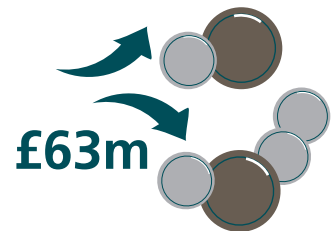
The university is committed to staff and student enterprise and to working with partners to support businesses of all sizes to prosper.



Students' expenditure



Spend by staff



Secondary impact

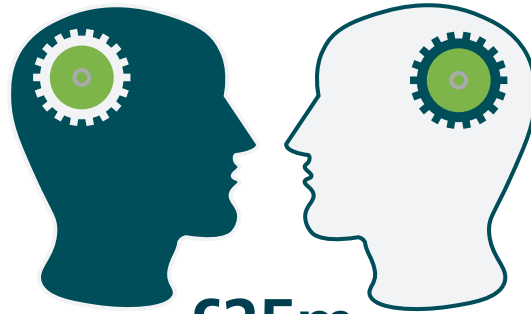


Cumbria £66m; Lancashire £54m; London £4m



93.2%

93.2% in employment or further study within six months of graduating



£25m

Knowledge Transfer



Free open business lectures

18 lectures with over 300 delegates

952 registered student volunteers who delivered

4,348

hours of work



The university has been awarded the **Small Business Charter**, one of only 31 universities in the UK to hold this



Professionally accredited courses

including through the Institute of Leadership and Management, and Association of Project Management



Business Interaction Centres

in Carlisle and Lancaster providing support for enterprise, business and higher-level skills activities



Business Growth Hub

in Ambleside providing joined-up support with the Cumbria Chamber of Commerce, also office space, virtual reception and access to WiFi, and high-quality workshop and laboratory space

Examples of working with local businesses

In partnership with Cumbria Chamber of Commerce, the university won a 'high impact' award for its contribution to Global Entrepreneurship Week 2014, winning the award for the second year in a row.



Global Entrepreneurship Week is the world's largest campaign to promote entrepreneurship. Each year, it plays a critical role in encouraging the next generation of entrepreneurs to consider starting up their own business. Last year in the UK over 500 partner organisations hosted around 2,500 events that reached more than 340,000 entrepreneurial people across the country. The university hosted a series of free, inspirational events in its Business Interaction Centre and Carlisle campuses during Global Entrepreneurship Week. Links with local and regional businesses play a major role in the university's enterprise activity. The university is committed to working together with relevant partners, including Carlisle City Council, to the benefit of Carlisle, and the region in which we operate.

Health and social care employers seeking evaluations of programmes or interventions are increasingly turning to us for expert help. The team of researchers have extensive professional experience in fields including nursing, social work, occupational therapy, sport and physical activity, and community development. The Health and Social Care Evaluation (HASCE) unit works with potential clients to understand the needs and purposes of the evaluation and are happy to offer advice, consultancy, dissemination and facilitation.



The university's Renewable Energy Test and Education Centre worked with Cumbria-based enterprises and new start-up companies to provide support in researching and developing new products, enabling business growth, creating new jobs and increasing research capability.



Knowledge Action Network



EUROPEAN UNION
Investing in Your Future

European Regional
Development Fund 2007-13

The Knowledge Action Network (KAN) was a successful business-support programme delivered by the University of Cumbria in conjunction with Manchester Metropolitan University and University of Chester which concluded in February 2015. It helped over 200 businesses to grow through developing new or innovative products/services or projects. The programme – supported by the European Regional Development Fund – was one of the flagship innovation programmes provided by the University of Cumbria to assist county businesses to grow.

Participants received support through attending individual coaching sessions, peer-to-peer action groups with like-minded business owners and specialist advice from academics or consultants. In Cumbria alone, the initiative has created 15 jobs and safeguarded 36, while improving the performance of 29 businesses and creating countless new opportunities.

The university launched a new Psychometric Assessment Service (PAS), offering training and services to the business community in the North West and Scottish borders, becoming one of only five universities in the country to offer the British Psychological Society accredited course, which includes psychological testing and test-user training.



The British
Psychological Society

Psychological Testing Centre



Along with a local business the university has jointly filed a patent concerning a wearable device for monitoring movements in physiotherapy.

Greener by miles

There has been a lot of publicity in the sector about universities and their green credentials, with significant investment in solar, wind power and heat exchange. The approach we have taken to carbon reduction, has in many ways been much closer to home.

As we operate across distributed locations, travel is a big issue for us. This year the university won an Energy Saving Trust 'Fleet Heroes' Award for sustainable management of its fleet of business-use vehicles, for cutting its business mileage by 32 per cent, resulting in a 16 per cent reduction in carbon emissions.

This doesn't mean that we have ignored the impact of our estate; we have invested a very modest but targeted £180k in low-energy systems for our heating and lighting and improved building insulation levels.

As a result of all these improvements, the university was runner up in a national survey of all universities carried out by sustainability consultancy Brite Green, which forecasts that English higher education institutions (HEIs) will only achieve a 12 per cent reduction in absolute carbon emissions by 2020 from a 2005 baseline – well behind the 43 per cent target set by the sector in 2008. The university has achieved a reduction of 45 per cent five years ahead of the target year.

Runner up in national survey of reduced carbon emissions. The university has achieved a reduction of 45 per cent five years ahead of the target year.



Winner of the 'Fleet Heroes' Award
- for sustainable management of a fleet of business use vehicles.



The university implemented a number of innovative green initiatives to achieve these impressive results, which included:



01

Introducing a travel hierarchy to reduce unnecessary travel, supported by a car club and rental vehicles.



02

Issuing over 200 personal travel plans to help staff make more environmentally sound travel choices.



03

Incentivising car sharing and offering reduced parking rates for ultra-low emission vehicles.



04

Providing students with Stagecoach passes to discourage car use and developing a partnership with Virgin Trains for free first-class upgrades for university staff, reducing car use and also enabling work during travel between campuses.

Our staff achievements

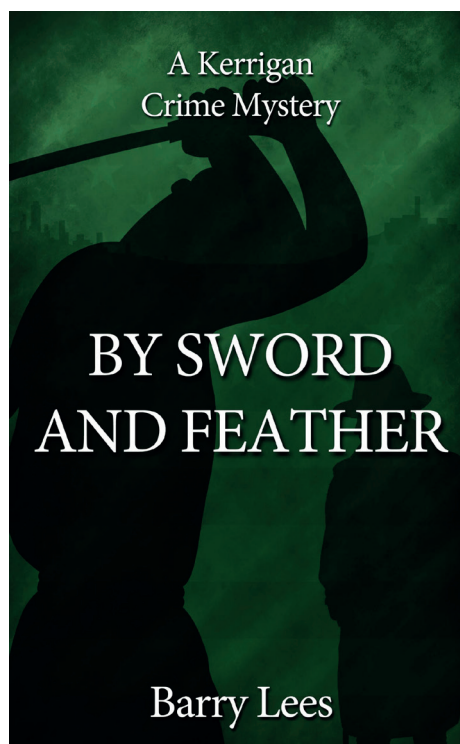
We pride ourselves on the skills and contribution of our staff, many of whom are practitioners in their field as well as delivering their lecturing commitments.

“The English and creative writing joint honours degree course at the University of Cumbria is a terrific platform for any aspiring writer.” says **Barry Lees**, novelist and policing lecturer at Brampton Road, Carlisle. Barry has published three crime novels since 2013, the third in August last year. His books are *This City of Lies*, *The Governor’s Man* and *By Sword and Feather*.

Taking his influences from the American masters of the genre such as Chandler, Hammett and Spillane, Barry believes that it is more important to write about what you like than what you know or where you have been.

Emeritus Professor Hilary Cooper edited another Primary history teaching book – **Sue Temple** and **Hugh Moore** (both senior lecturers in Primary history) again contributed chapters.

The book, *Writing History 7-11*, is about using writing frames to challenge children, when they are writing using their history as a context. Sue worked on a research project with year 5/6 at Fellview Primary School, in Caldbeck, focusing on a unit about the Anglo Saxons, which is included in the book.



Barry Lees - *By Sword and Feather* (Book Cover)

Senior Fine Art Lecturer **Jane Topping's** film *Peter* featured as part of the 12th International Festival Signes de Nuit film festival which took place in Paris in September. *Peter* was in the International Experimental Documentary competition, for which, as Jane commented, "competition is stiff!"

For more information on the festival, go to http://www.signesdenuit.com/index_eng.htm or http://www.signesdenuit.com/paris/P12.AI__E_Temps.htm

Peter was screened at Studio des Ursulines, and Jane admits she was very excited to be showing alongside Tin Derdamal & Christina Haglund's *Muerte en Arizona* (Death in Arizona).



Jane Topping - *Peter* (Film Still)

Lecturer in Illustration **Dwayne Bell**, based at the Brampton Road campus, has won a prestigious Cheltenham Illustration Award for a poignant piece depicting his fellow passengers on a busy city bus route.

He received a commendation for his piece, which he explains was inspired by his real-life journey to work: "I commute daily to and from Carlisle on the First Bus X95 and I pass the 50-minute journey by drawing my fellow passengers in my sketchbook."



Dwayne Bell - (Illustration)

Head of Library and Student Services
Margaret Weaver was invited to address the 'Westminster Higher Education Forum Keynote Seminar: Tackling student welfare issues and improving student retention' in London in March.

Delegates discussed student non-continuation rates, focusing particularly on tackling welfare issues. The seminar followed the release of the HEFCE and OFFA Joint National Strategy for Access and Student Success which called for universities to increase their focus on retention.

Margaret's address was entitled: 'Effective student support service: best practice in improving retention and tackling common causes for student drop-outs'. Margaret gave her views about the problems faced by students today, and how successful student support services tackle these issues.

The university's Professor of Sustainability Leadership, **Dr Jem Bendell**, headed to Geneva in early February to start a three-month secondment to the United Nations.

Jem is providing research support for the Sustainable Stock Exchanges (SSE) initiative. This UN-led initiative brings together over 50 stock exchanges, including NASDAQ and the London Stock Exchange, to learn how to enable more responsible investment in publicly listed companies.



Professor Jem Bendell

Lecturer **Stephen Longstaffe** was invited to speak at a conference at the Huntington Library in California. Every year the library runs conferences with invited speakers on topics relevant to the library's holdings. The library contains artistic and literary treasures from Britain and Europe including Gainsborough's *Blue Boy*, a Gutenberg Bible on vellum and the Ellesmere illuminated manuscript of Chaucer's *Canterbury Tales*, as well as many copies of Shakespeare's early works. The theme for the conference was 'Shakespeare and the Social Depth of Politics'.

Stephen's paper looked at an episode in one of Shakespeare's plays involving a 1450 rebellion led by commoners, arguing that we can read it much more sympathetically than many people have.

Emeritus Professor of Cultural History, **Mike Huggins** travelled to Milan at the end of September to deliver a keynote speech entitled 'Match-fixing: a key issue for sports integrity', at a major workshop in the famous Palazzo Marino following the launch of the Convention on the Manipulation of Sports Competitions.



Emeritus Professor Mike Huggins

Our students' success

It has been a fantastic year for students, with widespread success across a range of subject areas.

Douglas Hope, doctoral researcher, appeared on BBC Radio Wales talking about his research into T A Leonard (founder of the Co-operative Holiday Association and the Holiday Fellowship, who was instrumental in the creation of the Youth Hostels Association and the Ramblers' Association), as well as spending a day in the company of Paul Heiney filming in the Lake District with the ITV *Countrywise* team.

Final-year students studying BA (Hons) Physical Education, BA (Hons) Sport, Physical Activity & Health Development, and BA (Hons) Coaching and Sport Development collectively raised over £5,000 in 2014 for a number of selected charities, including St John's Hospice in Lancaster, Eden Valley Children's Hospice (Jigsaw) in Carlisle, Epilepsy Action and Help for Heroes. Three local primary schools in Lancaster also benefited by £500 from the proceeds of a fun run.



Douglas Hope (right) with Paul Heiney

Two of our National School of Forestry students were selected as the first recipients of The Prince of Wales Forest Leadership Award. Both in the final year of BSc (Hons) Forest and Woodland Management, **Keira Tedd** and **David Johnes** beat off stiff competition from UK applicants to pick up the national awards. Endorsed by HRH the Prince of Wales, and delivered in partnership by the Institute of Chartered Foresters (ICF), the Canadian Institute of Forestry (CIF-IFC) and the Duchy of Cornwall, the award recognises young forestry professionals in Canada and the United Kingdom who possess a dedication to sustainable forestry and the skills and aptitude to become our future forest leaders.



David Johnes (left) and Keira Tedd (middle) with SNROS Head of Department, Dr Elspeth Lees.

Our students' success

Student midwife **Kerry Cooper** won the Cavell Nurses' Trust Outstanding Academic Achievement Award. This award is presented to nursing and midwifery students who demonstrate that they have gone above and beyond in their studies. The Cavell Trust Scholarship scheme aims to recognise and celebrate student nurses and midwives from across the UK. Students have the opportunity to win scholarship prize funds to be used for placements either abroad or in the UK.



Kerry Cooper receives her award

An enterprising student who opened a series of children's sports camps in Carlisle has expanded his successful concept to Lancaster. **Edd Snoxell**, 22, received funding from the University of Cumbria and UnLtd to launch his own social enterprise of children's sports camps called 'Multi-Sports.co.uk' in 2013. The sport camps are for children aged 5 to 13 to inspire to get them into physical activity outside school, and, up until now, have been hosted in various locations around Carlisle. Now Edd, who is studying for his PGCE in Secondary Physical Education through the School Direct programme, has launched his children's sports camp in Lancaster.



Edd Snoxell (far right) with his team



Julie Staun

PhD student **Julie Staun** declared herself “honoured, and absolutely delighted to receive such a level of recognition from my homeland” when she learned that she’d been awarded an OBE in the Queen’s New Year Honours List. “It is also a humbling experience” she added. Julie is an independent work environment consultant in Denmark and currently a part-time PhD student at the university. The subject area of her research is the health behaviour of industrial workers.

Our honorary fellows

Honorary fellowships are awarded in recognition of individuals who have made outstanding contributions to the university and/or in support of a variety of causes linked to the work of the university. During the academic year 2014/15, 14 honorary fellowships were awarded.



Paul S Adams

in recognition of his lifelong and outstanding contribution to education and to the folk and jazz music industry



The Lord Cavendish of Furness DL

in recognition of his lifelong service to the Cumbrian community and outstanding contribution to supporting its economic and cultural heritage



Dr Jim Cox

for his outstanding and lifelong contribution to medicine and the health and social needs of rural communities



Derek Eland

in recognition of his lifelong and outstanding contribution to contemporary art



Professor Jacqui Filkins

in recognition of her lifelong and outstanding contribution to nursing leadership, education and governance both nationally and internationally



Charles John Graves

for his outstanding and lifelong contribution to the leisure, hospitality and tourism industry in Cumbria



Sir Martin Holdgate CB
in recognition of his lifelong and outstanding contribution to environmental science and international conservation



Christopher Holmes
in recognition of his lifelong and outstanding contribution to global business and for his charitable work in the Cumbrian community



Heike Horsburgh
in recognition of her outstanding contribution to young people and services within the Cumbrian community and environment and the promotion of a mountain and adventure sport culture



John Porter
in recognition of his lifelong and outstanding contribution to the economy of the outdoor



Simon Rogan
for his outstanding service to raising the profile of Cumbria through his innovation and excellence in the culinary arts



Peter Stott
in recognition of his lifelong and outstanding contribution to horticulture and landscape design within the Cumbrian community



Mary Styth
in recognition of her lifelong and outstanding contribution to public service, education, health and social care



Caroline Thomson
in recognition of her lifelong and outstanding contribution to broadcast media and the arts

Corporate Governance Reports

Governance

Public benefit statement

Director/Trustee remuneration

Statement on internal control

Risk management

Going concern

Responsibilities of the Board of Directors

BA (Hons) Performing Arts

Gemma Stubbs: "There are very few courses that offer the whole spectrum of performing arts. I wanted to do singing, dancing and acting, I wouldn't have wanted to drop one, so this course was perfect."



Governance

The following section explains how the composition and organisation of the university's governance structures support 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 Memorandum and Articles of Association, as revised and implemented on 1 August 2007. The Memorandum and 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 (cuc) 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 <http://www.cumbria.ac.uk/AboutUs/Services/VCO/LegalStatusAndStatutoryInformation.aspx>.

Structure of governance

The university's board of directors, which meets at least five 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 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 41.

The university's board of directors comprises persons who are appointed in accordance with its Memorandum of Association. During 2014/15 the chair was Mr Euan Cartwright and the vice chair was Dr Stephen Curl, with a second vice chair, Dr Hilary Crowe. The composition of the university board is 21 with independent directors forming the majority. The membership includes the vice chancellor and via open elections a staff director and a student director. A full list of members is on page 41.

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. The board approved an action plan to take forward the findings and recommendations of the review to further enhance the effectiveness of the board, including the removal of the strategy and planning committee and agreement to revise the governance structures (the articles of association) to reduce the size of the board from 21 to 15 directors. Consultation with key stakeholders and approval from the Privy Council commenced in summer 2015 and will be finalised during 2015/16.

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 several sub-committees, which have the following roles:

- 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.
- Strategy and Planning Committee (chaired by Dr Hilary Crowe) has responsibility for advising the university board on strategy and planning in the medium to longer term.
- 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 Dr Hilary Crowe) considers nominations for appointment to the board and its subcommittees. The nominations committee met during 2013/14 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 three occasions in 2014/15.
- 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.

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. Although senior executives attend meetings of the audit 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 (Higher Education Funding Council for England) 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 his role by the University Executive Group (UEG), which meets regularly and shapes the strategic direction, performance and management of the university. The UEG is the senior executive decision-making body and deals with all matters of policy.



Members of the University Board of Directors and University Executive Group 2014/15

	Notes	Attendance at board in 2014/15 (maximum 7)
Vice Chancellor Professor Peter Strike	(2, 3, 4, 5, 6)	7
Chair of the Board of Directors Mr Euan Cartwright	(2, 3, 5, 6)	7

Members of the Board of Directors

Mr David Allen	(1)	6
Mrs Emma Bales	(7)	6
Professor Linda Challis	(3, 6)	4
Dr Hilary Crowe	(3, 6)	5
Dr Stephen Curl	(2, 5)	7
Mr Geoff Donnelly	(4, 5)	2
Mr Neill Fraser	(2, 3)	7
Mrs Claire Hensman	(1, 5)	6
Mr Jon Hopkins	(8)	0
Mr Stuart Hyde	(2)	2
Mr Ian Johnson	(2)	2
Professor John Lee		5
The Right Reverend James Newcome, Bishop of Carlisle	(6)	4
Mr Bill Sang	(2, 3)	5
Dr Keith Snell	(3)	7
Mrs Sheona Southern	(3)	3
Mrs Jill Stannard	(4)	4
Mr Daniel Tomlinson	(1)	6

Members of the University Executive Group in 2014/15

Professor Peter Strike (Chair) (Vice Chancellor)
Mr Neil Harris (Registrar and Secretary)
Professor Sandra Jowett (Deputy Vice Chancellor)
Ms Sandra Booth (Pro Vice Chancellor)
Mrs Kate McLaughlin-Flynn (Director of Finance and Resources)
Mrs Janet Whitworth (Chief Operating Officer)
The Reverend Canon Professor Robert Hannaford (Executive Dean, Faculty of Education, Arts and Business)
Dr Robin Talbot (Executive Dean, Faculty of Health and Science)

Notes

1. Audit committee
2. Finance and resources committee
3. Strategy and planning committee
4. Employment policy committee
5. Remuneration committee
6. Nominations committee
7. Staff director
8. 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, 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 local people, businesses and employers.

The university's aims and objectives are centred on benefiting 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 £6,807 (2013/14: £6,361). 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 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 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 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 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 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 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

Strategic management of risk is an integral element in its decision-making processes and culture, supporting effective planning and evaluation of its activities.

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

The regular management and reporting on progress against strategic objectives and risks aids the quarterly re-evaluation of strategic risk by informing updates to risk improvement plans. It creates a 'cascade' of risk management in which identified activities are mapped against the next highest level, demonstrating an upward flow of mitigating controls from operational to strategic. In 2014/15 the university took the opportunity to develop its risk management processes, including specifically mapping both internal and external sources of assurance to the risks.

As activities progress and risks are improved at the lower level, they enable risks to be managed at the next highest level: for example, management of project risks ensure the risks to the delivery of the university's annual operating plan are mitigated. An increase in a project risk flags a potential increase to the associated operating plan risk and so on up the hierarchy.

Annual operating plan projects are aligned to strategic risks as identified controls within risk improvement plans. If an operating plan risk increases this flags a potential impact in the efficacy of the control at the strategic risk level and thus impacts on the net risk score for that strategic risk.

The key risks identified and being managed by the university relate to:

- The risk to income from the current volatile external environment. This includes: the removal of the allocations of student numbers to a free market driven by students and the ongoing changes in teacher training; potential changes to the funding available for courses sponsored through the NHS.
- We are a new university, building and enhancing our status. As such it is potentially vulnerable to events that damage our reputation. National Student Survey results showed significant progress every year from 2011 through to 2014. In 2015, disappointingly this progress was not sustained and the university did less well with two areas of particular concern. However, in 2015 nine of our courses have improved by at least ten per cent in 'Overall Satisfaction' and an increasing number have secured 100 per cent in 'Overall Satisfaction'. Our action plans focus on the two areas of particular concern as well as continuing our systematic activities to improve scores across the institution.

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

Going concern

The university's business activities, together with the factors likely to affect its future development, performance and position, are set out in this Operating 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. 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.



Responsibilities of the Board of Directors of the University of Cumbria

In accordance with the Education Reform Act 1988 and the Memorandum and 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 Financial Memorandum agreed 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;
- judgments 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 Financial Memorandum with the Funding Council and the Funding Memorandum with the Agency 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 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/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 the audit committee in consultation with the finance and resources committee.
- a professional internal audit team whose annual programme is approved by the audit 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 Peter Strike – Vice Chancellor and Chief Executive

19 November 2015

Ambleside campus



Financial Statements

Independent auditor's report
Statement of principal accounting policies
Consolidated income and expenditure account
Statement of group historical cost surpluses and deficits
Statement of group total recognised gains and losses
University and consolidated balance sheet
Consolidated cash flow statement
Notes to the consolidated financial statements



PgCE Secondary education, P.E

Edd Snoxell: Edd launched 'Multi-Sports.co.uk', a social enterprise of children's sports camps. "I aim to give kids the opportunity to try a wide variety of sports, and to give them a good balanced education."

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

We have audited the group and University financial statements (the "financial statements") of the University of Cumbria for the year ended 31 July 2015 which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses 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).

This report is made solely to the Board of Directors, and the company's 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 company's members those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and the company's members 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 set out on page 47-48 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 affairs of the Group and University as at 31 July 2015 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and with the 2007 Statement of Recommended Practice – Accounting for Further and Higher Education;
- meet the requirements of HEFCE's Accounts direction to higher education institutions for 2014-15 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 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 2014-15 financial statements have been met.

- certain disclosures of directors' remuneration specified by law are not made; audit have not
- we have not received all the information and explanations we require for our audit.



Trevor Rees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
St James' Square
Manchester
M2 6DS

25 November 2015

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Report of the Board of Directors 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;

Statement of principal accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below.

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education 2007 (the SORP) and in accordance with applicable Accounting Standards. They conform to guidance published by the Higher Education Funding Council for England.

Basis of accounting

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

Basis of consolidation

The consolidated financial statements include the university and its subsidiary undertakings for the financial year to 31 July 2014. The financial statements of the Students' Union are not consolidated as it is a separate entity over which the university does not have control or significant influence.

Recognition of income

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

This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned.

Income from specific endowments and donations is included to the extent of the relevant expenditure incurred during the year, together with any related contributions towards overhead costs.

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

Income from tuition fees is recognised in the period for which it is received and includes all fees payable by students or their sponsors.

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

Pension schemes

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.

Tangible fixed assets

a) Land and buildings

Land and buildings are stated at valuation. Valuations take place every five years with an interim valuation in the third year after a full valuation.

Buildings are depreciated over their expected lives of 50 years. Land is not depreciated.

Assets under construction are not depreciated.

Refurbishments are depreciated over their expected useful lives, up to a maximum of 20 years.

b) Furniture and equipment

Furniture and equipment, excluding computers, costing less than £2,000 (including any irrecoverable VAT) per individual item or group of related items, is written off to the income and expenditure account in the year of acquisition. All other furniture and equipment is capitalised at cost and is depreciated over the asset's expected useful life, up to a maximum of fifteen years.

c) Computer equipment

Computer equipment, costing less than £2,000 (including any irrecoverable VAT) per individual item

or group of related items, is written off to the income and expenditure account in the year of acquisition. All other computer equipment is capitalised at cost and is depreciated over the asset's useful life, up to a maximum of ten years.

d) Capital grants

Where assets are acquired or constructed with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to the income and expenditure account over the expected useful life of the assets.

e) Impairments

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

f) Repairs and maintenance

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred.

Leased assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Leasing agreements which transfer to the university substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright and are capitalised at their fair value at the inception of the lease and depreciated over the shorter of the lease term or the useful economic lives of equivalently owned assets. The capital element outstanding is shown as obligations under finance leases.

The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. Where finance lease payments are funded in full from funding council capital equipment grants, the associated assets are designated as grant-funded assets.

Provisions

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

Stock

Stocks are valued at the lower of cost or net realisable value.

Taxation status

The university is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the university is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992,

to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The university is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

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

Investments

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

Agency arrangements

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

UNIVERSITY OF CUMBRIA

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
Income			
Funding body grants	1	5,110	11,953
Tuition fees and education contracts	2	52,571	48,037
Research grants and contracts	3	332	363
Other income	4	8,708	9,776
Endowment and investment income	5	90	118
Total income		66,811	70,247
Expenditure			
Staff costs	6	40,853	39,182
Other operating expenses		17,647	19,705
Depreciation	10	2,992	3,139
Impairments	10	119	58
Interest and other finance costs	7	539	992
Total expenditure		62,150	63,076
Surplus after depreciation of tangible fixed assets and before taxation		4,661	7,171
Taxation		0	0
Surplus before exceptional items		4,661	7,171
Exceptional items: continuing operations			
Profit on sale of fixed assets	9	292	381
Surplus after depreciation of tangible fixed assets, tax and exceptional items		4,953	7,552
Surplus for the year transferred to accumulated income in endowment funds		(1)	(13)
Surplus for the year retained within general reserves		4,952	7,539

All items of income and expenditure arise from continuing operations.

UNIVERSITY OF CUMBRIA

STATEMENT OF GROUP HISTORICAL COSTS SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
Surplus on continuing operations before taxation		4,953	7,552
Difference between historical cost depreciation and the actual charge for the year calculated on the revalued amount	20	202	176
Historical cost surplus for the year before taxation		<u>5,155</u>	<u>7,728</u>
Taxation		0	0
Historical cost surplus for the year after taxation		<u>5,155</u>	<u>7,728</u>

UNIVERSITY OF CUMBRIA

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
Surplus on continuing operations after depreciation of assets, disposal of assets and tax		4,953	7,552
Unrealised surplus on revaluation of fixed assets and investments		0	1,364
New endowments	19	4	27
Endowment income retained for year	19	1	13
Expenditure of endowments	19	(10)	(14)
Actuarial loss in respect of pension scheme	28	(5,577)	(286)
Actuarial loss in respect of enhanced pension provision		(13)	(24)
Reconciliation			
Opening reserves and endowments		<u>19,513</u>	<u>10,881</u>
Total recognised gains and losses for the year		(642)	8,632
Closing reserves and endowments		<u>18,871</u>	<u>19,513</u>

UNIVERSITY OF CUMBRIA

BALANCE SHEET
AS AT 31 JULY 2015

	Notes	2014/15		2013/14	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Fixed assets					
Tangible assets	10	62,297	62,297	61,387	61,387
Investments	11	0	10	0	10
		<u>62,297</u>	<u>62,307</u>	<u>61,387</u>	<u>61,397</u>
Endowment assets	12	<u>138</u>	<u>138</u>	<u>143</u>	<u>143</u>
Current assets					
Assets held for resale	10	1,178	1,178	1,640	1,640
Stocks	13	35	35	29	29
Debtors	14	3,078	3,078	3,022	3,022
Cash at bank and in hand		26,062	26,062	20,249	20,249
		<u>30,353</u>	<u>30,353</u>	<u>24,940</u>	<u>24,940</u>
Creditors: amounts falling due within one year	15	(12,337)	(12,444)	(10,178)	(10,285)
Net current assets		<u>18,016</u>	<u>17,909</u>	<u>14,762</u>	<u>14,655</u>
Total assets less current liabilities		80,451	80,354	76,292	76,195
Creditors: amounts falling due after more than one year	16	(8,269)	(8,269)	(10,010)	(10,010)
Provisions for liabilities	17	(2,210)	(2,210)	(2,183)	(2,183)
Total net assets excluding pension liability		<u>69,972</u>	<u>69,875</u>	<u>64,099</u>	<u>64,002</u>
Net pension liability	28	(32,287)	(32,287)	(26,371)	(26,371)
Total net assets including pension liability		<u>37,685</u>	<u>37,588</u>	<u>37,728</u>	<u>37,631</u>
Deferred capital grants	18	18,817	18,817	18,216	18,216
Endowments					
Expendable	19	4	4	5	5
Permanent		134	134	138	138
		<u>138</u>	<u>138</u>	<u>143</u>	<u>143</u>
Reserves					
Income and expenditure account excluding pension reserve	20	41,243	41,146	35,331	35,234
Pension reserve		(32,287)	(32,287)	(26,371)	(26,371)
Income and expenditure account including pension reserve		<u>8,956</u>	<u>8,859</u>	<u>8,960</u>	<u>8,863</u>
Revaluation reserve		9,774	9,774	10,408	10,408
Total funds		<u>37,685</u>	<u>37,588</u>	<u>37,728</u>	<u>37,631</u>

The financial statements were approved by the University Board on 19 November 2015 and were signed on its behalf on that date by:



Mr Euan Cartwright, Chairman of the Board of Directors



Professor Peter Strike, Vice Chancellor

UNIVERSITY OF CUMBRIA

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
Net cash inflow from operating activities	21	9,383	8,548
Returns on investments and servicing of finance	22	(191)	(278)
Capital expenditure and financial investment	23	(1,913)	(3,938)
Financing	24	(1,471)	(1,552)
Increase in cash in the year		<u>5,808</u>	<u>2,780</u>
Reconciliation of net cash flow to movement in debt			
Increase in cash in the year		5,808	2,780
Change in debt	25	1,471	1,565
Change in net debt		<u>7,279</u>	<u>4,345</u>
Net funds at 1 August	25	9,459	5,114
Net funds at 31 July	25	<u>16,738</u>	<u>9,459</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
1 Funding body grants			
Recurrent grants			
Higher Education Funding Council (HEFCE)		3,466	8,073
National College for Teaching and Leadership (NCTL)		670	2,862
Specific grants			
HEFCE		353	167
NCTL		144	148
Deferred capital grants released in year			
Buildings	18	476	456
Equipment	18	1	247
		<u>5,110</u>	<u>11,953</u>
2 Tuition fees and education contracts			
Full-time home and EU students		37,105	32,975
Full-time international students		741	499
Part-time students		2,756	2,764
		<u>40,602</u>	<u>36,238</u>
Education contracts (NHS)		11,969	11,799
		<u>52,571</u>	<u>48,037</u>
3 Research grants and contracts			
Research councils and charities		332	363
		<u>332</u>	<u>363</u>
4 Other income			
Residences		2,877	3,068
Catering		827	851
Conferences		367	290
Release from deferred capital grants	18	227	321
Release of Energy Coast Campus Programme funding		0	390
Other income		4,410	4,856
		<u>8,708</u>	<u>9,776</u>
5 Endowment and investment income			
Income from short term investments		90	118
		<u>90</u>	<u>118</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
6 Staff costs			
Salaries		32,299	31,274
Social security costs		2,513	2,442
Occupational Pension Scheme Costs:			
Employer Contributions	28	4,609	4,146
FRS 17 adjustments	28	97	559
Restructuring costs		1,335	761
Total		40,853	39,182

Average staff numbers by major category	2014/15 Number	2013/14 Number
Academic staff	361	343
Academic support and other support staff	601	602
	962	945

The numbers disclosed above relate to full-time equivalents.

	2014/15 £	2013/14 £
Annual emoluments of the Vice Chancellor		
Salary	176,866	172,473
Benefits	0	0
	176,866	172,473
Pension contributions	0	16,234
	176,866	188,707

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

Annual remuneration of higher paid staff (other than the Vice Chancellor), excluding employer's pension contributions, was within the ranges set out below

	2014/15 Number	2013/14 Number
£100,000 to £109,999	2	4
£110,000 to £119,999	2	2
	4	6

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
7 Interest and other finance costs			
Loans not wholly repayable within five years		265	359
FRS 17 Adjustment: Net interest on pension liabilities - LGPS	28	242	599
FRS 17 Adjustment: Net interest on pension liabilities - pension provision	17	32	34
		<u>539</u>	<u>992</u>

8 Analysis of total expenditure by activity

Academic departments and services		34,674	34,959
Administration and central services		17,717	18,950
Premises		7,098	6,543
Residences, catering and conferences		2,153	2,035
Impairments		119	58
Others		449	810
		<u>62,210</u>	<u>63,355</u>

Other operating expenses include:

External auditor's remuneration in respect of audit services		45	45
External auditor's remuneration in respect of non-audit services		2	3

In year operating lease rentals

Land and buildings		568	1,473
Other		90	95

The operating lease payments above include £0.1m of expenditure (2013/14: £0.1m) which was provided for and charged to the Income and Expenditure Account in 2010/11. See Note 17 for further details.

Trustees

No trustee received any remuneration or waived payments from the group during the year. The total expenses paid to or on behalf of trustees was £6,807 (2013/14: £6,361). 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.

9 Exceptional items

Profit on sale of fixed assets	10	<u>(292)</u>	<u>(381)</u>
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For more details of the exceptional items, please see the note that is referenced above.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

10 Tangible assets

	Freehold Land and Buildings £'000	Equipment £'000	Assets in the Course of Construction £'000	Total £'000
Consolidated and University				
Cost and valuation				
At 1 August 2014	58,938	23,706	0	82,644
Additions - at cost	1,170	2,166	1,219	4,555
Impairments	(124)	0	0	(124)
Disposals	(1,029)	(11,513)	0	(12,542)
At 31 July 2015	58,955	14,359	1,219	74,533
Depreciation				
At 1 August 2014	859	18,759	0	19,618
Charge for the year	985	2,007	0	2,992
Impairments	(5)	0	0	(5)
Disposals	(34)	(11,513)	0	(11,547)
At 31 July 2015	1,805	9,253	0	11,058
Net book value				
At 31 July 2015	57,150	5,106	1,219	63,475
At 31 July 2014	58,079	4,947	0	63,026

Valuation of freehold and buildings

A revaluation of land and buildings at the Ambleside Campus was carried out by CB Richard Ellis Limited on 31 July 2014 and at all other campuses on 31 July 2013. The valuer was qualified for the purpose of the valuation in accordance with RICS Appraisal and Valuation Standards. The valuation was carried out on the basis of depreciated replacement cost for specialised properties and existing use value for non-specialised properties.

Assets held for resale

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

UNIVERSITY OF CUMBRIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

10 Tangible assets (continued)

All assets shown in the balance sheet are included at historical cost value, with exception of Freehold Land and Buildings, which are shown at revalued amounts.

Under the terms of establishment of the University, the Church of England retains an interest in the former freehold properties of St Martin's College.

11 Investments

	Notes	2014/15		2013/14	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Subsidiary companies	30	0	10	0	10
		<u>0</u>	<u>10</u>	<u>0</u>	<u>10</u>

12 Endowment assets (consolidated and university)

	2014/15 £'000	2013/14 £'000
Balance at 1 August	143	117
New endowments invested	5	39
Decrease in cash balances held for endowment funds	(10)	(13)
Balance at 31 July	<u>138</u>	<u>143</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
13 Stock				
Stocks of goods for resale	<u>35</u>	<u>35</u>	<u>29</u>	<u>29</u>
14 Debtors: amounts falling due within one year:				
Debtors	1,202	1,202	987	987
Prepayments and accrued income	1,876	1,876	2,035	2,035
	<u>3,078</u>	<u>3,078</u>	<u>3,022</u>	<u>3,022</u>
15 Creditors: amounts falling due within one year				
Loans	1,504	1,504	1,495	1,495
Obligations under finance leases	151	151	146	146
Trade creditors	3,842	3,842	2,619	2,619
Social security and other taxation payable	854	854	782	782
Accruals and Deferred Income	5,986	5,986	5,136	5,136
Amounts due to subsidiary companies	0	107	0	107
	<u>12,337</u>	<u>12,444</u>	<u>10,178</u>	<u>10,285</u>
16 Creditors: amounts falling due after more than one year				
Loans	7,641	7,641	8,970	8,970
Obligations under finance leases	166	166	322	322
Accruals and Deferred Income	462	462	718	718
	<u>8,269</u>	<u>8,269</u>	<u>10,010</u>	<u>10,010</u>

The details of the University's loans are as follows:

Lender	Amount Outstanding 31 July 2015 £'000	Term	Interest rate	Security
Barclays Bank plc	6,720	2036	2.23% - variable	Fixed charge over halls of residence at Brampton Road campus Unsecured
Cumbria County Council	408	Indefinite (reducing balance)	4.52% - variable	Unsecured
Barclays Bank plc	655	2020	10.62% - fixed	Fixed charge over halls of residence at Brampton Road campus Unsecured
HEFCE - SDF loan for major restructuring costs	1,000	2016	0.00%	Unsecured
HEFCE - RGF3 loan for energy efficiency projects	215	2018	0.00%	Unsecured
HEFCE - RGF4 loan for energy efficiency projects	147	2020	0.00%	Unsecured
	<u>9,145</u>			

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

16 Creditors (continued)

Finance Lease

The University entered into a finance lease during 2012/13 for equipment installed as part of the upgrade to its data centre. The leased equipment had net book value of £0.5m at 31 July 2015 (2013/14: £0.6m). An obligation of £0.3m (2013/14: £0.5m) has been recognised on the balance sheet and the amount payable in the future under this lease has been analysed as follows:

	2014/15 £'000	2013/14 £'000
Payable in next year	151	146
Payable in two to five years	166	322
	317	468

17 Provisions for liabilities

	Onerous Leases £'000	Enhanced Pensions £'000	Dilapidations £'000	Restructuring provision £'000	Other £'000	Total £'000
Consolidated and University						
At 1 August 2014	710	789	639	0	45	2,183
Arising in year	0	45	0	204	0	249
Utilised in year	(107)	(70)	0	0	(45)	(222)
At 31 July 2015	603	764	639	204	0	2,210

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.

Enhanced Pensions

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 3.46% (2013/14: 4.06%) and a net interest rate of 1.75% (2013/14: 2.25%) have been assumed.

Dilapidations

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

Restructuring

A restructuring provision of £0.2m was created in 2014/15 for obligations related to restructuring which began in 2014/15 and is due to be completed during 2015/16.

18 Deferred capital grants

	Funding Council £'000	Other Grants £'000	Total £'000
Consolidated and University			
At 1 August 2014			
Buildings	15,846	1,270	17,116
Equipment	776	322	1,098
Total	16,622	1,592	18,214
Received in year			
Buildings	824	3	827
Equipment	0	480	480
Total	824	483	1,307
Transferred between categories			
Buildings	762	0	762
Equipment	(762)	0	(762)
Total	0	0	0
Released to income and expenditure account			
Buildings (notes 1 and 4)	476	33	509
Equipment (notes 1 and 4)	1	194	195
Total	477	227	704
At 31 July 2015			
Buildings	16,956	1,240	18,196
Equipment	13	608	621
Total	16,969	1,848	18,817

UNIVERSITY OF CUMBRIA

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

19 Endowments (consolidated and University)

	Restricted Permanent £'000	Restricted Expendable £'000	2015 Total £'000	2014 Total £'000
Balances at 1 August 2014				
Accumulated income	138	5	143	117
Changes during the year:				
New endowments	3	1	4	27
Investment income	1	0	1	13
Expenditure	(8)	(2)	(10)	(14)
Balances at 31 July 2015	134	4	138	143

20 Reserves

	Notes	Year ended 31 July 2015	
		Consolidated £'000	University £'000
Income and expenditure reserve excluding pension reserve			
At 1 August 2014		35,331	35,234
Surplus retained for the year		4,952	4,952
Transfer from revaluation reserve		634	634
Actuarial loss on Local Government Pension Scheme	28	(5,577)	(5,577)
Actuarial loss on enhanced pension provision	17	(13)	(13)
Pension scheme charge to general reserves		5,916	5,916
At 31 July 2015		41,243	41,146
Pension reserve			
At 1 August 2014		26,371	26,371
Actuarial loss on Local Government Pension Scheme		5,577	5,577
Charge to income and expenditure account		339	339
At 31 July 2015		32,287	32,287
Revaluation reserve			
At 1 August 2014		10,408	10,408
Transfer from revaluation reserve to general reserve in respect of:			
Transfer to Income and expenditure reserve on disposal of assets		(432)	(432)
Depreciation charged on revalued assets		(202)	(202)
At 31 July 2015		9,774	9,774

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

	Notes	2014/15 £'000	2013/14 £'000
21 Reconciliation of surplus before tax to net cash flow from operating activities			
Surplus after depreciation of tangible fixed assets at valuation and before tax		4,661	7,171
Depreciation	10	2,992	3,139
Impairments	10	119	58
Deferred capital grants released to income	18	(704)	(1,024)
Pension costs less contributions payable	28	339	1,158
Investment income	5	(90)	(118)
Interest payable	7	265	359
(Increase) / decrease in stocks	13	(6)	(1)
(Increase) / decrease in debtors and prepayments	14	(89)	313
Increase / (decrease) in creditors and accruals	15	1,869	(2,115)
Increase / (decrease) in provisions	17	27	(392)
Net cash inflow from operating activities		<u>9,383</u>	<u>8,548</u>
22 Returns on investments and servicing of finance			
Interest received		57	64
Interest paid		<u>(248)</u>	<u>(342)</u>
		<u>(191)</u>	<u>(278)</u>
23 Capital expenditure and financial investment			
New endowment funds received	19	4	27
Endowment funds expended	19	(10)	(14)
Payments made to acquire fixed assets	10	(4,555)	(6,108)
Receipts from sale of fixed assets	10	1,341	1,455
Deferred capital grants received	18	1,307	702
Net cash inflow / (outflow) for capital expenditure and financial investment		<u>(1,913)</u>	<u>(3,938)</u>
24 Financing			
New financing acquired - HEFCE RGF		147	238
Repayments of amounts borrowed		(1,467)	(1,644)
Capital element of finance lease rental payments		<u>(151)</u>	<u>(146)</u>
		<u>(1,471)</u>	<u>(1,552)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

25 Analysis of changes in net debt

	Notes	At 1 August 2014 £'000	Cash Flows £'000	Non-cash Changes £'000	At 31 July 2015 £'000
Endowment assets	12	143	(5)	0	138
Cash at bank and in hand		20,249	5,813	0	26,062
Debts due within one year		(1,641)	(14)	0	(1,655)
Debts due after one year		(9,292)	1,485	0	(7,807)
		<u>9,459</u>	<u>7,279</u>	<u>0</u>	<u>16,738</u>

	2014/15	2013/14
	Consolidated and University £'000	Consolidated and University £'000

26 Capital Commitments

Provision has not been made for the following capital commitments at 31 July 2014:

Commitments contracted for	<u>224</u>	<u>390</u>
	224	390

27 Amounts disbursed as agent (consolidated and University)

HEFCE - Access to Learning Fund

Excess of income over expenditure at 1 August	20	10
Funding council grants	0	195
Interest earned	0	3
Grants paid	(20)	(188)
Excess of income over expenditure at 31 July	<u>0</u>	<u>20</u>

NCTL - Training Bursaries

Excess of income over expenditure at 1 August	(174)	19
Funding council grants	4,443	4,063
Returned to Funding Council	0	0
Grants paid	(4,394)	(4,256)
Excess of (expenditure) over income at 31 July	<u>(125)</u>	<u>(174)</u>

NHS - Health visitor bursaries

Excess of income over expenditure at 1 August	10	9
Funding council grants	36	58
Interest earned		0
Grants paid	(26)	(57)
Excess of income over expenditure at 31 July	<u>20</u>	<u>10</u>

The grants and bursaries detailed above are available solely to assist students. The University acts solely as paying agent. These disbursements are therefore excluded from the Income and Expenditure account.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015**

28 Pension schemes

The University has two principal pension schemes, the Teachers' Pensions Scheme England and Wales (TPS) and the Lancashire County Pension Fund - Local Government Pension Scheme (LGPS).

The pension costs for the University and its subsidiaries were:

	2014/15 £'000			2013/14 £'000		
	Employer Contributions	FRS 17 Adjustment	Total Pension Costs	Employer Contributions	FRS 17 Adjustment	Total Pension Costs
TPS	2,113	0	2,113	2,062	0	2,062
LGPS	2,496	97	2,593	2,084	559	2,643
Total pension cost	4,609	97	4,706	4,146	559	4,705

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 17 "Retirement benefits" (FRS17), 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 FRS17 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 were set at 16.48% of pensionable pay (including a 0.08% levy for administration), an increase from the current 14.1% that is payable;
- 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 new employer contribution rate for the TPS will be implemented in September 2015.

The total University contribution into the scheme in 2014/15 was £2.1m (2013/14 £2.1m).

LGPS

The Lancashire County Pension Fund is a funded defined benefit scheme, with assets held in separate trustee administered funds. The total contribution of the University into the scheme in 2014/15 was £2.5m (2013/14: £2.1m). The current employer contribution rate is 11.3% of pensionable salaries. From 1 April 2014, the University has been making contributions, which will total £0.9m each year, in order to recover its 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.

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%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

28 Pension schemes (continued)

Local Government Pension Scheme (continued)

The University has applied FRS 17 and the following disclosures relate to this standard. The University recognises any gains or losses in each period in the Statement of Total Recognised Gains and Losses. The material assumptions used by the actuary at 31 July 2015 were:

	2014/15 (%)	2013/14 (%)
Price increases (CPI)	2.2	2.3
Salary increases	3.7	3.8
Pension increases	2.2	2.3
Discount rate	3.8	4.3

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

	2014/15 (Years)	2013/14 (Years)
<i>Retiring today</i>		
Males	22.9	22.8
Females	25.4	25.3
<i>Retiring in twenty years</i>		
Males	25.1	25.0
Females	27.8	27.7

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

28 Pension schemes (continued)

Local Government Pension Scheme (continued)

The assets in the LGPS scheme and the expected rates of return were:

	2014/15		2013/14		2012/13	
	Long-term return	Fund value £'000	Long-term return	Fund value £'000	Long-term return	Fund value £'000
Equities	6.50%	23,980	7.00%	30,636	7.00%	31,543
Bonds - Government	2.50%	3,834	3.20%	123	3.30%	4,243
Bonds - Other	3.60%	1,812	4.10%	16,396	4.30%	12,666
Property	6.10%	6,343	6.20%	5,917	5.70%	5,103
Cash	0.50%	906	0.50%	1,479	0.50%	2,890
Other	6.50%	32,932	7.00%	7,088	7.00%	5,042
		<u>69,807</u>		<u>61,639</u>		<u>61,487</u>

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS17:

	2014/15 £'000	2013/14 £'000
Analysis of the amount shown in the balance sheet		
The University's estimated asset share	69,707	61,639
Present value of the University's scheme liabilities	<u>(101,994)</u>	<u>(88,010)</u>
Deficit in the scheme - net pension liability	<u>(32,287)</u>	<u>(26,371)</u>
Analysis of the amount charged to staff costs within operating surplus		
Current service cost	(2,596)	(2,642)
Past service cost	0	0
Settlements and curtailments	0	0
Total operating charge	<u>(2,596)</u>	<u>(2,642)</u>
Analysis of the amount that is credited to other finance income / (charged to interest payable)		
Expected return on pension scheme assets	3,576	3,376
Interest on pension scheme liabilities	<u>(3,818)</u>	<u>(3,975)</u>
Net return / (charge)	<u>(242)</u>	<u>(599)</u>
Analysis of the amount that would be recognised in the statement of total recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	3,050	(2,695)
Changes in assumptions underlying the present value of scheme liabilities	<u>(8,627)</u>	<u>2,409</u>
Actuarial gain / (loss) recognised in STRGL	<u>(5,577)</u>	<u>(286)</u>
Movement in deficit in the year		
Deficit in scheme at beginning of year	(26,371)	(24,927)
Movement in the year:		
Current service costs	(2,596)	(2,642)
Employer Contributions	2,499	2,083
Past service costs	0	0
Net return on assets	(242)	(599)
Impact of settlements and curtailments	0	0
Actuarial loss	<u>(5,577)</u>	<u>(286)</u>
Deficit in scheme at end of year	<u>(32,287)</u>	<u>(26,371)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2015

28 Pension schemes (continued)

Local Government Pension Scheme (continued)

	2014/15 £'000	2013/14 £'000
Analysis of the movement in the present value of the scheme liabilities		
At beginning of the year	88,010	86,414
Current service cost	2,596	2,642
Interest cost	3,818	3,975
Contributions by scheme participants	967	889
Actuarial (gains) / losses	8,627	(2,409)
Settlements	0	0
Benefits/transfers paid	(2,024)	(3,501)
Past service cost	0	0
At end of the year	<u>101,994</u>	<u>88,010</u>
Analysis of the movement in the market value of the scheme assets		
At beginning of the year	61,639	61,487
Expected rate of return on scheme assets	3,576	3,376
Actuarial gains / (losses)	3,050	(2,695)
Contribution by the employer	2,499	2,083
Contributions by scheme participants	967	889
Benefits paid	(2,024)	(3,501)
Settlements	0	0
At end of the year	<u>69,707</u>	<u>61,639</u>

History of experience gains and losses

	2014/15 £'000	2013/14 £'000	2012/13 £'000
Cumulative			
Difference between the expected and actual return on scheme assets:			
Amount (£'000)	3,050	(2,695)	6,365
Percentage of scheme assets	4.4%	-4.4%	10.4%
Experience gains / (losses) on scheme liabilities			
Amount (£'000)	8,627	4,418	0
Percentage of present value of scheme liabilities	8.5%	5.0%	0.0%
Total amount recognised in statement of total recognised (gains) / losses:			
Amount (£'000)	5,577	286	(4,454)
Percentage of present value of scheme liabilities	5.5%	0.3%	5.2%

Defined benefit scheme assets do not include any of the University's own financial instruments, or any property occupied by the University.

The estimated employer contribution to the defined benefit scheme for the year to 31 July 2016 is £2,522,000.

29 Subsidiary undertakings

The University owns 100% of the share capital of the UoC Trading Limited which did not trade in 2013/14 or 2014/15.

30 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the Board of Directors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board may have an interest. All transactions involving organisations in which a member of the Board may have an interest are conducted at arm's length and in accordance with the University's financial regulations. No transactions in 2014/15 were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'. The Group has taken advantage of the exemption set out in FRS 8 and has not disclosed intra-group transactions.



BA (Hons) Film and Television

Stephanie Kiewel: "I think one of the best things about this course were the lecturers and technicians. You really have to WANT to learn, to get anywhere on this course. But if you do, you get great support. Whatever question I had and whenever I needed any support, there was always help at hand..."





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