



UNIVERSITY OF
LINCOLN

FINANCIAL STATEMENTS

31 JULY 2009

**UNIVERSITY OF LINCOLN
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2009**

CONTENTS	Page
Key financial highlights	1
Governors	2
Officers and advisors	3
Operating and financial review	
Section 1 – nature, objectives and strategies of the University	4-10
Section 2 – academic review	10-14
Section 3 – staff	14
Section 4 – physical infrastructure and capital expenditure	15
Section 5 – results for the year and future developments	15-16
Statement of Corporate Governance and Internal Control	17-20
Statement of the responsibilities of the Board of Governors	21
Report of the independent auditor to the Board of Governors	22-23
Financial Statements for the Year ended 31 July 2009	
• Statement of principal accounting policies	24-26
• Consolidated income and expenditure account	27
• Consolidated statement of historical costs surpluses and deficits	28
• Consolidated statement of total recognised gains and losses	29
• Balance sheets	30
• Consolidated Cash flow statement	31
• Notes to the accounts	32-49

**UNIVERSITY OF LINCOLN
KEY FINANCIAL HIGHLIGHTS
FOR THE YEAR ENDED 31 JULY 2009**

Key Financial Highlights

- Surplus for the year £1,848,000 (2008 £1,820,000)
- Net cash flow for the year from operating activities £4,168,000 (2008 £2,333,000)
- Capital expenditure £8,335,000 (2008 £9,269,000)

**UNIVERSITY OF LINCOLN
BOARD OF GOVERNORS
FOR THE YEAR ENDED 31 JULY 2009**

GOVERNORS

The Governors who served in the period from 1 August 2008 were as follows:

Mr G Secker (Chair from 1 January 2009)
Mr R Atkinson (until 31 December 2008)
Professor S Bailey
Very Reverend P Buckler (from 1 January 2009)
Mr R Buttery
Mr C Charnley (Student member) (from 1 July 2009)
Professor D Chiddick
Mr W Crone
Mr D Cobham (Teaching Staff member)
Mr K Darwin OBE
Ms P Duncan
Mr S Galjaard
Sir B Gill CBE
Mr J Godfrey CBE (Chair until 31 December 2008)
Mr D Hutchinson (Student member) (until 30 June 2009)
Mr J Jenkinson
Dr S Lawson (Teaching staff member) (from 18 June 2009)
Dr E McMahon CBE
Mr N Muntz
Cllr M Overton (until 19 October 2009)
Mr M Pinnick (Support staff member) (from 1 November 2008)
Ms T Robinson (Support staff member) (until 1 September 2008)
Mr S Sargent
Dr M Spurr OBE
Ms S Thomas (Teaching staff member) (until 31 October 2008)
Ms K Valentine (Student member) (from 1 July 2009)
Ms M Yesufu (Student member) (until 30 June 2009)

**UNIVERSITY OF LINCOLN
OFFICERS AND ADVISERS
FOR THE YEAR ENDED 31 JULY 2009**

OFFICERS AND ADVISERS

The officers who served in the period from 1 August 2008 were as follows:

Senior Management Team

Vice Chancellor	Professor D Chiddick (until 31 October 2009)
Vice Chancellor	Professor M Stuart (from 1 November 2009)
Senior Pro Vice Chancellor	Professor M Saks
Pro Vice Chancellor	Professor A Atherton
Pro Vice Chancellor	Dr F Mannsåker
Pro Vice Chancellor	Professor S Davidson (from 1 January 2009)
University Registrar	Mr C Spendlove (from 1 September 2008)
Finance Director	Ms J Jones
Director of Human Resources	Mrs J Billam
Director of Estates and Commercial Facilities	Mr J Plumridge (from 1 May 2009)
Clerk to the Board	Mr P Walsh

The University's principal advisers were as follows:

Bankers	Lloyds TSB plc
External auditors	Grant Thornton UK LLP
Internal auditors	KPMG LLP

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

Section 1 - Nature, objectives and strategies of the University

Our vision

By 2020, we will be a leading UK Higher Education Institution, located in one of the world's great small cities, with a distinctive reputation for research that is integrated with teaching and learning and underpinned by engagement with local, regional, national and international employers and partners.

By 2012, we will be known for teaching and learning that is informed by our research, as well as for our commitment to disseminating and transferring the knowledge and learning that we generate.

Our mission is to be recognised as a university of quality and distinction

Our ambition is to be a university that undertakes original research that informs our teaching, and that seeks to be engaged – with our wider communities and constituencies as well as with students, colleagues and partners.

Our strategic objectives are to:

- Be recognised for teaching and learning that is informed by research and that is relevant to practice as well as for students and peers
- Produce independent enquiring graduates who enjoy learning, are enterprising, and able to make a positive contribution to society
- Attract, develop and retain the best staff
- Maintain financial stability and sustainability
- Engage with and contribute to the development of our partners and communities, locally and further afield
- Enhance the reputation and external profile of the University

Our Values are to be a university:

- Where all are treated with respect and integrity
- That champions creativity and innovation to deliver quality in everything we do
- That engages openly and enthusiastically with all our communities to advance knowledge, open up new opportunities and avenues, and improve society

Our Measures of Success will be:

Satisfied and successful students; working with engaged and committed staff; in an institution that has a growing reputation for excellence in teaching and learning that is informed by research and practice.

UNIVERSITY OF LINCOLN

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2009

Where are we now?

The University of Lincoln is entering the next important stages of its development and has appointed Professor Mary Stuart as the new Vice Chancellor from 1 November 2009 to take the University through this period.

The University of Lincoln continues to achieve on all fronts as it continues to develop its academic and service activities, estate and organisational structure. It is a university that operates with a culture of integrity, inclusiveness and mutual support and it continues to offer diverse and rewarding opportunities and experiences to students and staff, as well as to the community.

The external environment continues to change rapidly and bring fresh challenges. All universities will be facing extremely difficult times over the coming years with efficiency cuts being imposed by Government. The proposed further liberalisation of fees in the medium-term with the increasing of the tuition fee cap looks likely to be delayed until at least 2013, further increasing the pressures of finding alternative funding.

HEFCE has also put a limit on student number growth so that most universities cannot recruit above their actual 2008/09 intake levels. Fortunately here at Lincoln we are able to recruit approximately 400 additional students in line with our plans for 2009/10. However, future planned growth, if any, will need to be negotiated with HEFCE.

The Sunday Times Good University guide published in 2009 shows that the University of Lincoln continues to be one of the most improving universities in the country, raising another 13 places to 74. This compares to being ranked 109 in 2006. Similar guides in The Guardian and The Independent have highlighted that The University of Lincoln is one of the most improved in the country, with national assessments such as the Research Assessment Exercise and the National Student Survey contributing to the improvement in rankings.

The high standards that the University has already achieved were confirmed in the 2009 National Student Survey where the University of Lincoln was ranked in the top 25% of all HEIs, a further improvement on the 27th percentile ranking achieved in 2008. The University will continue to seek improvements in quality, performance and efficiency both academically and through the support and services provided.

The University of Lincoln has performed well in RAE 2008, returning 35% of its academic staff in 14 Units of Assessment and has achieved international recognition in 2/3rds of these. This has confirmed the academic ambitions of this University as a research-based university. The University has now developed an RAE investment strategy for the future. This has been aligned with the implementation of the University Research Strategy, as Lincoln prepares for the coming of the Research Excellence Framework (REF).

Throughout the year, the University continued to lead the Learning Landscapes project, working alongside 8 universities and delivering pedagogy and infrastructure frameworks focusing on academics working in partnerships with the institution. This methodology was used when scoping through the project the needs and requirements of the new Business & Law faculty at Lincoln.

The university has the highest level of commendation possible for its academic standards and quality. The major audit of the institution in 2008 by the Quality Assurance Agency for Higher Education (QAA) placed confidence, the maximum that can be awarded, in the

University's 'management of the academic standards of its award' and the 'management of the quality of the learning opportunities available to students'.

The University announced that it will be creating a new purpose built School of Engineering having received a £4.3m strategic development fund grant from HEFCE. The school will be located on the main Brayford campus and is a partnership between the University, Siemens, Loughborough University and HEFCE. Other engineering companies will also be involved, and there has been a strong interest already in collaborative research and in the courses that will be developed.

Competition

Key competitors are large institutions, mainly located in major UK cities. The University of Lincoln has a distinctive advantage when compared with these competitors, in that it is located in a pleasant, compact

UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2009

city with a high quality of living. The Times Higher reported this year that Lincoln ranked 29 out of 121 UK university locations for its quality of life for academics according to a survey by Halifax for THE.

Over the five-year period of the plan, there is an expectation that the competitor 'set' will change as average entry points are increased, the research output and record is enhanced and student satisfaction scores increase. Such developments will bring competition from institutions that are research-active in many of their areas of distinctiveness and that attract some of the brightest students in Higher Education.

Policy and Government

The key focuses of the University throughout the remainder of the strategic plan period to 2012 will be:

- Student Number limits and Funding cuts
- STEM subjects
- Scenario planning
- ELQ

Student Number limits and Funding cuts: HEFCE announced cuts for to the university sector totalling £65m (1.4% of teaching grant) for 2009/2010, and £108m per annum thereafter. In addition to the grant cuts, HEFCE has also put a limit on student number growth and future planned growth, if any, will need to be negotiated with HEFCE.

STEM subjects: For 2009/10, the Government have allowed additional growth above that previously announced, but only in STEM subjects. This underlines the governments thinking and the need for The University of Lincoln to consider its strategy around potential growth in these subjects

Scenario planning: HEFCE have indicated that all Universities will be required to deliver realistic and viable plans with respect to scenarios around further and significant funding cuts.

ELQ: The government is phasing out support given to institutions for students studying for a qualification which is equivalent to, or at a lower level than, a qualification that they have already achieved. The impact on the University will force some amendments to the original strategic plan for 2007-12.

In addition to the above, the University will increase its efforts with respect to Enterprise and Engagement. Greater levels of engagement are required with employers, the community, peers and colleagues to ensure the University's aim of becoming a research-informed teaching institution is met.

Social and community issues

This section of the Operating & Financial Review can be split into three areas:

engagement with the community, and public engagement;
engagement with businesses and the local economy; and
engagement with health and healthy living agendas.

Engagement with the community:

Over the past year the University has continued to build and enhance its engagement with the community. The CERD and Student Union scheme of accrediting personal development through extra-curricular activities was a success and will be extended into the faculties. CERD had a number of initiatives during the year:

- established in local Schools of a "extended research projects" qualification in conjunction with the local authority
- Framework development for Consultants in hospitals around a pedagogy practice
- The undergraduate research opportunity scheme

The University brought together staff and students across Lincolnshire and beyond for a conference looking at working in partnership, working with partner colleges and how the university interacts with local partners. Work to be taken forward included:

- Enabling student voices to be heard in aspects of decision making across education establishments
- Easing transition from school to college and university
- Understanding of the impact on partnerships and sharing of ideas by competitive market conditions

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

The Community Operational Research Unit is to lead a major project designed to improve research involving community empowerment and active citizenship. The partnership's research focus is on working with third sector groups from and within community-based activities. The purpose is to produce action research projects to help the civil society in the lifelong learning processes of engagement with decision making processes and empowering them to make an influence within governance structures.

The University worked with local businesses to organise a Summer Gala based around the waterfront including the main university campus. The gala formed part of the Lincolnshire bites back credit crunch campaign and its aims were to provide free entertainment for families during a time of economic difficulties.

Engagement with Businesses & Contribution to the local economy:

The new £3.2M Enterprise@Lincoln building, part-funded by EMDA and Lincolnshire Enterprise, will be completed and opened by October 2009. This new construction project will accommodate Enterprise@Lincoln, the recently created central enterprise support department, providing a gateway into the University to enhance employer engagement in addition to the facilities and support to inspire enterprising staff, students and employers. Investment through the HE Innovation Fund has:

- Supported the appointment of a dedicated Employer Engagement Manager in each of the Faculties. Working closely with the existing Business Development Managers this new resource has strengthened links with employers supporting increased industry-relevant courses and helping to secure graduate-level employment for an increased proportion of our graduate output.
- Supported the growth of our existing KTP programme and diversification of our Knowledge Exchange portfolio through the introduction of the short-KTP scheme.
- Driven the increased impact of the Opportunities team (previously the Careers Service) including the piloting of an 'Employer Mentoring Scheme' in the Faculty of Business & Law and the creation of a 'Student Job Shop'.
- Established a developing 'Academic Enterprise Fund' supporting the commercialisation of academic and student research activity through IP identification, protection and exploitation. The new dedicated IP & Academic Enterprise Manager will further increase the pipeline of disclosures with commercial potential.

Created a new Enterprise Intern position which is supporting increased student entrepreneurial engagement through the Sparkhouse incubation centre, the Enterprise Inc programme and the creation of a student enterprise club.

Health and social care:

The University has received confirmation of £1.9m of government funding which will allow the commencement of the expansion and development of its Human Performance Centre. This development will act as a beacon for health and well-being education. The department of Sport, Coaching and Exercise Science will be focusing on the promotion of community partnership facility training opportunities in sport and physical activity and encouraging community engagement on a well-being agenda.

Our health and social care portfolio both generates and supports practitioners in Lincolnshire and beyond, and the University works closely with a range of organisations from local NHS Trusts to voluntary agencies. These local partnerships have formed a base for high quality research conducted by University staff on such subjects as mental health and homelessness. An example of this work was a partnership with the Lincolnshire Partnership NHS Foundation Trust saw the organisations working together to improve mental health care through applied clinical research, strategic development, education and training. Key success were finding new ways of treating insomnia without using drugs and investigating ways mental illness and assess to help in the probation services.

The University's portfolio of courses in health and social care includes undergraduate programmes in nursing, social work, herbal medicine and acupuncture; the postgraduate clinical psychology programme with the University of Nottingham; and the successful Certificate in Health Sciences course also in partnership with the University of Nottingham. This latter course provides a platform for local socially disadvantaged students to enter undergraduate health care programmes, including medicine, physiotherapy and nursing. It also delivers a range of Learning beyond Registration short courses including non-medical prescribing, history taking, diabetes, mental health and critical care.

UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009

The University is integrated into the East Midlands' health and social care networks, with engagement with the East Midlands University Association Health and Social Care Research and Task Groups and associated regional involvement with initiatives including the East Midlands Public Health Observatory and the Government Office of the East Midlands' Investment for Health scheme.

Demand for Higher Education

The University's Strategic Plan has been developed in the context of changes to demand for University education and is based on the following assumptions:

- the number of young people attending University will fall from 2011-12 onwards, because of a demographic trend of declining numbers of 18 to 20 year olds in the UK
- However, the impact of the declining economic conditions in conjunction with the freezing in growth of student places has seen uplift in student demand.
- The uplift demand for the next academic year gave an immediate option to uplift the entry points requirements, with the aim of increasing the overall teaching and learning quality throughout the University
- It is now likely that the proposals to raise the student fee cap will be delayed whereas previously our strategic plans had assumed that there would be further relaxation of variable fees, bringing new competitive pressures and increased market dynamics into UK Higher Education
- patterns of demand for Higher Education will continue to change, with greater emphasis on flexibility in provision, its relevance for students and employers, and continuous improvements in the quality of courses and the wider education experience
- higher education will become increasingly internationalised, with growing levels of staff, student and graduate mobility as well more globally-aware curricula and pedagogy.

The aim

During the 2008-13 planning period the University will move from being a predominantly undergraduate teaching institution to one where there is greater balance between undergraduate and postgraduate teaching, and between teaching and research. The focus during this period will be to enhance the quality of course provision and student intake while effecting this change.

Financial Management and Sustainability

The University has placed particular emphasis on re-structuring its budget and financial planning to maintain financial stability and sustainability. There are challenging times ahead, and whilst the University is well placed to maintain financial stability and will continue to invest in strategic priorities, it is essential that actions are taken based on the initiatives that deliver the most tangible and beneficial outcomes

The reliance on HEFCE funding means any changes to that funding can have a significant effect on University finances. To ensure our financial sustainability, the University will therefore need to grow and diversify our income streams and control the cost base.

We need to do this whilst growing our reputation, continuing to build on our successes and ensuring that we continue to invest in our strategic objectives. The key objectives of the financial strategy are to ensure the University:

- remains financially viable and sustainable
- maximises the use of available resources to meet current and strategic objectives
- has appropriate levels of financing for development and investment
- evaluates strategic objectives and minimises risks

Income Generation and Diversification

After significant increases in external income generation from 2002/03 onwards, external income growth in recent years has stalled, with actual income in the current academic year falling

Remedial action has been proposed to increase external income generation to levels comparable with the sector and key benchmark competitors. Current targets for the next academic year will be maintained in conjunction with mechanisms for re-investment to incentivize the Faculties that exceed these minimum targets. Faculties will produce their own External Income Generation plans, indicating how they will develop sustainable approaches to income generation that meet the targets.

UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2009

There is a proposed clear framework for monitoring and performance review to be implemented. External income generation and the broader strategic priority of income diversification away from HEFCE grant will now be reported on a regular format through the Core Executive.

The University continues to target increased income generation and diversification. Notable successes during the reporting period include an increasing number of Knowledge Transfer schemes with a broad range of industrial sectors (from Interflora to Branston Potatoes to Hill Holt Wood). These are in addition to a number of successfully secured European funded programmes, both directly (the 'Access Innovation' programme through the Faculty of Business & Law) and working in collaboration with other HEIs (Regional Innovation Fellowships, ProspectIP and Lachesis).

HEIF4 funding will continue to support the Enterprise@Lincoln department and the University Research Office. The focus continues to be the generation of external income through:

- a strategic framework for sustaining and increasing income diversification and commercialisation
- supporting Faculty/College external income plans, with strategic objectives and clear targets
- increase the visibility and standards of the monitoring of performance to senior management levels
- ensure that University inputs and services continue to enable and stimulate external income growth.

Risk Management

The University has a systematic method of assessing and managing risks to its effective operation and development. During the academic year, these have been improved through refinement of existing systems, and further developments in response to discussions with internal auditors.

Risk management is now embedded at local level by a range of guidance and staff development sessions, and the use of standardized templates and risk scoring mechanisms.

The University-wide 'high level' Risk Register has developed into a high-level Assurance Map, designed to assist gap analysis in risk management systems, and to identify where assurances on controls can be gained. Monitoring processes continue to facilitate focusing on and managing key risks proactively within explicit timescales, and the University Executive regularly reviews and acts on prioritised risks.

Members of the Executive provide regular briefings to the Audit Committee, allowing Governors to monitor the assessment, mitigation and response to institutional risk. We have allocated resources to develop a business continuity framework aligned with BS25999 and are currently moving forward.

Environmental matters

Sustainability Policies

- A new environmental policy was developed, which meets the requirements of the ISO 14001 Environmental Management Standard
- A new energy policy with associated Space Heating Procedures was developed
- These policies were approved by the Senior Management of the University

Energy

- New electricity contracts were signed in June 2009, which will switch the University to 100% renewable electricity by mid-September 2009.
- The University was successful in obtaining a £100k interest free loan from HEFCE / Salix Finance for energy efficiency projects. This will be used to finance schemes such as improved insulation and lighting controls.
- An Automated Meter Reading system has been installed at the Brayford Campus. This will identify how much electricity, gas and water each building is using in every half hour period. This will allow inefficient buildings to be targeted and give general feedback on consumption.
- An energy awareness scheme has been initiated, this has involved developing a specific environmental portal and posters on switching off appliances
- A simple Carbon Footprint for the University has been produced. This document will be extended to a full Carbon Management Plan before the end of 2009.

Environmental Benchmarking

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

- The University took part in the BITC "Universities That Count" environmental assessment scheme. The University scored 37.97%; this was an increase from 3.75% in the 2007 assessment. The HE sector average was 62.11%.
- In the People & Planet Green League 2009 the University was 107th. However the score was higher than the 2008 rating

Sustainable Transport

- A draft sustainable transport policy has been developed
- A bicycle recycling event will be held in September. The aim of this event is to encourage cycling at the Brayford Campus

Sustainable Buildings

- The new Enterprise @ Lincoln building (adjoining the Sparkhouse Studios) is set to achieve a BREEAM Rating of "Excellent". (BREEAM is the Building Research Establishment Environmental Assessment Methodology).
- All new buildings will aim to get a BREEAM Rating of "excellent", and refurbishments will aim for a rating of "very good".

Section 2 – Academic review

Students

The University continues to identify student numbers as one of the key risks it faces – and therefore great efforts continue to be made to meet recruitment targets and improve retention rates, in an increasingly competitive market place with an impending demographic downturn of 18-20 year olds.

Nonetheless, the University is achieving its aim of driving up the entry points for admission as it seeks to increase the quality of the institution. In this respect, the University of Lincoln has again been one of the leading institutions in the country with respect to student satisfaction according to the 2009 National Student Survey.

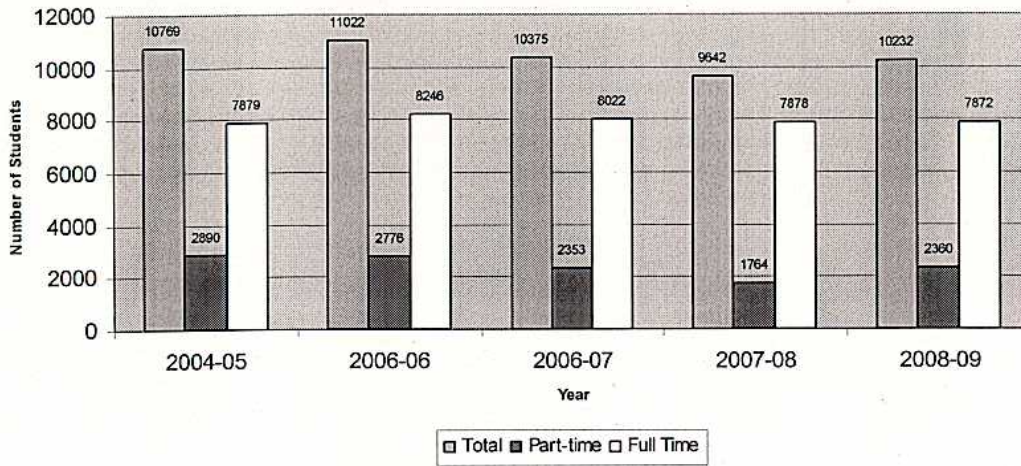
Following a major Students' Union-led awareness raising campaign, two-thirds (1,716) of final year Lincoln undergraduates took part in this year's survey - a response rate significantly above the national average.

The average score across all subject areas saw the University move up to 41 out of 154 institutions, placing it in the top 30 per cent for the second year running.

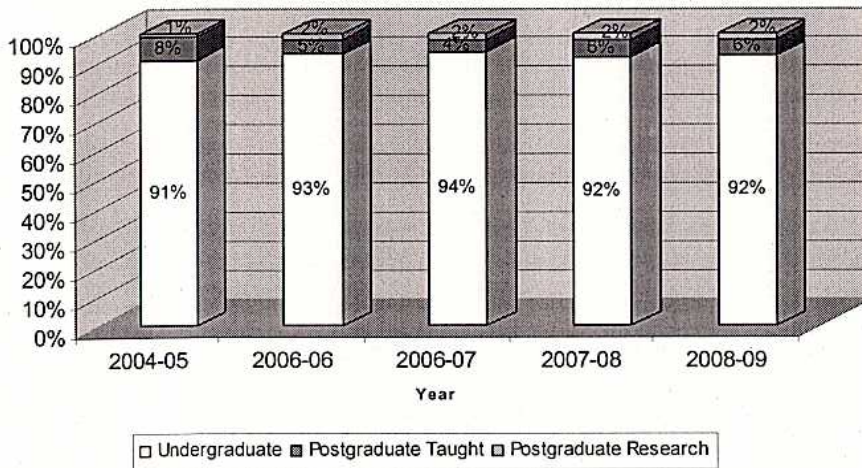
Accounting was ranked number one for student experience in 2009 having achieved second place in 2008. A number of other courses have also been highly rated in the country; Human Resource Management came second out of 22 institutions, Marketing third out of 53, Management eighth out of 76 and Law tenth out of 92.

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

Student Number Headcount as at 31st July by Mode of Attendance

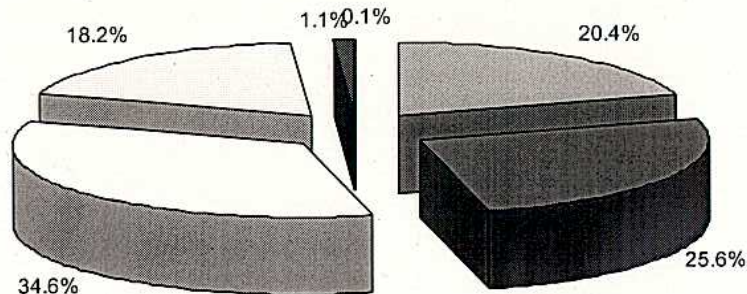


Distribution of Undergraduate, Postgraduate Taught and Postgraduate Research Students (Total FTE)



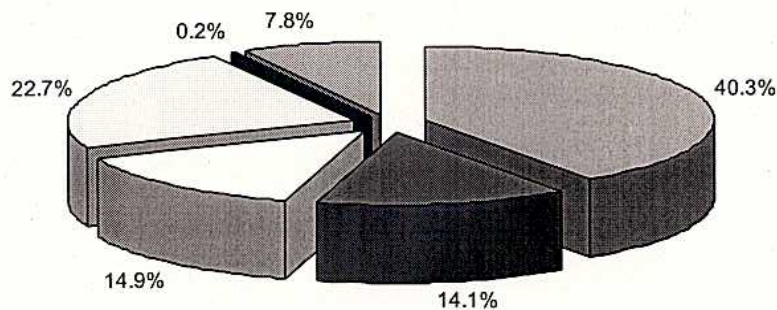
UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2009

Distribution of Undergraduate Students by Faculty as at 31st July 2009 Total FTE



□ Faculty Of Business & Law	■ Faculty Of Media, Humanities & Technology	□ Faculty Of Health Life & Social Sciences
□ Faculty Of Art Architecture & Design	■ Riseholme College	□ C.E.R.D

Distribution of Postgraduate Students by Faculty as at 31st July 2009
Total FTE



□ Faculty Of Business & Law	■ Faculty Of Media, Humanities & Technology
□ Faculty Of Health Life & Social Sciences	□ Faculty Of Art Architecture & Design
■ Riseholme College	□ C.E.R.D

Academic portfolio

This academic year saw the further development and diversification of the University academic portfolio – following critical scrutiny through the Portfolio and the Academic Affairs Committees of the University. This refreshment of the portfolio included increased utilisation and training on Blackboard, re-enforcing it as the prime virtual learning environment. This was linked to the development of an institutional depository which provides an on-line research depository allowing campus wide access to academic work.

Central to the University's five year strategy was the publication of the Teaching and Learning Strategy Implementation Plan. This is linked to the wider learning landscape – in which the University is currently leading a major national project supported by the Funding Councils for England, Wales and Scotland that involves a range of major universities, from York to Warwick.

To support the implementation of the Teaching and Learning Strategy, the Centre for Educational Research and Development (CERD) and the Dean of Teaching and Learning continue to be vital, working in liaison with Faculties, Support Departments and the Students' Union in the University. A range of initiatives underpin the Strategy in the context of the national Learning Landscapes Project (see page 5), from the

UNIVERSITY OF LINCOLN OPERATING AND FINANCIAL REVIEW FOR THE YEAR ENDED 31 JULY 2009

reshaping of the physical environment in which teaching and learning occurs to the funding of educational initiatives by staff and support for research by undergraduate students.

During the year, CERD worked with Enterprise@Lincoln to set-up the enterprise curriculum which is designed to encourage teaching staff to take an entrepreneurial outlook in terms of delivery. There was also approval in principle with respect to research engaged teaching, which will see a higher proportion of research activity for undergraduates from their first year onwards.

Quality and Standards

In 2008 the University underwent its quinquennial Quality Assurance Agency (QAA) Institutional Audit. The formal conclusion of the Audit was that confidence can reasonably be placed in the soundness of the institution's present and likely future management of the academic standards of the awards it delivers and the quality of the learning opportunities available to students.

During the academic 2008/09, the two advisable and three desirable recommendations made in the full Report have been addressed by the University along with a number of other areas that the University identified as areas for yet further improvement. The formal approval of the response and the completed action plan will be confirmed by the Academic board during the next academic year.

The QAA have visited a number of the University's partner colleges during 2008/09 as part of the first year of operation of the Integrated Quality Enhancement Review (IQER) process. These audits have been successful and have further supported the implementation of higher education in FE colleges.

The university continues to place a high priority on the student experience to ensure that the University maintains its 'impressive' relationship with its students which was highlighted in the QAA report.

With respect to the undergraduate curriculum, the University completed its proposed restructure of moving its programmes from a 12 to a more efficient 15 credit unit. The postgraduate curriculum restructure is currently being undertaken.

The University also conducted its own unit evaluation surveys across all undergraduate programmes, which have worked well in feeding into action plans in academic and support areas to effect continuous improvement across the institution.

Research

For the Research Assessment Exercise (RAE) 2008, the University submitted some 35% of its staff as being of national/international standard in 14 Units of Assessment. The results showed that 10 out of the 14 submissions had elements of world-leading research (4*) and the vast majority had 50% or more outputs classified as internationally rated (2*-4*) in our overall research profile. Particular highlights included Communication, Cultural and Media Studies, Computer Science and Informatics, Education, History, Psychology, and Social Work and Social Policy & Administration.

HEFCE's funding allocation framework based on the results of the RAE 2008 meant that HEFCE announced that the total sum allocated to the University is over £1.9 million pa. This makes the University of Lincoln one of the most improved universities in the country with RAE income growth of 628% since 2001, compared to a 7.8% average for the sector.

The University has now developed an RAE investment strategy for the future. This has been aligned with the implementation of the University Research Strategy, as Lincoln prepares for the coming of the Research Excellence Framework (REF), which will replace the RAE.

The Quality related funding initiatives that will be invested in the coming academic year are:

- New posts within faculties (including research active academics and research assistants)
- Enhanced Research Office
- Research Grant authoring support
- Post graduate research scholarships
- Faculty controlled research investment funds
- All investments have been tied to clear deliverables.

UNIVERSITY OF LINCOLN

OPERATING AND FINANCIAL REVIEW

FOR THE YEAR ENDED 31 JULY 2009

Enterprise and Employability

These achievements have all contributed to the general development of a wider research culture – not least in relation to engaged research of relevance to the wider community that is central to the strategy of the University. In this respect there is a close relationship between the Research Office and Enterprise@Lincoln.

This University is continuing to develop Knowledge Transfer (KT) as an area of activity, with over 50 Knowledge Transfer Partnerships (KTPs) completed, 10 under way and more than a dozen in preparation. The University secured the maximum award, capped at 90% for the Higher Education Innovation Fund Round 4 (HEIF 4). This funding has supported the recruitment of staff in employer engagement, graduate employability, academic enterprise and knowledge exchange. HEIF 4 is also funding academic enterprise and enterprise education and learning initiatives across Faculties in the University.

Pleasingly, graduate employability – which is a key element in the construction of League Tables – rose from close to 49% in 2006/07 to 62.5% in 2007/08 and 64% in 2008/9, which is above the target of 60% set for the end of the strategic planning period in 2011/12. Overall employment for full-time undergraduate students still remained at a comparatively high level at 87.4%, although there was a slight downturn from the 89.7% recorded in the last academic year as the impact of the economic climate begins to be felt. The Opportunities team have worked to develop an enhanced range of specific services to support graduates through these challenging times

Section 3 – Staff

The University of Lincoln has a mission to be recognised as a University of “quality and distinction”. Employees are our most important resource and the University places a high priority on effectively recruiting, retaining and developing our employees.

A number of improvements and initiatives have been developed and implemented during 2008/09. Our priorities are outlined within the HR Strategy which is reviewed annually by the HR Committee of the Board and also by members of the Core Executive. Some of the key initiatives undertaken include:

- Further development of the flexible benefit scheme to include more local providers
- Development of workforce planning data to support more effective succession planning
- Job evaluation for all senior management roles
- The development and piloting of a competency framework
- Created and delivered suite of mandatory training for people managers
- The development of a Transgender Policy
- Running a week long equality and diversity event involving employees, students and the local community
- Implemented a staff suggestions scheme
- Reviewed the use of recruitment advertising to deliver a 40% reduction in the overall expenditure for recruitment and selection
- Revised and re-launched the HR related Key Performance Indicators to ensure that appropriate governance is effectively monitored
- Reviewed the process of departmental risk assessment which are now regularly by completed by managers across the University

It is also worth noting that a number of senior positions were recruited to within this year including those of Pro Vice Chancellor, Dean and Vice Chancellor. We are able to demonstrate a clear improvement in the calibre of applicants we receive compared to a few years ago. This has been delivered as a result of the improved performance of the University and also improved marketing.

Access to Resources

Work has been undertaken within the University to improve communication channels and systems. For the HR department we have been working in partnership with ICT to improve access to key HR information such as policies and procedures. The establishment of a communication team has enabled greater HR related information and guidance to be provided to employees either via the internal magazine or directly through a daily update system.

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

Section 4 – Physical Infrastructure and capital expenditure

Estates strategy

The emphasis on financial planning to maintain financial stability and sustainability continues and whilst the University is in position to continue to invest in strategic priorities such as the estate, it is essential that actions are taken based on the initiatives that deliver the most tangible and beneficial outcomes.

Investment in the existing estate and new projects/ refurbishments will continue with further work at the start of the 2009/10 financial year to determine the priorities for both the long term maintenance programme and further capital projects required to meet University strategic objectives. One of the major projects that will be on the agenda in 2009/10 will be the new School of Engineering.

Major projects in 2008/09 included:

- Sparkhouse II the project with facilities for the incubation of businesses and employer engagement continued throughout the year with October 2009 as the scheduled completion date.
- Commenced refurbishment of the main administration building
- Holbeach Phase II – national centre for food manufacturing completed
- The acquisition of the Echo building in Lincoln was agreed, with completion due September 2009. The Business & Law faculty will take up occupancy in September 2010 following a refurbishment programme to be delivered in 2009/10.
- Planning for the enhanced Human Performance Centre

In addition to the above, many smaller projects were initiated and completed which either:-

- Significantly improved assets
- Replaced assets
- Increased the available net floor area
- Significantly improved facilities

Section 5 - Results for the year and future developments

Scope of the Financial Statements

The Financial Statements comprise the consolidated results of the University and its trading subsidiary undertakings.

Review of the year

The consolidated results for the year are summarised in the financial highlights on page 2. Total income for the year increased by £3,813,000 to £80,275,000. The result for the year was a surplus on continuing operations, before profit on disposal of tangible fixed assets, of £1,848,000 compared to a surplus on continuing operations before profit on disposal of tangible fixed assets of £1,424,000 in 2007/08. The surplus after profit on disposal of tangible fixed assets for the year and taxation was £1,848,000 compared to a surplus of £1,820,000 in 2007/08.

The University has restructured its budget and financial planning to ensure the long term financial position of the University is maintained as the effects of HEFCE funding cuts, student number caps, the general economic climate and the knock on effect on external income generation, and student recruitment and demographic in an increasingly competitive market.

Balance sheet

The University continues to report net current assets and has complied with all financial covenants relating to the loans with Dexia during the year.

The pension liability with East Riding Pension Fund has increased by £16,731,000 to £35,427,000 due to a worsening in the discount rate used by the actuary to value liabilities in the scheme. The latest formal valuation of the scheme was at 31 March 2007, with the next formal valuation due 31 March 2010.

**UNIVERSITY OF LINCOLN
OPERATING AND FINANCIAL REVIEW
FOR THE YEAR ENDED 31 JULY 2009**

Cash flow

The Consolidated Cash Flow statement shows that there was a net outflow of £558,000 (2008 net inflow of £377,000). Capital expenditure, including that on new buildings, totalled £4,172,000 (2008 £9,041,000) and represents a further significant investment in the physical resources of the University.

Treasury management and financial instruments

The University's treasury operations are managed by the Finance Department within parameters defined formally and regularly reviewed by the Board of Governors. The University's treasury activity is routinely reported to the members of the Board of Governors and is subject to review by the internal auditors.

The University's financial instruments comprise borrowings, some cash and liquid resources. The main purpose of these financial instruments is to raise finance for the University's operations.

The main risks arising from the University's financial instruments are interest rate risk and liquidity risk.

Post balance sheet events

There are no Post Balance Sheet events to report.

Future Developments

The University has 5 year forecast plans that ensure sufficient surpluses are generated for investment in developing strategies and university infrastructure.

These plans consider the following issues;

- The impact of annual staff pay reviews.
- Achieving student number targets/ HEFCE grant levels and forecasted cuts.
- The impact of changing interest rates on loan financing charges.
- Increased utility charges, particularly as fixed price deals come to an end.
- Increasing employer contributions to pension schemes.
- Availability of investment for capital projects and developing strategies.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

The University of Lincoln is an independent corporation, established as a higher education corporation under the terms of the Education Reform Act 1988 and the Further and Higher Education Act 1992. Its objects, powers and framework of governance are set out in the Articles of Government. Following consultation with stakeholders, a revised version of the University's Articles of Government was approved by the Privy Council on 6 October 2009, replacing the institution's original Articles which had been essentially unchanged since 2001.

The following statements are provided to enable readers of the accounts of the University of Lincoln and of this Operating and Financial Review to obtain a better understanding of the governance and legal structure of the University.

Responsibilities of the Board of Governors

The Board of Governors is the executive governing body, responsible for matters including the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and to set its general strategic direction. One of the Board's most important, albeit infrequent, responsibilities is the appointment of the Vice Chancellor and the Board is very pleased, after a thorough selection process, to have been able to appoint Professor Mary Stuart to succeed the University of Lincoln's first Vice Chancellor, Professor David Chiddick, from 1 November 2009. The Board wishes to record its profound appreciation of Professor Chiddick's extraordinary achievements and his unique contribution to building this new University.

The Board of Governors has a majority of independent members, chosen in accordance with strict criteria contained in the legislation. The chair is elected from among the independent members. The Board also includes co-opted members and representatives of the academic and support staff and of the student body. No members of the Board receive any payment for the work they do as Governors.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the institution and draws its membership entirely from the staff and the students of the University or its close educational partners. It is particularly concerned with general issues relating to the learning and teaching and research work of the University.

Based on the Articles, and on guidance from the Committee of University Chairmen (CUC), the primary responsibilities of the Board of Governors are as follows:

1. To approve, review and develop the mission and strategic vision of the University, long-term academic and business plans and key performance indicators, and to ensure that these meet the interests of stakeholders.
2. To appoint the Vice Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance.
3. To delegate authority to the Vice Chancellor, as chief executive, for the academic, corporate, financial, estate and personnel management of the University. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the Vice Chancellor.
4. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and procedures for handling internal grievances and for avoiding conflicts of interest.
5. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the approved Strategic Plan and key performance indicators.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Board of Governors itself, including taking account of the views of the University Executive.
7. To conduct its business in accordance with best practice in higher education corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the institution.
9. To appoint a Clerk to the Board of Governors and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability. The present Clerk to the Board has institutional managerial responsibilities as University Secretary.

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

10. To be the employing authority for all staff in the University and to be responsible for establishing a human resources strategy.
11. To be the principal financial and business authority of the University, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
12. To be the University's legal authority and, as such, to ensure that systems are in place for meeting all the University's legal obligations, including those arising from contracts and other legal commitments made in the University's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with the Academic Board.
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University.
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable it to do so.

Summary of University's Structure of Corporate Governance

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and with the guidance to institutions of higher education which has been provided by the Committee of University Chairmen in its Guide for Members of HE Governing Bodies in the UK, which includes the Governance Code of Practice. The Vice Chancellor, as chief executive officer, is the head of the University and has a general responsibility to the Board of Governors for the organisation, direction and management of the institution. Under the terms of the financial memorandum between the University and the Higher Education Funding Council for England, the head of the institution is the accounting officer and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

Although the Board of Governors meets at least four times each year, much of its detailed work is initially handled by committees. The chairs, and the majority of the members of these committees, are drawn from independent and co-opted members of the Board. Student and staff members also serve on some of these committees, subject to the provisions of the Articles and Funding Council guidance. The deliberations and decisions of these committees are formally reported to the Board of Governors.

The committees of the Board, and their chief responsibilities, are as follows:

- the **Governance and Nominations Committee** advises the Board upon the recruitment and selection of new Governors, the composition of its committees and generally keeps the effectiveness of governance under review.
- the **Human Resources Committee** advises upon the development and implementation of HR strategy and guides and monitors equality and diversity.
- the **Finance and Resources Committee**, inter alia, recommends to the Board of Governors the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets.
- the **Estates Committee** maintains oversight of the University's estates strategy and its implementation, including the strategic context in which new projects emerge, the academic and business requirements underlying them and the way in which projects are managed.
- the **Remuneration Committee** determines the remuneration of the most senior staff, including the Vice Chancellor.
- the **Audit Committee** meets at least four times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports with recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

Committee and once a year the Committee meets the Internal and External Auditors on their own for private discussions.

During 2007 and 2008, the Board carried out a formal self-effectiveness review. This included a review of the Board's committees and a 'parallel review' of the University's Academic Board and its committees, together with reflection by the Governors on the performance of the institution as a whole. The outcomes of this most valuable exercise have been set out in a report which can be viewed on the University's website at <http://www.lincoln.ac.uk/home/governors/roles.htm>

As chief executive, the Vice Chancellor is required to develop the institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro Vice Chancellors, as deputies to the head of the institution, and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for approval of the strategic direction and financial plans rests with the Board of Governors.

The University maintains a register of interests of members of the Board of Governors which may be consulted by arrangement with the Clerk to the Board of Governors. In accordance with the Articles of Government of the University, the University Secretary has been appointed as Clerk to the Board of Governors. In that capacity, he/she provides independent advice on matters of governance to all members of the Board.

The University is a partially exempt charity. The Board of Governors is aware that, under the provisions of the Charities Act 2006, the Higher Education Funding Council for England will, by the end of 2009, become the principal regulator for English HE institutions on behalf of the Charity Commission. It is understood that where HEFCE may need additional assurance from the University about its compliance with charity law, it is expected that this would be incorporated into the existing accountability framework.

Internal Control

This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange in June 1998. Its purpose is to help the reader of the University's accounts and of the Operating and Financial Review to understand how the principles have been applied.

The Board of Governors of the University of Lincoln has 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. Such a system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks, and to manage them efficiently, effectively and economically. This process, which accords with the internal control guidance of the Combined Code as deemed appropriate for Higher Education, has been in place for the year ended 31 July 2009 and up to the date of approval of the annual report and accounts.

The role of the Board of Governors in relation to risk is at overview level. The Board is not responsible for managing risk at operational level. It does, however need to ensure that a robust system exists for identifying, evaluating and managing risk within the university, and that this process is subject to regular review. The Board of Governors' review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the members of the Core Executive who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

The Audit Committee plays a key role in ensuring the fulfillment of the Board of Governors' responsibilities, as set out in the CUC Governance Code of Practice, for "ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment ...". The Audit Committee monitors the effectiveness of risk management processes and policy development and reports to the Board of Governors on progress. The Board receives an annual report from the Audit Committee which reviews and comments on the internal control systems, including risk management, value for money, the management and quality assurance of data submitted to funding bodies, the work of the internal and external auditors and other audit matters including the outcomes of external academic quality audits.

The University has a Risk Management Policy that sets out the approach to risk management; key elements of the process; roles, responsibilities and reporting procedures relating to risk management in

STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL OF THE UNIVERSITY OF LINCOLN

faculties, service areas and the University companies. In accordance with the Policy, the Core Executive receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the operational units and reinforced by risk awareness training. The Core Executive also receives regular reports from internal audit, which include recommendations for improvement.

During 2008/09 risk management in the University has been coordinated by the University Registrar and the Head of Quality, Standards and Partnerships.

The previous systems improvements have been consolidated for high level risk management, and extended further to local risk management. Good practice developed at senior management level has been successfully embedded into local levels of the institution. This substantial progress has been recognised in a recent KPMG audit of the University's systems of risk management, where an overall rating of "Low" priority for 2007-08 has continued for 2008-09. Furthermore, the previous six recommendations have been addressed, and reduced to two recommendations currently being progressed. The auditors confirm that the institutional processes of risk management are very good, and comprise an effective system of control and governance.

The audit teams had identified a greater number of examples of good practice during 2008-09, which reflect the progress made. This included the following examples: The regularity with which Core Executive reviews the High Level Assurance Map, the clear updates to the Audit Committee and Board of Governors using the reporting system of traffic light grading, the further development of the High Level Assurance Map for local risk management to ensure a consistent and integrated approach and the staff development sessions with complementary risk management guidance to embed risk management at local levels. The Audit Committee will consider how best to take forward KPMG's recommendations to develop an approach that considers risk appetite, and how the reasons for re-scoring risks should be reflected more explicitly in the Core Executive minutes and supporting reports.

The Governors' Audit Committee has continued its active oversight of University risk management, receiving four progress reports in August 2008, October 2008, March 2009 and (as part of the University Registrar's Risk Report) in July and October 2009. The Board of Governors has also received reports in November 2008 and March and November 2009.

A number of recommendations requested by the Audit Committee have been implemented, with an increased transparency in relation to the management of risk, and greater clarity of reporting to Governors. A successful improvement during 2007-08 was the development of a high level assurance map to replace the high level risk register. This has now been promulgated to all local areas across the institution, and is now used by all local risk owners. This standardisation of approach has assisted with local risk management in particular, and ensures an integrated framework. The Audit Committee also recommended a colour coded system for reporting during 2008-09. This has been provided, and uses a standard approach to flagging up high, medium and low risks, underpinned by the Core Executive scoring as a collective body.

To support the wider implementation of good practice, particularly from strategic to local level, a range of staff development sessions have been successfully delivered throughout 2008-09 by the Office of Quality, Standards and Partnerships. These have been attended by all risk owners and co-ordinators, and have provided useful information, supported consistency of approach, and offered genuine opportunities for sharing of good practice between strategic level risk owners and local risk owners. In addition to the Risk Management Workshops, a range of guidance documents are now available on the Portal, which include a handbook for local risk owners, and scoring methodologies for the Core Executive and for local risk owners. This will ensure an approach that is consistent and transparent, whilst still reflecting the needs of institutional risk evaluation alongside local risk assessment.

The Core Executive has regularly reviewed the management of high level institutional risks. The High Level Assurance Map has been reviewed and rescored in September 2008, December 2008, February 2009 and June 2009. Work continues on the use of SMART (Specific, Measurable, Achievable, Realistic and with Timescales) terminology, particularly in relation to improvement actions within clearly identified deadlines. The Office of Quality, Standards and Partnerships has continued to be active in assisting academic and service departments in developing their use of risk management. Institutional core risk management systems have been robust over some years, but have particularly improved during the past two academic cycles, so the institution can now aim to progress the application of risk management in terms of risk appetite and its appropriate and timely application to institutional activity. Carefully targeted measures within a comprehensive institutional framework have increased the consistency of approach and culture, resulting in a greater appreciation of risk management across the University. In accordance with the Education Reform Act 1988, the Board of Governors is required to present audited financial statements for each financial year.

STATEMENT OF THE RESPONSIBILITIES OF THE BOARD OF GOVERNORS OF THE UNIVERSITY OF LINCOLN

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice: Accounting for Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum between the Higher Education Funding Council for England and the Board of Governors of the University, the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the University's state of affairs and of the surplus or deficit & cash flows for that year.

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

The Board of Governors has taken reasonable steps to:

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

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic and administrative departments
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outturns
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors
- Financial Regulations, detailing financial controls and procedures; and
- a professional Internal Audit team operating to standards defined in the HEFCE Accountability and Audit Code of Practice, whose annual programme is approved by the Audit Committee and endorsed by the Board of Governors and whose head provides the Governors with regular reports on internal audit activity within the University, and independent opinions on the adequacy and effectiveness of the University's system of internal control, including internal financial control, together with recommendations for improvement.



Mr G Secker – Chair of the Board



Professor M Stuart - Vice Chancellor

REPORT OF THE INDEPENDENT AUDITOR TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF LINCOLN

We have audited the group and University financial statements (the 'financial statements') of the University of Lincoln for the year ended 31 July 2009 which comprise the statement of principal accounting policies, the consolidated income and expenditure account, the group and university balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes on pages 32 to 49. These financial statements have been prepared under the accounting policies set out therein.

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

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

The governing body's responsibilities for preparing the Operating and Financial Review and group financial statements in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 21.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding councils, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received. In addition, we report to you whether, in all material respects, income has been applied in accordance with the statutes and, where appropriate, the financial memorandum with the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council. We also report to you whether in our opinion the Operating and Financial Review is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

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

Basis of opinion

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

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

**REPORT OF THE INDEPENDENT AUDITOR
TO THE BOARD OF GOVERNORS OF THE
UNIVERSITY OF LINCOLN**

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the group as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the funding council, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's statutes and, where appropriate, with the financial memorandum with the funding council, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

Grant Thornton UK LLP

**GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS
Leeds
24 November 2009**

UNIVERSITY OF LINCOLN
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2009

Basis of preparation

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

Basis of accounting

The financial statements are prepared under 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, ULEX Limited, UL Learning Resources Company Limited and Riseholme Park Farms Limited. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income and expenditure account from the date of acquisition or up to the date of disposal. Intra-group sales and profits are eliminated fully on consolidation. The activities of the University of Lincoln Student Union have not been consolidated because the University does not control the Student Union. The University also has a one-third membership interest in Lincoln Student Solutions Limited, a company limited by guarantee and with charitable status. The University's interest in this company is not consolidated as an associate, or joint venture due to the underlying nature of its interest. The University has treated its interest as a fixed asset investment at nil cost.

In the University's financial statements, investments in subsidiary undertakings are stated at cost less provision for diminution in value.

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 tuition fees is recognised in the period for which it is received and includes all fees chargeable to students or their sponsors.

Recurrent grants from the Funding Councils are recognised in the period in which they are receivable.

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

Agency arrangements

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

Maintenance of premises

The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

UNIVERSITY OF LINCOLN
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2009

Pension schemes

Retirement benefits to employees of the University are provided by The Teachers' Pension Scheme (TPS) and the East Riding Pension Fund (ERP). These are defined benefit schemes which are externally funded and contracted out of the State Earnings Related Pension Scheme.

Contributions to the TPS are charged to the income and expenditure so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of quinquennial valuations using a prospective benefit method.

The assets of the ERP are measured using closing market values. ERP 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

The University's buildings are specialised buildings and therefore it is not appropriate to value them on the basis of open market value. Land and buildings inherited from the Local Education Authority (LEA) are stated in the balance sheet at valuation on the basis of depreciated replacement cost. A review of 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. Other land and buildings are included in the balance sheet at cost. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University of 50 years. Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease.

Where land and buildings are acquired with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

(b) Equipment

Equipment costing less than £20,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life at rates of 15% to 33.33% per annum.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated in accordance with the above policy, with the related grant being credited to deferred capital grants and released to the income and expenditure account over the expected useful economic life of the related equipment.

Leased assets

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

UNIVERSITY OF LINCOLN
STATEMENT OF PRINCIPAL ACCOUNTING POLICIES - 31 JULY 2009

Leasing agreements that transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

Assets which are held under hire purchase contracts which have the characteristics of finance leases are depreciated over their useful lives.

Stock and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. For work in progress, cost is calculated as the direct cost of time and bought in goods and services. Payments received in excess of project costs are included in creditors. Where necessary, provision is made for obsolete, slow moving and defective stocks and work in progress.

Taxation

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

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

The University's subsidiary companies operate as commercial organisations and certain of these are subject to taxation.

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

Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash. Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the Institution's treasury management activities. They exclude any such assets held as endowment asset investments.

Investments

Listed investments held as fixed assets or endowment assets are shown at market value. Investments in subsidiary undertakings are shown at the lower of cost or net realisable value, and investments in associates are shown in the consolidated balance sheet at attributable share of net assets. Current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value. Interests in land and buildings held for their investment potential are included in the balance sheet at their market value without charging depreciation.

Provisions

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

**UNIVERSITY OF LINCOLN
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 JULY 2009**

	Notes	2009 £'000	2008 £'000
Income			
Funding body grants	1	42,156	41,816
Tuition fees and education contracts	2	27,841	23,110
Research grants and contracts	3	1,333	1,598
Other income	4	8,521	8,886
Endowment and investment Income	5	<u>424</u>	<u>1,052</u>
Total income		<u>80,275</u>	<u>76,462</u>
Expenditure			
Staff costs	6	45,162	41,665
Other operating expenses		28,009	28,368
Depreciation	13	3,739	3,948
Interest and other finance costs	8	<u>1,517</u>	<u>1,057</u>
Total expenditure	9	<u>78,427</u>	<u>75,038</u>
Surplus after depreciation of tangible fixed assets at valuation and before tax		1,848	1,424
Taxation	11	<u>-</u>	<u>-</u>
Surplus after depreciation of tangible fixed assets at valuation and tax		1,848	1,424
Disposal of fixed assets	10	<u>-</u>	<u>396</u>
Surplus on continuing operations after depreciation of tangible fixed assets at valuation, disposal of assets and tax		<u>1,848</u>	<u>1,820</u>

All items of income and expenditure arise from continuing operations.

UNIVERSITY OF LINCOLN
STATEMENT OF GROUP HISTORICAL COST SURPLUSES AND DEFICITS
FOR THE YEAR ENDED 31 JULY 2009

	Notes	2009 £'000	2008 £'000
Surplus on continuing operations before taxation		1,848	1,820
Difference between historical cost depreciation and the actual charge for the year calculated on the re-valued amount	24	28	28
Inherited debt release	24	<u>6</u>	<u>6</u>
Historical cost surplus for the year before taxation		<u>1,882</u>	<u>1,854</u>
Historical cost surplus for the year after taxation		<u>1,882</u>	<u>1,854</u>

UNIVERSITY OF LINCOLN
STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
YEAR ENDED 31 JULY 2009

	Notes	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax		1,848	1,820
New endowments	23	12	1
Actuarial loss in respect of pension schemes	32	<u>(16,469)</u>	<u>(7,570)</u>
Total recognised gains and losses relating to the year		<u>(14,609)</u>	<u>(5,749)</u>
Reconciliation			
Opening reserves and endowments		37,671	
Total recognised losses for the year		<u>(14,609)</u>	
Closing reserves and endowments		<u>23,062</u>	

UNIVERSITY OF LINCOLN
BALANCE SHEETS AS AT 31 JULY 2009

	Notes	Group 2009 £'000	University 2009 £'000	Group 2008 £'000	University 2008 £'000
Fixed assets					
Tangible assets	13	96,010	83,563	91,414	78,689
Investments	14	<u>30</u>	<u>12,113</u>	<u>30</u>	<u>12,387</u>
		<u>96,040</u>	<u>95,676</u>	<u>91,444</u>	<u>91,076</u>
Endowment assets	15	<u>30</u>	<u>30</u>	<u>18</u>	<u>18</u>
Current assets					
Stocks	16	293	96	227	82
Debtors	17	5,571	6,036	4,754	5,936
Short term deposits		13,427	13,427	8,710	8,710
Cash at bank and in hand		<u>920</u>	<u>231</u>	<u>1,478</u>	<u>293</u>
		20,211	19,790	15,169	15,021
Creditors: Amounts falling due within one year	18	<u>(16,243)</u>	<u>(15,710)</u>	<u>(12,246)</u>	<u>(12,086)</u>
Net current assets		3,968	4,080	2,923	2,935
Total assets less current liabilities					
		100,038	99,786	94,385	94,029
Creditors: Amounts falling due after more than one year	19	<u>(15,761)</u>	<u>(15,761)</u>	<u>(15,965)</u>	<u>(16,132)</u>
Provisions for liabilities and charges	21	<u>(45)</u>	<u>(45)</u>	<u>(15)</u>	<u>(15)</u>
Total net assets excluding pension liability		84,232	83,980	78,405	77,882
Pension liability	33	<u>(35,427)</u>	<u>(35,427)</u>	<u>(18,696)</u>	<u>(18,696)</u>
Total net assets including pension liability		<u>48,805</u>	<u>48,553</u>	<u>59,709</u>	<u>59,186</u>
Deferred capital grants					
	22	25,743	25,743	22,038	22,038
Endowments					
Restricted expendable	23	30	30	18	18
Reserves					
Income and expenditure account excluding pension reserve	25	57,130	56,878	54,986	54,463
Pension reserve	26	<u>(35,427)</u>	<u>(35,427)</u>	<u>(18,696)</u>	<u>(18,696)</u>
Income and expenditure account including pension reserve		21,703	21,451	36,290	35,767
Revaluation reserve	24	<u>1,329</u>	<u>1,329</u>	<u>1,363</u>	<u>1,363</u>
Total reserves		<u>23,032</u>	<u>22,780</u>	<u>37,653</u>	<u>37,130</u>
TOTAL		<u>48,805</u>	<u>48,553</u>	<u>59,709</u>	<u>59,186</u>

These financial statements on pages 24 to 49 were approved by the Board of Governors on 24 November 2009 and were signed on its behalf by:



G Secker - Chair of the Board



Professor M Stuart - Vice Chancellor

**UNIVERSITY OF LINCOLN
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2009**

	Notes	2009 £'000	2008 £'000
Net cash inflow from operating activities	27	4,168	2,333
Returns on investments and servicing of finance	28	(144)	8
Capital expenditure and financial investment	29	731	(797)
Management of liquid resources	30	(4,729)	(600)
Financing	31	<u>(584)</u>	<u>(567)</u>
(Decrease)/increase in cash in the year		<u>(558)</u>	<u>377</u>

Reconciliation of net cash flow to movement in net debt

	Notes	2009 £'000	2008 £'000
(Decrease)/increase in cash in the year		(558)	377
Change in short term deposits	30	4,729	600
Change in debt	31	<u>584</u>	<u>567</u>
Change in net debt resulting from cash flows and movement in net debt in the year		4,755	1,544
Net debt at 1 August		<u>(6,211)</u>	<u>(7,755)</u>
Net debt at 31 July	32	<u>(1,456)</u>	<u>(6,211)</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

1	Funding body grants		
		2009	2008
		£'000	£'000
	Higher Education Funding Council for England		
	Recurrent grant	36,948	36,122
	Specific grants:		
	Special initiatives	1,479	1,201
	Release of deferred capital grants - Buildings	221	274
	- Equipment	<u>625</u>	<u>919</u>
		<u>39,273</u>	<u>38,516</u>
	Learning and Skills Council		
	Recurrent grant	2,639	2,854
	Work based learning	187	206
	Other funds	<u>57</u>	<u>240</u>
		<u>2,883</u>	<u>3,300</u>
		<u>42,156</u>	<u>41,816</u>
2	Tuition fees and education contracts		
		2009	2008
		£'000	£'000
	Full-time home and EU students	23,979	19,248
	Full-time international students	1,108	1,424
	Part-time students	1,604	1,451
	Short courses and summer schools	1,008	845
	Further education students	<u>142</u>	<u>142</u>
		<u>27,841</u>	<u>23,110</u>
3	Research grants and contracts		
		2009	2008
		£'000	£'000
	Research Councils	109	149
	UK based charities	94	38
	UK Central /Local Govt/Health/Hospitals	689	1,083
	UK Industry	156	94
	European Union	182	133
	Overseas	31	37
	Other grants and contracts	<u>72</u>	<u>64</u>
		<u>1,333</u>	<u>1,598</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

4 Other income

	2009	2008
	£'000	£'000
Residences, catering and conferences	3,944	3,698
Other income generating activities	1,948	2,333
Other income	<u>2,629</u>	<u>2,855</u>
	<u>8,521</u>	<u>8,886</u>

5 Endowment and Investment Income

	2009	2008
	£'000	£'000
Income from short term investments	424	797
Net return on pension scheme	<u>-</u>	<u>255</u>
	<u>424</u>	<u>1,052</u>

6 Staff costs

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

	2009	2008
	Number	Number
Teaching departments	678	635
Teaching support services	129	116
Other support services	60	47
Administration and central services	221	225
Premises	<u>19</u>	<u>23</u>
	<u>1,108</u>	<u>1,046</u>
Staff costs for the above persons:	2009	2008
	£'000	£'000
Wages and salaries	36,991	33,872
Social security costs	2,940	2,686
Other pension costs (including FRS17 adjustments)	4,517	4,686
Staff restructuring costs	<u>714</u>	<u>421</u>
	<u>45,162</u>	<u>41,665</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

7 Senior staff emoluments

	2009	2008
	£'000	£'000
The emoluments of the Vice Chancellor were as follows:		
Remuneration	206	186
Pension costs	<u>28</u>	<u>25</u>
	<u>234</u>	<u>211</u>

The number of higher paid staff (excluding the Vice Chancellor) whose aggregate emoluments (including the estimated money value of benefits in kind but excluding pension contributions made by the University) above £100,000 were as follows:

	2009	2008
	Number	Number
£100,000 - £109,999	4	1
£110,000 - £119,999	1	-

8 Interest and other finance costs

	2009	2008
	£'000	£'000
On loans wholly or partly repayable in more than five years	565	1,057
Net charge on pension scheme	<u>952</u>	<u>-</u>
	<u>1,517</u>	<u>1,057</u>

9 Analysis of total expenditure by activity

	2009	2008
	£'000	£'000
Academic departments	33,452	30,475
Academic services	7,806	6,945
Administration and central services	18,312	19,270
Premises	11,108	11,003
Residences and catering operations	4,147	4,475
Research grants and contracts	1,081	1,225
Other expenditure	<u>2,521</u>	<u>1,645</u>
	<u>78,427</u>	<u>75,038</u>

Other operating expenses include:

	2009	2008
	£'000	£'000
External auditors remuneration in respect of audit services*	33	35
External auditors remuneration in respect of non-audit services**	6	10
Hire of equipment – operating lease rentals	<u>787</u>	<u>571</u>

* Includes £30,000 in respect of the University (2008 £29,000)

** Includes £2,000 in respect of the University (2008 £5,000)

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

10	Profit on disposal of tangible fixed assets	2009	2008
		£'000	£'000
	Disposal of freehold properties	<u>—</u>	<u>396</u>

11	Taxation	2009	2008
		£'000	£'000
	UK corporation tax at 21%	<u>—</u>	<u>—</u>

12 Surplus on continuing operations for the year

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

	2009	2008
	£'000	£'000
University's surplus for the year	2,119	1,638
Deficit of related undertakings	(274)	(400)
Consolidation adjustment	<u>3</u>	<u>582</u>
	<u>1,848</u>	<u>1,820</u>

13 Tangible fixed assets

Group	Assets in the course of construction £'000	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost or valuation					
At 1 August 2008	196	87,676	9,182	11,753	108,807
Additions	6,539	890	356	550	8,335
Written off	—	—	—	(1,034)	(1,034)
Transfers	<u>(194)</u>	<u>194</u>	<u>—</u>	<u>—</u>	<u>—</u>
At 31 July 2009	<u>6,541</u>	<u>88,760</u>	<u>9,538</u>	<u>11,269</u>	<u>116,108</u>
Depreciation					
At 1 August 2008	—	9,443	1,748	6,202	17,393
Charge for year	—	1,752	184	1,803	3,739
Written off	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,034)</u>	<u>(1,034)</u>
At 31 July 2009	<u>—</u>	<u>11,195</u>	<u>1,932</u>	<u>6,971</u>	<u>20,098</u>
Net book value					
At 31 July 2009	<u>6,541</u>	<u>77,565</u>	<u>7,606</u>	<u>4,298</u>	<u>96,010</u>
At 31 July 2008	<u>196</u>	<u>78,233</u>	<u>7,434</u>	<u>5,551</u>	<u>91,414</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

13 Tangible fixed assets (continued)

University	Assets in the course of construction £'000	Freehold Land and Buildings £'000	Leasehold Land and Buildings £'000	Fixtures, Fittings and Equipment £'000	Total £'000
Cost or valuation					
At 1 August 2008	196	73,181	9,182	10,559	93,118
Additions	6,539	887	356	550	8,332
Written off	-	-	-	(1,029)	(1,029)
Transfers	<u>(194)</u>	<u>194</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 July 2009	<u>6,541</u>	<u>74,262</u>	<u>9,538</u>	<u>10,080</u>	<u>100,421</u>
Depreciation					
At 1 August 2008	-	7,522	1,752	5,155	14,429
Charge for year	-	1,479	180	1,799	3,458
Written off	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,029)</u>	<u>(1,029)</u>
At 31 July 2009	<u>-</u>	<u>9,001</u>	<u>1,932</u>	<u>5,925</u>	<u>16,858</u>
Net book value					
At 31 July 2009	<u>6,541</u>	<u>65,261</u>	<u>7,606</u>	<u>4,155</u>	<u>83,563</u>
At 31 July 2008	<u>196</u>	<u>65,659</u>	<u>7,430</u>	<u>5,404</u>	<u>78,689</u>

On adoption of FRS 15 the University followed the transitional provision to retain the book value of land and buildings which were revalued in 1994 by a firm of chartered surveyors, but not to adopt the policy of revaluations in the future.

At 31 July 2009, freehold and buildings included £4,189,000 (2008: £4,189,000) in respect of land which is not depreciated.

Included in equipment are assets held under finance leases with a net book value of £nil (2008: £nil). Depreciation for the year on these assets was £ nil (2008: £3,445).

14 Fixed asset investments

Group	Other Investments £'000
Cost	
At 1 August 2008 and 31 July 2009	<u>30</u>
Net book value	
At 1 August 2008 and 31 July 2009	<u>30</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

14 Fixed asset investments (continued)

	Shares in related undertakings £'000	Other investments £'000	Total £'000
University			
Cost			
At 1 August 2008	14,535	30	14,565
Disposals	<u>(1)</u>	-	<u>(1)</u>
At 31 July 2009	<u>14,534</u>	<u>30</u>	<u>14,564</u>
Amounts written off			
At 1 August 2008	2,178	-	2,178
Written off in year	<u>273</u>	-	<u>273</u>
At 31 July 2009	<u>2,451</u>	-	<u>2,451</u>
Net book value			
At 31 July 2009	<u>12,083</u>	<u>30</u>	<u>12,113</u>
At 31 July 2008	<u>12,357</u>	<u>30</u>	<u>12,387</u>

The University holds 100% of the ordinary share capital of ULEX Limited, a company incorporated in England and Wales. The nature of its business is the provision of consultancy, training, conference and research facilities and the operation of the University's bars, shops and entertainment provision.

The University held 100% of the ordinary share capital of UL Property Management Limited, a company incorporated in England and Wales. This company was dissolved on 12 May 2009.

The University holds 100% of the ordinary share capital of UL Learning Resources Company Limited, which is incorporated in England and Wales. The nature of its business is the provision of learning resource facilities.

The University held 100% of the ordinary share capital in UL Sports & Recreation Limited, a company incorporated in England and Wales. This company was dissolved on 26 May 2009

The University holds 100% of the ordinary share capital in Riseholme Park Farms Limited, a company incorporated in England and Wales. The nature of its business is farming.

The University controlled Lincolnshire Regional Access Centres, a company limited by guarantee incorporated in England and Wales. This company was dissolved on 2 June 2009. Lincolnshire Regional Access Centres held 100% of the ordinary share capital of LRAC (Trading) Limited, a company incorporated in England & Wales. This company was dissolved on 2 June 2009.

The University holds a 33.3% interest in Lincoln Student Solutions, a charitable company limited by guarantee incorporated in England and Wales. The nature of its business is the provision of student residential accommodation.

Other investments represent shares in CVCP Properties plc, a company owned by Universities UK and its member institutions.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

15 Endowment Asset Investments

Group and University	2009	2008
	£'000	£'000
Balance at 1 August	18	17
Additions	18	-
Disposals	(6)	-
Increase in cash balances	<u>-</u>	<u>1</u>
Balance at 31 July	<u>30</u>	<u>18</u>
Represented by:		
Bank Balances	<u>30</u>	<u>18</u>

16 Stocks

	Group	University	Group	University
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Goods for resale	36	-	-	-
Raw materials and consumables	205	96	227	82
Work in progress at cost less applicable progress payments	<u>52</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>293</u>	<u>96</u>	<u>227</u>	<u>82</u>

17 Debtors

	Group	University	Group	University
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year:				
Trade debtors	2,677	2,488	2,025	1,924
Amounts owed by subsidiary undertakings	-	914	-	1,185
Other debtors	83	50	244	128
Prepayments and accrued income	<u>2,574</u>	<u>2,347</u>	<u>2,221</u>	<u>2,278</u>
	5,334	5,799	4,490	5,515
Amounts falling due after more than one year:				
Prepayments and accrued income	<u>237</u>	<u>237</u>	<u>264</u>	<u>421</u>
	<u>5,571</u>	<u>6,036</u>	<u>4,754</u>	<u>5,936</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

18 Creditors: Amounts falling due within one year

	Group	University	Group	University
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Secured loans	624	624	584	584
Payments received in advance	2,763	2,720	2,086	2,084
Trade creditors	1,898	1,864	1,435	1,358
Amounts owed to subsidiary undertakings	-	-	-	30
Other creditors	1,839	1,837	1,331	1,324
Other taxation and social security	1,267	1,247	1,409	1,376
Accruals and deferred income	<u>7,852</u>	<u>7,418</u>	<u>5,401</u>	<u>5,330</u>
	<u>16,243</u>	<u>15,710</u>	<u>12,246</u>	<u>12,086</u>

19 Creditors: Amounts falling due after more than one year

	Group	University	Group	University
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Secured loans	15,210	15,210	15,834	15,834
Other taxation and social security	421	421	-	-
Accruals and deferred income	<u>130</u>	<u>130</u>	<u>131</u>	<u>298</u>
	<u>15,761</u>	<u>15,761</u>	<u>15,965</u>	<u>16,132</u>

20 Borrowings

	Group	University	Group	University
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Secured Loans				
Secured loans are repayable as follows:				
In five years or more:	12,287	12,287	13,090	13,090
Between two and five years:	2,258	2,258	2,120	2,120
Between one and two years:	<u>665</u>	<u>665</u>	<u>624</u>	<u>624</u>
	15,210	15,210	15,834	15,834
In one year or less:	<u>624</u>	<u>624</u>	<u>584</u>	<u>584</u>
	<u>15,834</u>	<u>15,834</u>	<u>16,418</u>	<u>16,418</u>

The University has various loans repayable by quarterly instalments. The loans are secured on certain freehold land and buildings and interest is charged at variable rates of between 1.3% and 6.7% in 2008-09.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

21 Provisions for liabilities

	Restructuring costs £'000
Group and University	
At 1 August 2008	15
Paid in year	(160)
Transferred to creditors	(526)
Charged to income and expenditure account	<u>716</u>
At 31 July 2009	<u>45</u>

The restructuring provision relates to redundancy costs and associated pension costs.

22 Deferred capital grants

	Funding Council		Other Grants		Total £'000
	Land & Buildings £'000	Equipment £'000	Land & Buildings £'000	Equipment £'000	
Group and University					
At 1 August 2008	10,815	2,222	7,616	1,385	22,038
Grants received	3,192	-	1,766	36	4,994
Released to income and expenditure account	<u>(221)</u>	<u>(625)</u>	<u>(166)</u>	<u>(277)</u>	<u>(1,289)</u>
At 31 July 2009	<u>13,786</u>	<u>1,597</u>	<u>9,216</u>	<u>1,144</u>	<u>25,743</u>

23 Endowments

	2009 Total £'000	2008 Total £'000
Group and University		
Balances at 1 August		
Capital	16	16
Accumulated Income	<u>2</u>	<u>1</u>
	18	17
New endowments	11	-
Investment Income	<u>1</u>	<u>1</u>
At 31 July	<u>30</u>	<u>18</u>
Represented by:		
Capital value	27	16
Accumulated Income	<u>3</u>	<u>2</u>
	<u>30</u>	<u>18</u>

All the endowments are restricted expendable.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

24 Revaluation reserve

	Group £'000	University £'000
At 1 August 2008	1,363	1,363
Transfer to/(from) revaluation reserve to general reserve in respect of:		
Depreciation on revalued assets	(28)	(28)
Inherited debt release	<u>(6)</u>	<u>(6)</u>
At 31 July 2009	<u>1,329</u>	<u>1,329</u>

25 Income and expenditure account reserve

	Group £'000	University £'000
At 1 August 2008	54,986	54,463
Surplus on continuing operations before transfer from revaluation reserve	1,848	2,119
Transfer from revaluation reserve	34	34
Add back pension deficit	<u>262</u>	<u>262</u>
At 31 July 2009	<u>57,130</u>	<u>56,878</u>

26 Pension reserve

	2009 £'000	2008 £'000
At 1 August	(18,696)	(11,392)
Actuarial loss	(16,469)	(7,570)
(Deficit)/surplus retained within reserves	<u>(262)</u>	<u>266</u>
At 31 July	<u>(35,427)</u>	<u>(18,696)</u>

27 Reconciliation of consolidated operating surplus to net cash inflow from operating activities

	2009 £'000	2008 £'000
Surplus on continuing operations after depreciation of assets at valuation and before taxation	1,848	1,820
Depreciation	3,739	3,948
Deferred capital grants released to income	(1,289)	(1,543)
Profit on disposal of tangible fixed assets	-	(396)
Interest receivable	(424)	(1,052)
Interest payable	565	1,056
Adjustment for bad and doubtful debts	(94)	(611)
(Increase)/decrease in stocks	(65)	47
(Increase)/decrease in debtors	(648)	1,424
Increase/(decrease) in creditors	244	(1,591)
Increase/(decrease) in provisions	30	(503)
Pension costs less contributions payable	<u>262</u>	<u>(266)</u>
Net cash inflow from operating activities	<u>4,168</u>	<u>2,333</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

28 Returns on investments and servicing of finance

	2009 £'000	2008 £'000
Interest received	453	1,133
Interest paid	<u>(597)</u>	<u>(1,125)</u>
Net cash (outflow)/inflow from returns on investments and servicing of finance	<u>(144)</u>	<u>8</u>

29 Capital expenditure and financial investment

	2009 £'000	2008 £'000
Payments to acquire fixed assets	(4,172)	(9,041)
Proceeds from sale of tangible fixed assets	-	417
Deferred capital grants received	4,891	7,826
Endowment funds invested	<u>12</u>	<u>1</u>
Net cash inflow/(outflow) from capital expenditure and financial investment	<u>731</u>	<u>(797)</u>

30 Management of liquid resources

	2009 £'000	2008 £'000
Movement in endowment assets	(12)	(1)
Increase in short term deposits	<u>(4,717)</u>	<u>(599)</u>
Net cash inflow from management of liquid resources	<u>(4,729)</u>	<u>(600)</u>

31 Financing

	2009 £'000	2008 £'000
Repayments of amounts borrowed	(584)	(546)
Capital element of finance lease rental payments	<u>-</u>	<u>(21)</u>
Net cash outflow from financing	<u>(584)</u>	<u>(567)</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

32 Analysis of changes in net debt

	At 1 August 2008 £'000	Cash flows £'000	Non- cash changes £'000	At 31 July 2009 £'000
Cash at bank and in hand	1,478	(557)	-	921
Endowment assets	18	12	-	30
Short term deposits	8,710	4,717	-	13,427
Debt due within one year	(584)	-	(40)	(624)
Debt due after one year	<u>(15,834)</u>	<u>584</u>	<u>40</u>	<u>(15,210)</u>
	<u>(6,212)</u>	<u>4,756</u>	<u>-</u>	<u>(1,456)</u>

33 Pensions and similar obligations

The University's employees belong to two principal pension schemes, the Teacher's Pension Scheme (TPS) and the East Riding Pension Fund (ERP). In addition, contributions are paid to the Universities Superannuation Scheme (USS) for a small number of staff. The total pension cost for the year was £5,076,000 (2008: £4,686,000).

ERP

The ERP is a funded defined benefit scheme, with the assets held in separate trustee administered funds.

The total contribution made for the year ended 31 July 2009 was £3,071,000 of which employers' contribution totalled £2,262,000 and employees' contributions totalled £809,000. The agreed contribution rates from 1 April 2005 to 31 March 2008 were 18.1% for employers, and from 1 April 2008 are 18.5%. The employees' contribution to 31 March 2008 was 6%, and from 1 April 2008 the employees' contribution is based on earnings per annum and ranges from 5.5% to 7.5%.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

33 Pensions and similar obligations (continued)

FRS 17

The following information is based upon a full actuarial valuation of the Fund at 31 March 2007, updated to 31 July 2009 by a qualified independent actuary.

The material assumptions used by the actuary for FRS17 at 31 July 2009 were:

	At 31 July 2009	At 31 July 2008
Pension Increase rate	3.7%	3.8%
Salary Increase Rate	5.2%	5.3%
Expected return on assets	6.8%	7.3%
Discount rate for liabilities	6.0%	6.7%

The recommended mortality assumptions have to date been based on those adopted for the most recent funding valuation. These have been set after extensive analysis of actual LGPS pensioner experience and consultation with individual funds. Based on these assumptions average future life expectancies at age 65 are summarised below;

	Males	Females
Current Pensioners	21.5 years	24.4 years
Future Pensioners	22.6 years	25.5 years

The assets of the ERPF scheme and the expected rates of return were:

	Long term return expecte d at 31 July 2009 % p.a.	Fund Value at 31 July 2009 £'000	Long term return expected at 31 July 2008 % p.a.	Fund Value at 31 July 2008 £'000	Long term return expected at 31 July 2007 % p.a.	Fund Value at 31 July 2007 £'000
Equities	7.3%	34,715	7.8%	36,279	8.0%	42,646
Bonds	5.3%	4,773	5.7%	4,207	5.2%	4,306
Property	5.3%	1,736	5.7%	2,486	6.0%	3,355
Cash	4.3%	<u>2,170</u>	4.8%	<u>2,491</u>	5.1%	<u>2,527</u>
Total market value of assets		<u>43,394</u>		<u>45,463</u>		<u>52,834</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

33 Pensions and similar obligations (continued)

ERP (continued)

Analysis of amount shown in balance sheet	2009	2008
	£'000	£'000
Fair value of Employer Assets	43,394	45,463
Present Value of Funded Obligations	(76,562)	(62,022)
Present Value of Unfunded obligations	<u>(2,259)</u>	<u>(2,137)</u>
 Deficit in the scheme – Net pension liability	 <u>(35,427)</u>	 <u>(18,696)</u>

Analysis of the amount charged to staff costs within operating surplus	2009	2008
	£'000	£'000
Current service costs	1,701	1,790
Past service costs	-	596
Losses on Curtailments	<u>2</u>	<u>-</u>
 Total Operating Charge	 <u>1,703</u>	 <u>2,386</u>

Analysis of the amount that is credited to other finance income/(charged) to interest payable	2009	2008
	£'000	£'000
Expected return on pension scheme net assets	3,382	4,027
Interest on pension scheme liabilities	<u>(4,334)</u>	<u>(3,772)</u>
 Net (charge)/return	 <u>(952)</u>	 <u>255</u>

Analysis of the amount that would be recognised in statement of total recognised gains and losses (STRGL)	2009	2008
	£'000	£'000
Actual return less expected return on pension scheme assets	(7,223)	(13,052)
Changes in assumptions underlying the present value of scheme liabilities	<u>(9,246)</u>	<u>5,482</u>
 Actuarial Loss to STRGL	 <u>(16,469)</u>	 <u>(7,570)</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

33 Pensions and similar obligations (continued)

ERP (continued)

	2009	2008
	£'000	£'000
Movement in deficit during year		
Deficit in scheme at 1 August 2008	(18,696)	(11,392)
Movement in year:		
Current service charge	(1,701)	(1,790)
Employer contributions	2,262	2,271
Contribution in respect of unfunded benefits	131	126
Past service costs	-	(596)
Impact of settlements and curtailments	(2)	-
Net return on assets	(952)	255
Actuarial loss	<u>(16,469)</u>	<u>(7,570)</u>
Deficit in scheme at 31 July 2009	<u>(35,427)</u>	<u>(18,696)</u>

Analysis of the movement in the present value of the scheme liabilities

	2009	2008
	£'000	£'000
At the beginning of the year	64,159	64,226
Current service cost	1,701	1,790
Interest cost	4,334	3,772
Contributions by members	809	710
Actuarial losses/(gains)	9,246	(5,482)
Past service costs	-	596
Losses on curtailments	2	-
Estimated unfunded benefits paid	(131)	(126)
Estimated benefits paid	<u>(1,299)</u>	<u>(1,327)</u>
At the end of the year	<u>78,821</u>	<u>64,159</u>

Analysis of the movement in market value of the scheme assets

	2009	2008
	£'000	£'000
At the beginning of the year	45,463	52,834
Expected return on assets	3,382	4,027
Contributions by members	809	710
Contributions by employer	2,262	2,271
Contributions in respect of unfunded benefits	131	126
Actuarial losses	(7,223)	(13,052)
Estimated unfunded benefits paid	(131)	(126)
Estimated benefits paid	<u>(1,299)</u>	<u>(1,327)</u>
At the end of the year	<u>43,394</u>	<u>45,463</u>

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

33 Pensions and similar obligations (continued)

ERP (continued)

History of experience gains and losses

	31 July 2009 £'000	31 July 2008 £'000	31 July 2007 £'000	31 July 2006 £'000	31 July 2005 £'000
Difference between the expected and actual return on assets:	(7,223)	(13,052)	2,282	3,041	4,692
Value of assets	43,394	45,463	52,834	45,358	37,554
% of scheme assets	16.6%	28.7%	4.3%	6.7%	12.5%
Experience (losses)/gains on scheme liabilities:	46	2,647	21	(4)	84
Present value of liabilities	78,821	64,159	64,226	65,271	57,641
% of scheme liabilities	0.1%	4.12%	0.0%	0.0%	0.1%
Actuarial gains/(losses) recognised in STRGL	(16,469)	(7,570)	8,529	271	(2,985)
Present value of liabilities	78,821	64,159	64,226	65,271	57,641
% of scheme liabilities	(20.9%)	(11.8%)	13.3%	0.4%	(5.2%)

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £13,465,000 (2008 gains £3,004,000)

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

The amount projected to be charged to operating profit for the year ended 31 July 2010 is £2,655,000. The estimated employer's contribution for the year ended 31 July 2010 will be approximately £2,104,000.

TPS

TPS is valued every five years by the Government Actuary. Contributions are paid by the Institution at the rate specified. The Scheme is unfunded and contributions are made to the Exchequer. The payments from the Scheme are made from funds voted by Parliament. The contribution rate payable by the employer is 14.1% of pensionable salaries.

USS

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

The contribution rate payable by the University to USS is 14% of pensionable salaries. The actuary to USS has confirmed that it is appropriate to take the pensions costs in the institution's accounts to be equal to the actual contributions paid during the year. In particular, the contribution rate recommended following the 2005 valuation has regard to the deficit disclosed by that valuation, the benefit improvements introduced subsequent to the valuation and the need to spread deficit in a prudent manner over the future working lifetime of current scheme members.

FRS 17

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS and USS are multi-employer pension schemes. The University is unable to identify its share of the underlying (notional) assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The cost recognised within the surplus for the year in the income and expenditure account equalled the contributions payable to the scheme for the year.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

34 Financial commitments

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

	Group 2009 £'000	University 2009 £'000	Group 2008 £'000	University 2008 £'000
Land and buildings				
Expiring within one year	9	237	-	-
Expiring between two and five years inclusive	-	-	-	546
Expiring in over five years	<u>752</u>	<u>752</u>	<u>825</u>	<u>825</u>
	<u>761</u>	<u>989</u>	<u>825</u>	<u>1,371</u>
Other				
Expiring within one year	5	5	152	152
Expiring between two and five years inclusive	<u>524</u>	<u>524</u>	<u>1,879</u>	<u>1,879</u>
	<u>529</u>	<u>529</u>	<u>2,031</u>	<u>2,031</u>

35 Capital commitments

Provision has not been made for the following capital commitments at 31 July 2009:

	Group 2009 £'000	University 2009 £'000	Group 2008 £'000	University 2008 £'000
Commitments contracted for				
Authorised but not contracted for	<u>1,226</u>	<u>1,226</u>	<u>1,100</u>	<u>1,100</u>

36 Amounts disbursed as agent

	2009		2008	
	£'000	£'000	£'000	£'000
Access to Learning Fund				
Income				
Excess of income over expenditure at 1 August 2008	-		58	
Funding Council Grants	340		417	
Interest earned	<u>2</u>		<u>9</u>	
		342		484
Expenditure				
Disbursed to students	336		481	
Fund running costs	<u>6</u>		<u>3</u>	
		(342)		484
Excess of income over expenditure at 31 July 2009		==		==

Funding Council grants are available solely for students, the University acts only as paying agent. The grants and related disbursements are therefore excluded from the income and expenditure account.

UNIVERSITY OF LINCOLN
NOTES TO THE ACCOUNTS - 31 JULY 2009

37 Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's Financial Regulations and normal procurement procedures. All transactions greater than £1,000 are listed below:

Transactions totalling £366,608 relating to franchise arrangements, took place with Hull College, a college of which Dr E McMahon is chief executive/principal. Of that amount, £67,960 was owed to the University at 31 July 2009.

Transactions totalling £51,869 relating to the hiring of facilities, took place with Lincoln Cathedral, a company of which Very Reverend P Buckler is Dean.

Transactions totalling £35,665 relating to the tuition fees, took place with Countrywide Farmers plc, a company of which Sir B Gill is a director.

Transactions totalling £31,560 relating to summer schools, took place with Bishop Grossteste University College, a company of which Very Reverend P Buckler is a governor. Of that amount, £8,562 was owed to the University at 31 July 2009.

Transactions totalling £18,600 relating to consultancy services, took place with Lincolnshire Enterprise, a company of which Prof D Chiddick is a member.

Transactions totalling £388,920 relating to block grant, rental charges and administration expenses, took place with University of Lincoln Students' Union.

The University has taken advantage of the exemption allowed by Financial Reporting Standard 8 not to disclose transactions between group companies.