



Statement of Accounts 2014/15

UNIVERSITY OF HULL

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Operating and Financial Review

Introduction

Founded as University College Hull in 1927, the University of Hull was established by Royal Charter in 1954 to "...advance education, scholarship, knowledge and understanding by teaching and research, for the benefit of individuals and society at large."

Today the University's broad academic portfolio is structured across six faculties, offering taught and research programmes in arts, humanities, law and social sciences, science and engineering, education, medicine, health and social care, and business. Building on a long tradition of excellence and innovation, interdisciplinary themes that address some of the most complex challenges facing the world today serve as focal points for many of the University's academic endeavours. Active engagement with a broad range of stakeholders locally, regionally, nationally and globally is central to the University's role as an internationally engaged anchor institution.

The University operates in an uncertain and increasingly competitive national and international environment. The forthcoming government Spending Review and ongoing debate regarding long-term sustainability of the student finance system contribute to continuing uncertainty over the future nature of higher education funding, while the review of quality assurance mechanisms and the introduction of a Teaching Excellence Framework are likely to present further new challenges to the sector. Political debate on immigration and government changes to student visa regulations add complexity to the competitive international recruitment market. The removal of student number controls from 2015/16 saw universities recruiting UK and EU students in an entirely new landscape during 2014/15, with a significant increase in unconditional offers just one example of the resultant changes in institutions' recruitment strategies. The long term impact on the sector of the abolition of student number controls and the greater opportunities for entry to the market by private providers may not yet be apparent.

The University's current Strategic Plan 2011-2015 is reaching its natural end. Strategic Plan 2016-2020 is in the final stages of development and will be presented to the University Council for approval in November 2015. This next phase in the University's strategy is designed to pursue an agenda of excellence, empowerment and sustainability. The surpluses the University has made over recent years and its strong balance sheet provide a foundation for significant investment and growth. Building on the successes achieved over recent years through a programme of strategic change initiatives, the University will continue to invest in academic excellence and the very best experience and environment for its students and staff. Its Strategic Plan and investment strategy will ensure the University remains able to respond in an agile and sustainable manner to the challenging higher education environment.

The following Operating and Financial Review aims to provide context for the financial statements for the year ending 31 July 2015 through a review of the University's strategy, performance and operations.

Strategy and Performance

Strategic Plan

The University's Strategic Plan 2011-2015 emphasised the continued pursuit of excellence and positioned the institution as a forward-looking and sustainable university. It initiated a process of whole-institution transformation to enhance the University's stature and reputation which set the University on a trajectory of strategic renewal. For example, 2014/15 saw the completion of a £28m refurbishment of the Brynmor Jones Library, which is already having a transformative impact on the quality of the student learning experience, the launch of an Institute for Research on Culture and the Creative Industries, and the conclusion of the first phase of a programme to refresh the entire undergraduate and taught postgraduate portfolio.

During 2014/15 the University developed the next phase of its strategy to steer the institution through the period to 2020. An investment-driven plan, Strategic Plan 2016-2020 builds on the vision and momentum of Strategic Plan 2011-2015 and is underpinned by a strategic intent that emphasises

- achieving growth and a step-change in performance;
- enhancing stature, reputation and influence, and being a University of preference for a wider range of students, staff and partners;
- pursuing an excellence agenda;
- empowering people;
- being an internationally engaged anchor institution; and
- ensuring sustainability.

Strategic Plan 2016-2020 will continue the transformation in institutional and individual performance through investment in people, academic endeavours, the student experience, estates, facilities and infrastructure, and the University's ability to grow. New opportunities will be exploited, including Hull's designation as UK City of Culture 2017, the investment in renewable energy in the region, the establishment of interdisciplinary University research institutes and the sponsorship of University Technical Colleges (UTCs). Capital expenditure will increase, with in excess of £150m due to be invested over the next five years in projects such as the establishment of a new health campus for the University's medical and health courses, the building of new premium student accommodation and the redevelopment of Middleton Hall into a world-class venue for events, conferences, shows and concerts.

The implementation of Strategic Plan 2016-2020 will build on the significant enhancements already achieved through the four major change initiatives introduced in 2013/14: the Student Experience Programme, Curriculum 2016+, the Academic Investment Initiative, and the IT Transformation Journey. As projects across the current four programmes near conclusion, Strategic Plan 2016-2020 will consolidate the programmes and future strategic change initiatives into a single portfolio, promote a more integrated approach to change management and leadership, and develop centralised support for project and programme management.

Key Performance Indicators

Performance at an institutional level is monitored by the University Council against eight Key Performance Indicators (KPIs) and associated targets.

- Student to staff ratio (SSR)
- Entry tariff of undergraduate home/EU entrants
- First class and upper second class degrees as a proportion of all undergraduate classified degrees awarded
- Proportion of students in graduate level employment or further study six months after graduation
- Postgraduate research (PGR) students as a proportion of the total student population

The University continued to improve its performance against each of these KPIs during 2014/15, with performance against the indicators for SSR, entry tariff and PGR student population already exceeding the targets set for 2015/16.

- Student satisfaction (the average of scores in each of the six question areas of the National Student Survey)

Although there was a small decrease at institutional level in the average of scores measured by this KPI, investments in the Library and ICT facilities were reflected in increases in the 2015 scores for satisfaction with library resources and services and ICT resources. Similarly, many subject areas saw an increase in their overall satisfaction score, with two departments achieving a score of 100%. The University continues to work in partnership with Hull University Union to provide an exceptional, personalised and integrated student experience.

- Annual expenditure on research grants and contracts (RGC) and on knowledge transfer partnerships (KTP)
- Proportion of academic staff with high-quality research outputs

RGC and KTP income rose by 8% in 2014/15 compared to the previous year, and the proportion of the University's research classified as internationally excellent or world-leading in the 2014 Research Excellence Framework increased by 18 percentage points to 62% compared to the 2008 Research Assessment Exercise. The University aims to further enhance its research capacity and increase the rate of growth in its research income through focused investment in a number of initiatives, such as the development of Engineering, the establishment of interdisciplinary University research institutes, the recruitment of high-profile researchers and the implementation of an enhanced research support infrastructure.

The institutional KPIs are translated into faculty and departmental KPIs and integrated into the annual planning and budgeting process. 'Dashboards' are used to provide a clear overview of performance in each academic area. The University has initiated a project to refresh the KPIs and recalibrate targets to align with the new Strategic Plan.

League Tables

The University improved its position in all of the major higher education league tables published in the UK during 2014/15. In the Complete University Guide rankings published in April 2015 the University rose two places to be ranked 64th in the country, while in May 2015 the University rose 21 places in the Guardian University League Tables to be ranked 54th nationally and one of the top ten universities in the North of England. May 2015 also saw three of the University's subject areas recognised in the QS World University Rankings by Subject. Geography was ranked among the top 200 in the world, with Medicine and English Literature and Language ranked in the top 300 and top 350 respectively.

More recently, the Times and Sunday Times Good University Guide ranked the University fourth in Yorkshire and 67th nationally, while the Times Higher World University Rankings rated the University as one of the top 500 institutions globally.

Public Benefit Statement

The University of Hull is an independent corporation established by Royal Charter and an exempt charity within the meaning of the Charities Act 2011. The Higher Education Funding Council for England (HEFCE) acts on behalf of the Charity Commission as the principal regulator for English higher education institutions under the Charities Act 2006. In setting and reviewing the University's objectives and activities, Council has had due regard to HEFCE guidance on *Reporting on the delivery of public benefit and Public benefit and education*, together with the Charity Commission's guidance on *Charities and Public Benefit, Public benefit and Fee-Charging and The Advancement of Education for the Public Benefit*.

The University Council has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. Also included among its members are representatives of the staff of the University and the student body. Lay members receive no fees or payment for the work they do for the University, although reasonable travel expenses and certain training costs are met.

The University's charitable purposes derive from its Royal Charter to "advance education, scholarship, knowledge and understanding". Principal beneficiaries are current and potential students of the University, its alumni, and society at large, which benefits from the University's research and its role as an internationally engaged anchor institution.

The University is committed to ensuring its students derive a lifetime's benefit from their university education. As participants in an academic community that is intellectually stimulating, diverse, culturally vibrant, safe and supportive, students develop the talent, knowledge, skills and values that enable them to compete and make a difference to the world. This, in turn, is to the benefit of employers, the economy and wider society, as University of Hull graduates leave equipped to support economic growth, social cohesion, culture and quality of life.

To aid diversity and encourage academic excellence, the University offers scholarships and bursaries for undergraduate and postgraduate students. In 2014/15 the University funded awards totalling in excess of £3.7m to provide financial support to over 1,600 undergraduate students, particularly those from low income backgrounds.

An integrated approach is applied to outreach, access, retention and student support. A number of high profile outreach activities were funded through the Access Office in 2014/15. These included a two day Science Festival on the University campus in March, and a 'Teen TECH' science and technology event in July. Funding totalling £650,000 was used to support the retention and progression of students via funds for travel, childcare and care leavers and additional pastoral support for widening participation students, and to provide careers advice and internships for underrepresented groups. In addition, the University offers students a comprehensive learning and welfare support package, including academic study skills, health and wellbeing services, advice and support for students with disabilities, mature student advisors, careers advice and sports and exercise facilities.

The University has a good record of achievement across a range of widening participation and access performance indicators and performs strongly against national averages and regionally adjusted benchmarks. The University continues to work to support access, retention and successful outcomes, and sets itself challenging targets for continued improvement in its Access Agreements approved annually by the Office for Fair Access (OFFA).

Following a successful pilot during 2013/14, the Hull Employability Awards were launched in September 2014. Designed to complement a student's degree, the awards recognise success in developing the skills and attributes characteristic of University of Hull graduates, and stand as an endorsement of excellent employability. The attributes can be gained in any area of University life, from volunteering to part-time work, academic study to being a member of a sports team. The University works in partnership with employers and organisations across the local region and internationally to provide students and alumni with opportunities to undertake paid internships or volunteering placements.

Graduates benefit from a lifelong relationship with the University through membership of the Hull Alumni Association. This network provides alumni with access to services such as careers support and advice, library resources and discounts for further study. It provides a point of contact between graduates and the University, and holds regular networking events and careers workshops for alumni across the globe.

Significant public benefit is derived from the University's research and enterprise. The 2014 Research Excellence Framework assessed for the first time the impact of universities' research in terms of its benefit to the economy, society, culture, public policy or services, health, the environment or quality of life. The results, published in December 2014, confirmed that research conducted by each of the University's submitted units has had considerable impact, measured in terms of its reach and significance, with impact in over half of the units being assessed as outstanding. For example, working in collaboration with Hull and East Yorkshire Hospitals, the Department of Computer Science has developed a 3D virtual training environment for radiotherapy, known as VERT, which can now be found in hospitals and universities internationally. In the area of allied health, research conducted at the University has provided new insights into the causes of chronic cough, enhanced primary breast cancer treatment and pioneered the use of mobile technologies for monitoring health conditions from home.

A new independent study of the economic impact of the University in 2013/14 was launched during Humber Business Week in early June 2015. The report shows that the University of Hull generated £913.2m gross added value (GVA) and supported 7,972 jobs in the UK in 2013/14. Of these, 5,004 jobs and £498.4m GVA were generated in the Humber Local Enterprise Partnership region, including 4,103 jobs and £369.8m GVA in Hull alone. A further 372 jobs and £41.9m GVA were generated in Scarborough. The report demonstrates that for every £1 of public funding it receives, the University generates £26.98 GVA for the UK economy. The study captures many facets of the University's

anchor institution role. In addition to its core operations, the University supports economic growth and employment via students working and spending in the local economy, the companies created in the University's Enterprise Centre, additional graduate earnings and tourism from visitors and open days, for example.

The University values highly its relationship with the city of Hull and the wider Yorkshire and Humber region. In addition to its campus in northwest Hull, the University has a number of sites in the city centre, from the nineteenth century Oriel Chambers, home to the Wilberforce Institute for the study of Slavery and Emancipation (WISE), to the Total Environment Simulator laboratory, based at The Deep aquarium. The University is a principal partner for Hull UK City of Culture 2017 and works in partnership with Hull City Council to operate the Hull History Centre, which brings together material from the Local Studies Library and the city and University archives. Members of the University community serve as directors and members of local and regional organisations, such as The Deep, Green Port Hull, the City Leadership Board, the Humber Local Enterprise Partnership and the boards of University Technical Colleges in Hull, Scarborough and Scunthorpe.

Through its OpenCampus programme, the University offers a variety of public engagement activities for adult lifelong learners in the region. The programme includes 'Culture Café' sessions (a regular series of talks for those interested in culture, the arts and humanities), public lectures and seminars, concerts, performances and tea-time talks. During 2014/15 the Society and Culture Series offered public lectures on diverse topics such as alcohol-related violence, public reactions to guide dogs, and the rebranding of Reykjavik as a creative city. The refurbished Brynmor Jones Library incorporates a new purpose built art gallery and an exhibition hall. Both are designed so that members of the public can access and engage with the University's art collection and other temporary exhibitions, and are already attracting increasing numbers of visitors.

The University of Hull's Legal Advice Centre provides free, confidential and independent legal advice to the local community, while giving law students the opportunity to gain practical experience under the supervision of qualified staff. In 2015 it was highly commended at the LawWorks & Attorney General Student Awards in the category of Best Contribution by a Law School. This was the fifth consecutive year that the Centre has been shortlisted for one of these prestigious awards.

Members of the University community participate in a wide range of volunteering and fundraising activities which deliver benefits locally and globally. During 2014/15 Hull University Union's Raising and Giving (RAG) committee raised a total of £78,882 for charities including Stop the Traffic and St Andrew's Children's Hospice. In August a group of University of Hull students climbed Mount Kilimanjaro, raising £57,000 for Childreach International. Other fundraising activities included sponsored dances, cake sales and a 48 hour CPR marathon.

In August 2014 nineteen alumni, staff and students took part in the annual Hell on the Humber event, a 12 hour night time endurance race. Collectively running 376 miles over laps of the Humber Bridge, they raised nearly £4,000 to support a wide range of initiatives, from student bursaries and hardship funds to widening participation in sports.

Hull Union Social Services Organisation (HUSSO) has been helping members of the local community since it was established in 1961. It continues to match students with volunteering projects across the city and local region and support students in developing their own volunteering projects. Students participating in the Greenspaces Project during 2014/15 worked with a local school on developing a sustainable green space, while those volunteering with the long standing Trekkers project provided social activities for adults with learning disabilities.

Review of Operations

Student recruitment

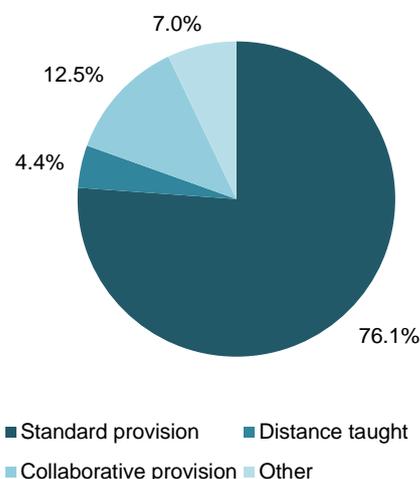
Recruitment of students within the increasingly competitive market nationally and internationally remains one of the most significant challenges both for the University and across the higher education sector. Through initiatives such as the Curriculum 2016+ and Student Experience change programmes and capital investments in facilities and infrastructure such as the Library, student accommodation and ICT, the University seeks to ensure continuous improvement in the quality and relevance of its academic offer and student experience.

During 2014/15 a total of 14,236 students were registered on standard foundation degree, undergraduate, postgraduate taught (PGT) or postgraduate research (PGR) programmes at the University's Hull or Scarborough campuses.

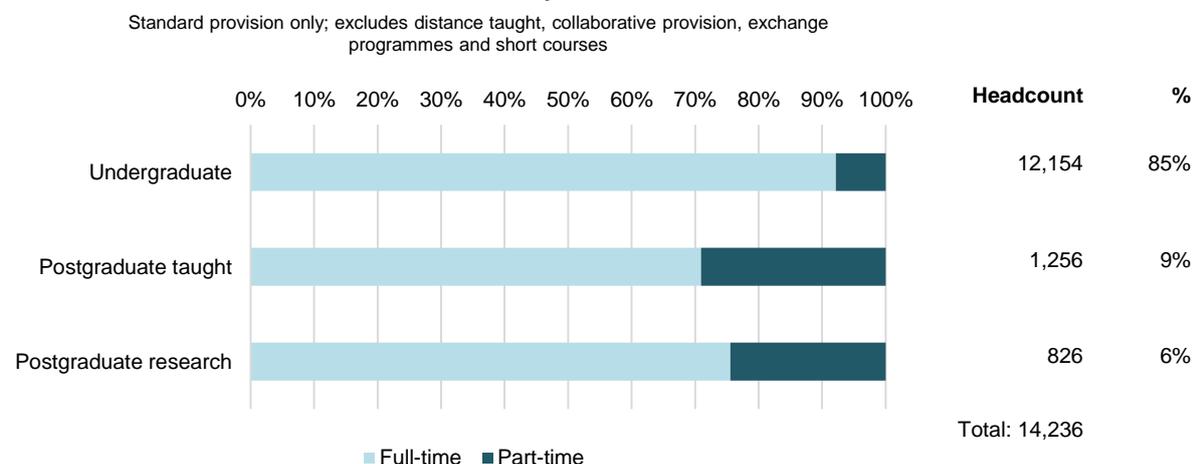
A further 4,460 were studying on distance taught programmes overseas, on short courses or exchange programmes, or were registered on programmes delivered through franchise arrangements or collaborative provision at a validated partner institution.

The majority of students on standard degree programmes are full-time, although the ratio of full-time to part-time varies by level of study.

2014/15 Total student population (headcount)



2014/15 Full-time and part-time student population by level of study



Across standard degree programmes, a total of 5,801 new students were recruited in 2014. Of these, 85% were home/EU students and 15% international. Undergraduate and foundation degree students accounted for 77% of the 2014 intake, with 17% PGT and 6% PGR.

Recruitment to science, medicine and health programmes remains particularly strong. The University has taken steps to meet the recent sectoral shift in student demand towards STEM disciplines, through effective deployment of staff and resources, the restructuring of academic areas, the modification of programmes, and the expansion of Foundation Year provision. The University will continue to build on strengths, such as the double accreditation of its Business School and opportunities presented by City of Culture 2017, to support growth in recruitment to humanities, arts and social science disciplines.

Learning and teaching

The Curriculum 2016+ change initiative is refreshing the University's programme portfolio and pursuing a step-change in the use of learning technologies so that students benefit from modern, relevant, attractive and stimulating courses. Curriculum 2016+ has promoted a consistent approach to curriculum development, focusing on academic quality, immersing students in current research and the research process and embedding employability and internationalisation within programme design. The refreshed portfolio of undergraduate and postgraduate taught programmes will be launched between September 2016 and September 2017, supported by investment in advanced learning technologies, such as a new Virtual Learning Environment (VLE).

The University has completed a mapping of its processes against the QAA's new UK Quality Code for Higher Education. The mapping was used to inform the Self Evaluation Document (SED) that was prepared during 2015 in support of the QAA Higher Education Review (HER) of the University scheduled for November 2015. Based on the SED, supporting evidence and meetings with staff and students, the HER assessors will make judgements about the extent to which the University meets the expectations of the UK Quality Code in the four broad areas of academic standards, quality of learning opportunities, information and enhancement of students' learning opportunities. The assessors will also provide a commentary on the theme of Student Employability.

During 2014/15 the University has been an active contributor to sector-wide consultations on topics such as transnational education, a revised national Quality Assurance system, and the proposed Teaching Excellence Framework.

Academic Partnerships

The University continued to lead the Federation of Colleges, the umbrella governance body for nine University of Hull further education college partnerships. In January 2015 the Federation of Colleges was appointed by HEFCE as the single point of contact for the new National Network for Collaborative Outreach project. This will see the creation of a website for schools and colleges to support widening participation and access to higher education. At the inaugural Educate North Awards event in June 2015, the Federation of Colleges was announced as the winner of the award for Academic Cooperation, in recognition of its achievements in supporting institutions to work together for the greater good of students, the community, the economy and the environment.

The University has recently entered into an agreement with Cambridge Education Group (CEG) to establish a pathway College for the matriculation of international students to University programmes in Business and Engineering. The first cohort of students is planned to be admitted to these pathways in January 2016 and, subject to meeting programme requirements, will progress to the University in September 2016.

In December 2014 the University identified Hull College Group (HCG) as its preferred partner to pursue a new model for the continued provision of higher education (HE) programmes on the University's Scarborough campus. The campus has been renamed University Campus Scarborough and future HE provision on the site will be delivered through a validation partnership with HCG. University of Hull students admitted to programmes in 2014/15 will be taught in Scarborough until the end of the 2016/17 academic year, and the University will ensure that they continue to have the best possible student experience.

The University is a sponsor of three University Technical Colleges (UTCs). State-funded academies for 14-18 year olds, UTCs combine the knowledge and expertise of universities and industrial partners to provide students with the advanced technical skills required by local employers. The Humber UTC in Scunthorpe specialises in engineering and renewables. Work on its £9.5m building began in August 2014 and the UTC welcomed its first students in September 2015. Scarborough UTC is due to open in September 2016 and will specialise in engineering, design and control. The Ron Dearing UTC in Hull is due to open in September 2017, specialising in digital technology and mechatronics.

The University continues to extend its educational collaborations with international partners. During 2014/15 new partnerships were developed with institutions in the Czech Republic, Romania and

Vietnam, for example. An agreement for the establishment of a Confucius Institute on the Hull campus was signed in Beijing in 2015.

Student experience

The Student Experience Programme keeps students at the heart of the University. It ensures the University continues to offer an exceptional experience from which its students derive a lifetime's benefit. Their personalised experience is characterised by flexibility and the highest service standards, within a supportive and creative environment. The Programme has delivered a portfolio of projects designed to optimise the end-to-end student experience, from first contact to becoming alumni. Achievements include transformation of the University's admissions service to deliver a personalised and fast service, enhanced practice in personal supervision, student communications and the postgraduate experience, and provision of online personal timetables via the University's iHull app.

Investment in the Library has had a positive impact on student experience. In the 2015 National Student Survey (NSS) the satisfaction score for library resources and services was 89%, an increase of 9 percentage points compared to 2014. Similarly, improvements in ICT were reflected in an overall satisfaction level with ICT services of 90%, an increase of 4 percentage points.

Considerable effort has focused on enhancing careers and employability support for students, including employability modules, internships and the roll out of the Hull Employability Awards. In the latest Destinations of Leavers from Higher Education (DLHE) survey, the proportion of the University's undergraduate students in graduate level employment or further study six months after graduation increased from 63.5% in 2012/13 to 66.8% in 2013/14, while the overall employment performance indicator increased from 93.1% to 94.9%.

Research and enterprise

The University made its submission to the 2014 Research Excellence Framework (REF2014) in November 2013 and the results were released on 18 December 2014. 62% of research submitted by the University was classified as internationally excellent or world-leading, up from 44% in the Research Assessment Exercise (RAE) of 2008. Based on 'research power', which multiplies the quality of research by the volume of submissions, the University ranked among the top 50 institutions in the UK.

Designed to shape the profile of the University's academic staff for 2020 and support them to develop their research and teaching in new and exciting ways, the Academic Investment Initiative was reviewed during 2014/15 to respond to staff feedback and address the outcome of REF2014. The review provides a foundation for the University's approach to enhancing the quality of its academic staff through to the anticipated REF2020, and for a new approach to academic performance management.

The fostering of multi-disciplinary academic initiatives which build on the disciplinary strengths in faculties, departments and schools is at the core of the University's plans to produce a step-change in its research performance. The University's interdisciplinary research transcends traditional disciplinary boundaries to capture relevant academic expertise and offer solutions to real-world problems. University Institutes operating across faculties are being established to progress the interdisciplinary themes identified in Strategic Plan 2011-2015.

- Two existing institutes, the Logistics Institute and the Wilberforce Institute for the study of Slavery and Emancipation (WISE), have been repositioned at University level.
- The Institute for Research on Culture and the Creative Industries is currently recruiting its inaugural director. This Institute will play a key role in leading the research and evaluation that forms part of the University's partnership with Hull UK City of Culture 2017.
- Further institutes at the planning stage include an Energy and Environment Institute, a Maritime Institute and an Institute for Clinical and Applied Health Research, which is at an advanced stage of development with new-build facilities in the pipe line.

The University continues to invest in enhancing its research support services and infrastructure. The creation of a central Research and Enterprise team is underway, and two new director-level posts have been created to provide leadership for research and commercial research activity. Projects to implement a new research information system and enhance the University's high performance computing capacity progressed during 2014/15.

The Graduate School performed well in the 2015 i-graduate student barometer survey, scoring 93.5% for postgraduate student satisfaction. Career destination statistics for the 2012/13 postgraduate entry showed that 93% were in work or study six months after graduating.

The Enterprise Centre continues to provide support to new businesses. Many of those fledgling businesses created through the Centre are now rooted in the city, employing graduate-level staff. The Knowledge Exchange continues to exert regional influence as the University's primary interface with businesses and related communities, including the Humber Local Enterprise Partnership, local authorities, Chamber of Commerce and other key stakeholder organisations.

Engagement

Building on its important contribution to preparing the city's bid in 2013, the University was announced as a strategic partner and the exclusive academic research partner for Hull City of Culture 2017 at a launch event at Hull Truck Theatre in May 2015. The University has begun detailed work to prepare for this role. A University Institute for Research in Culture and the Creative Industries has been established. This interdisciplinary group will provide the official evaluation of the impact of City of Culture 2017 as part of its agenda-setting research programme. A new City of Culture Office will co-ordinate all of the University's engagement, which includes not just research but also volunteering, provision of venues, archiving, a legacy project, and a significant contribution to programming.

The Development and Alumni Relations Office continues to expand its programme of engagement activities with alumni, donors and prospective donors. These included alumni events in Singapore, Kuala Lumpur, Shanghai, Beijing, Hong Kong and London. Receptions for donors have been held at the House of Lords and the Athenaeum Club in London. An event at the Institute of Education organised jointly by the University, the Royal Society of Arts (RSA) and the Poetry Society to celebrate the work of alumnus Roger McGough was attended by over 100 people. In November 2014 the Ferens Distinguished Lecture was held outside of Hull for the first time, with Professor Kevin Bales of the Wilberforce Institute for the study of Slavery and Emancipation speaking about the science of slavery at the Institute of Directors in London. Over 75 people attended the Hull Alumni Association Annual General Meeting in December 2014, which included a preview of the refurbished Brynmor Jones Library.

Estates, facilities and infrastructure

The IT Transformation Journey is enhancing and enabling academic and non-academic life across the University through transformative investment in information systems and services. Following the successful implementation during 2013/14 of a new wireless network, the programme has delivered an upgraded, faster and more reliable wired network, a University-wide campaign promoting information security, a mobile print facility, and a new flexible desktop. The programme has enabled energy savings of up to £200k through the consolidation and rationalisation of ICT infrastructure. A new student information systems project will deliver a range of online services to students and staff by 2018, and other projects are underway to implement enhanced systems for telephony, research information, HR, and library management and a high performance computing capability.

In addition to ongoing major capital projects, such as the refurbished Library, Middleton Hall redevelopment, new student residences and health campus, the University continued its rolling programme of investment in upgrading lecture theatres, seminar rooms, laboratories and other teaching and research facilities. May 2015 saw the launch of new state of the art music facilities, including a recording studio, ensemble practice room and ambisonic studio. The facilities provide a professional-level learning environment for undergraduate and postgraduate students in music, but are also available for use by performance groups from across the University.

Risk management

The University has a robust systematic method of assessing and managing risks. Risk assessment is an integral part of the planning and budgeting processes, and directorates, departments and faculties assist with identifying and addressing risks. The Executive is responsible for overall management of institutional risks and monitors them at least quarterly, updating the corporate risk register as required. Reports are provided to the Audit Committee and Council.

In October 2014 HEFCE undertook an Assurance Review of the University and its overall finding was one of 'reliance on the University's accountability information', the most positive outcome that can result from such a review.

Financial Review

Scope of the Financial Statements

The Council of the University of Hull presents the financial results of the University for the year ended 31 July 2015.

Financial Performance in the 2014/15 year

The University has achieved an operating surplus of £6m, representing 3.3% of turnover (2014: £9.8m, 5.4% of turnover).

Total income increased by almost £1m from £180.4m in 2013/14 to £181.3m in 2014/15. Funding Council grants continued to fall, by £6.3m, whilst tuition fee income rose by £7.1m. Income from research grants and contracts increased by £0.8m (8%).

Total expenditure for the year rose by £4.6m (2.7%) to £175.3m. Pay costs increased by £2.8m (2.8%), in addition to which £2.7m was incurred on a Selected Voluntary Leavers Scheme. Other operating expenses fell by £1.6m (2.5%).

The depreciation charge for the year increased by £0.9m to £9.9m, reflecting ongoing capital investment in the University's estate and facilities.

On the balance sheet, cash and short term investments have increased to £44.6m, due to the drawdown of a loan to fund the capital investment programme. Net assets are £119m after accounting for the pension liability.

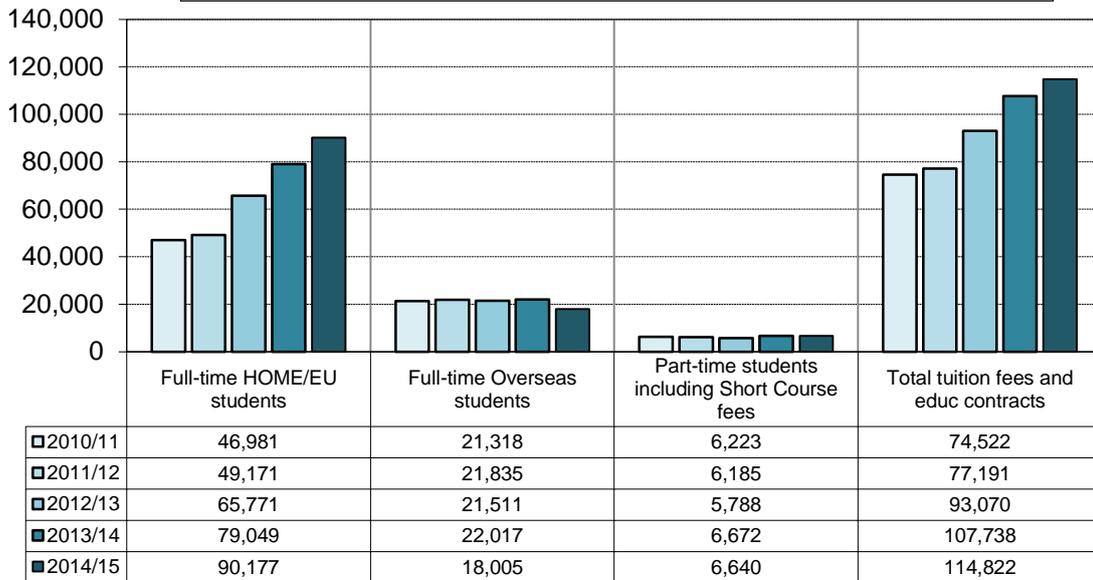
Financial Performance Compared to Prior Years

The table below summarises key financial indicators for the last five years.

£m	2014-15	2013-14	2012-13	2011-12	2010-11
Income	181.3	180.4	176.0	172.4	176.4
Expenditure	172.6	170.7	165.8	159.9	157.1
Voluntary Leavers scheme	2.7	-	-	1.9	3.7
Operating surplus	6.0	9.8	10.2	10.6	15.6

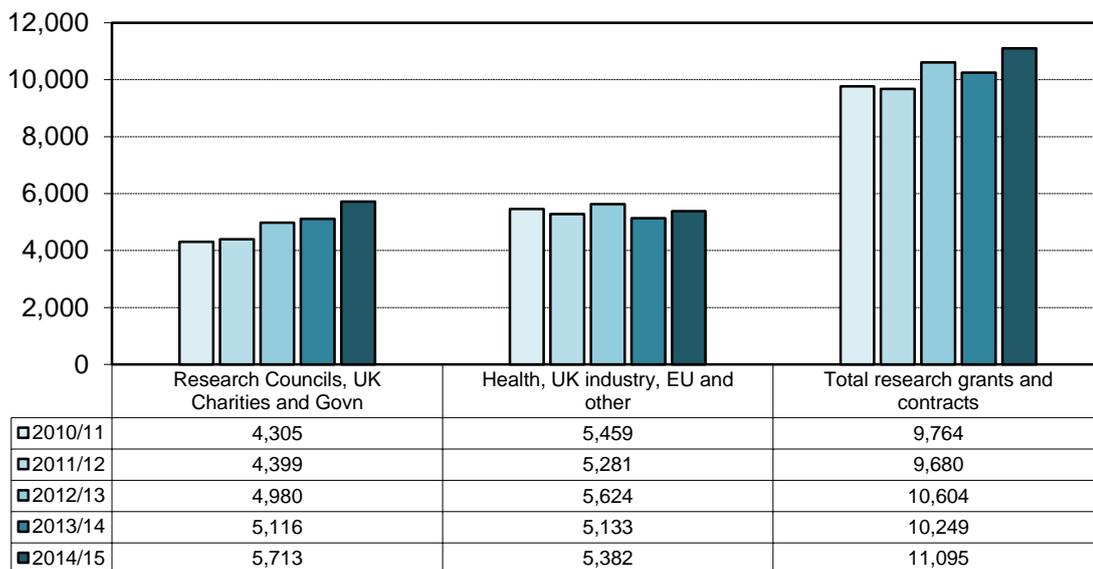
The following charts track the University financial performance over the last five years:

Tuition fees and education contracts income over five years (£000)

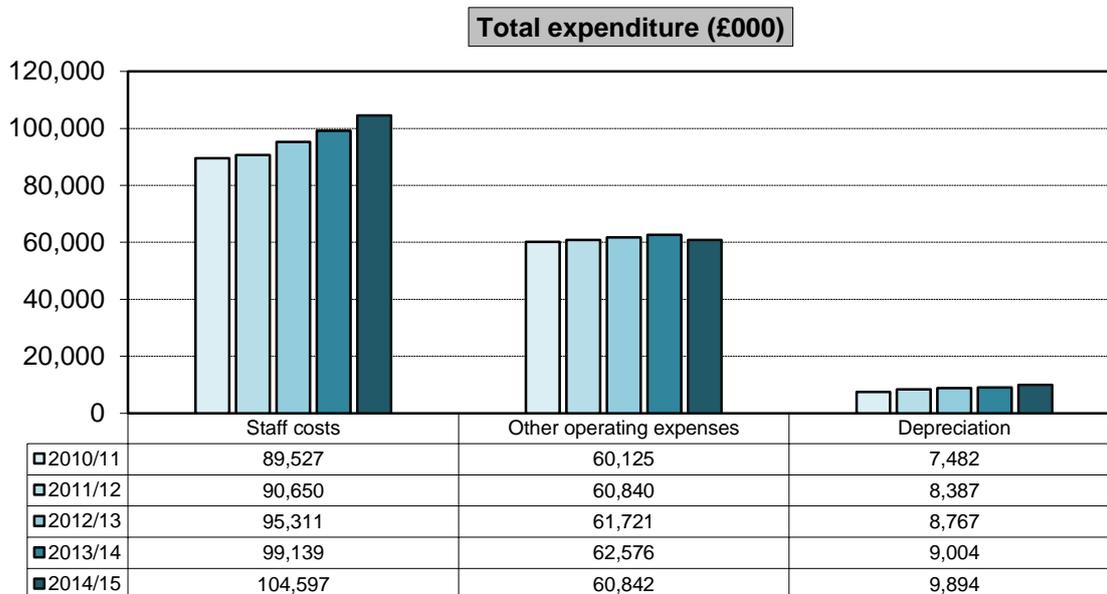


Although the level of fee income from full time Home/EU students continues to rise, income from part-time students has remained static. Overseas students' tuition fee income has fallen by £4m (18%) this year.

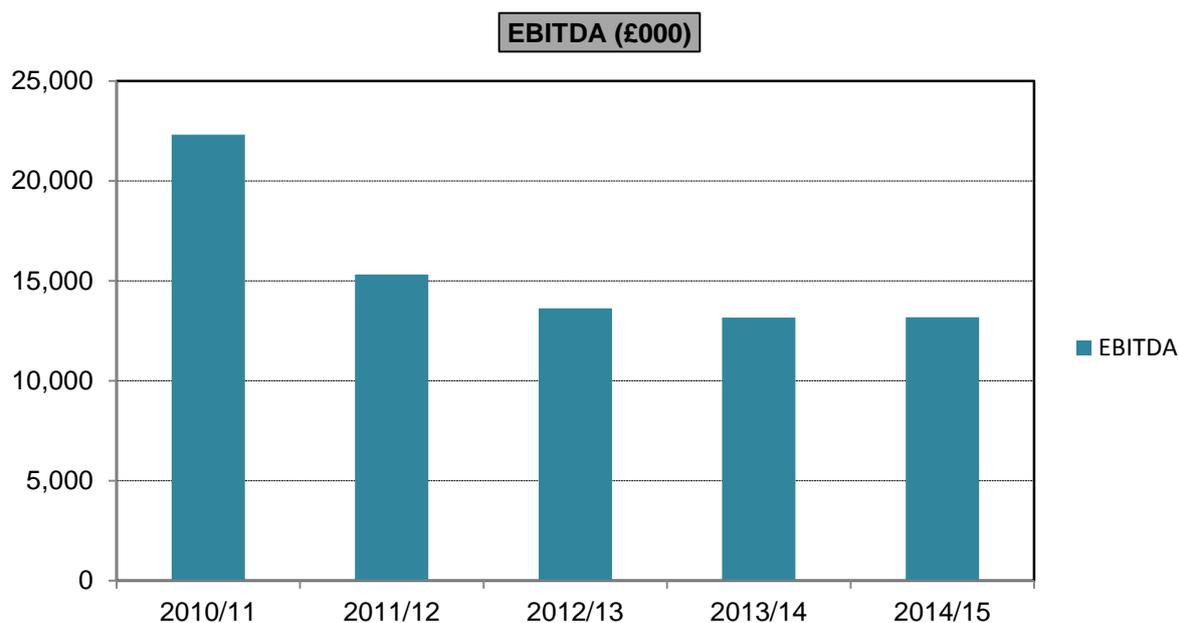
Research grants and contracts income over five years (£000)



Research income has increased by £0.8m (8%) this year, with most of the increase being from research councils and UK charities



Staff costs have increased by £5.5m this year. 50% of this increase was due to a one-off Selected Voluntary Leavers Scheme.



Earnings before interest, tax, depreciation and amortisation (EBITDA) is a widely used performance measure in the commercial sector. A multiple of EBITDA is being introduced by HEFCE as a threshold above which permission will be needed to borrow external funds.



Liquidity (days cover) measures the number of days the University could meet its immediate obligations with the cash and short term investments it holds. Due to the drawn down of loan funds shortly before the year end, cash and short term investments have increased by £19m this year, thus increasing the University's liquidity this year.

Capital Programme

In 2014/15 the University invested £13.9m in capital projects, of which estates capital projects accounted for £10.4m. Capital investment will rise again during 2015/16 as the student accommodation, Middleton Hall and health campus projects are delivered significantly within year.

The programme of long-term maintenance and improvement of the estate continued with an investment of £2.4m in 2014/15. Projects included refurbishment of student houses on Cottingham Road, re-roofing on properties on Auckland Avenue, improvements at Thwaite Hall and refurbishment and upgrade of second floor rooms in the Larkin building. One of the main University lifts was replaced and extensive investment to improve roads and paving was undertaken. Boilers were replaced in Nicholson Hall and the Wolfson and Wilberforce buildings to improve efficiency.

Work was finalised on the major refurbishment of the Brynmor Jones Library on the Hull campus, and the final account for this project was agreed within year. The refurbished Library was formally opened on 16th September 2015 by Dame Carol Ann Duffy. The project has been well received across the whole University.

There are three main capital projects currently being developed for delivery in 2016/17. The first phase in the creation of a state of the art performance facility in Middleton Hall is now complete. Demolition work is ongoing in preparation for phase 2, which will commence on site in November 2015 for completion in September 2016. Construction of the 562-bedroom student accommodation and social space is progressing well on site, with completion scheduled for September 2016. The site clearance for the creation of a new health campus (including a new building for the medical school funded in part by a generous donation from Dr Assem Allam) has now been completed and tenders have just been received for the main work, which is due to commence on site in November 2015.

A feasibility study for development of new sports provision, including two new sports halls, enlarged fitness facilities and improvement in changing and pitch provision, is currently being prepared.

The University's carbon emissions for the year were 17,065 tonnes of CO₂, a reduction of 167 tonnes (1%) compared to 2013/14. The University continues to invest in reducing energy consumption by replacing dated boiler plant and installing high efficiency light fittings. The new student accommodation project, Middleton Hall and the new medical building have insulation levels in excess of building regulations, combined heat and power plant, localised energy metering and LED light fittings amongst other design features to achieve BREEAM Excellent sustainability ratings.

Cash flow

The University generated £11.1m of cash from operating activities, which funded capital expenditure of £11.8m (after deducting capital grants received). The University increased its short term cash deposits by £11m and cash at bank by £8m, due to the drawdown of loan funding shortly before the year end. In addition, the University made debt repayments of £0.3m.

The University is funding its investment plans through existing cash reserves, cash generation from operating activities, and through external loan funding from the European Investment Bank. The University also has in place a £40m Revolving Loan Facility with Lloyds Bank.

Treasury Management

The University's Treasury Management Policy balances risk against return, with the overriding imperative to protect capital rather than to maximise returns.

A small internal team manages the treasury management function and are responsible for producing rolling cash flow forecasts, monitoring the daily cash position and ensuring ongoing requirements are met and surpluses are appropriately invested.

Pensions

The FRS17 pension liability has risen to £40.1m at 31 July 2015, from £37.3m. £36.6m of this relates to the University of Hull Pension and Assurance Scheme (UHPAS) (2014: £34.5m).

The remaining £3.5m of the University's total pension liability relates to the North Yorkshire Local Government Scheme (NYLGS) (2014: £2.8m).

Going Concern

As at 31 July 2015 the University had a robust balance sheet with cash deposits (current asset investments and bank) of £44.5m and net assets of £119m after accounting for pension liabilities of £40.1m.

It is considered that the University has adequate resources to continue in operational existence for the foreseeable future and is a going concern.

Future outlook

Strategic Plan 2016-2020 will steer the University through the next five years and implementation plans will identify the key priorities and objectives on an annual basis. Many immediate challenges lie ahead in the new higher education environment, not least the increasingly competitive nature of student recruitment and research funding, implementation of the Teaching Excellence Framework and changes to the regulatory environment, and ongoing political debates on austerity, devolution, EU membership and immigration.

Nevertheless, the University is in a strong financial position to be able to invest in the growth and step-change in performance demanded by its ambitious vision for its future. It is confident that its focus on excellence, empowerment and sustainability will enable the University to build on its successes and continue to deliver world-class and transformative research, enterprise, learning and teaching, and an exceptional experience for its students, staff and partners.

Mr B J Dodd CBE
Chair of Council
19 November 2015

Professor C W I Pistorius
Vice-Chancellor
19 November 2015

Corporate Governance Statement

Summary of the University's Structure of Corporate Governance

The following statement is provided to enable readers of the Annual Report and Statement of Accounts of the University to obtain a better understanding of the governance and legal structure of the University.

The University endeavours to conduct its business in accordance with the seven principles identified by the Committee for Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities which has been provided by the Committee of University Chairs in its *Guide for Members of Higher Education Governing Bodies in the UK*. The Council formally adopted the Guide's Governance Code of Practice on 14 July 2005. A revised and updated code was issued in December 2014 and formally adopted by Council on 2 July 2015.

The University is an independent corporation, whose legal status derives from a Royal Charter originally granted in 1954. Its objects, powers and framework of governance are set out in the Charter and its supporting Statutes, which are approved by the Privy Council.

The University of Hull is also an exempt charity under the terms of Charities Act 2011.

The Higher Education Funding Council for England (HEFCE) acts on behalf of the Charity Commission as the principal regulator for English higher education institutions under the Charities Act 2011. In setting and reviewing the University's objectives and activities, Council has had due regard to HEFCE's guidance on *Reporting on the delivery of public benefit* and *Public benefit and education*, together with the Charity Commission's guidance on *Charities and Public Benefit*, *Public benefit and Fee-Charging* and *The Advancement of Education for the Public Benefit*.

During 2014/15 the University's Charter, Statutes and Ordinances required the University to have two separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

- **The Council** is the governing body, responsible for the general business of the University, and for setting the general strategic direction of the institution.

It has a majority of members from outside the University (described as lay members), from whom its Chair must be drawn. Also included in its members are representatives of the staff of the University and the student body. The lay members receive no fees or payment for the work which they do for the University. The Chair of Council is Mr B J Dodd CBE.

The following members served during the period 1 August 2014 to 19 November 2015:

Lay Members:

Mr F M Bartlett	(to 31 July 2015)
Mr J L Dick OBE	(to 31 July 2015)
Mr B J Dodd CBE	(Chair)
Mr A J Eavis	
Mr D A Gibbons	
Sir P Grant	
Mr N A C Hildyard	(to 31 July 2015)
Dr K G G Hopkins	
Mr S W Lunt	
Lady C M Roberts	
Mrs E W Smith	
Mrs R Vincent	
Mrs J Whittaker	

Non Lay Members:

Vice-Chancellor	Professor C W I Pistorius	
Chief Finance Officer	Mr N R Scott	(to 27 November 2014)
	Mr S G Willis	(from 13 April 2015)
A Pro-Vice-Chancellor	Professor P G Burgess	
Senate (a Dean)	Professor S M Kelly	
Senate (a Head of Department or School)	Professor C M Kennedy	
Senate (appointed member)	Dr C Gaskell	(to 20 March 2015)
	Dr M Lorch	(from 29 June 2015)
	Professor C Montgomery	(from 27 Nov 2014)
Non academic staff	Mr K J Butler	
President, Students' Union	Mr R L Brooks	(2014/15)
	Mr C Okide	(2015/16)

The Council will appoint to vacant slots on 19 November 2015.

- **The Senate** has delegated authority from the Council to oversee the academic work of the University. It directs and regulates the learning, teaching, research, and enterprise work of the University, the enhancement of academic quality and assurance of academic standards, and the regulation of student discipline. It draws its membership from the academic staff and the students of the institution and is chaired by the Vice-Chancellor.

The Chief Executive Officer of the University is the Vice-Chancellor, Professor C W I Pistorius. The Vice-Chancellor has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Under the terms of the Memorandum of assurance and accountability between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As Chief Executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Pro-Vice-Chancellors and the senior administrative officers all contribute in various ways to these aspects of the work, but the ultimate responsibility for what is done rests with the Vice-Chancellor.

Although the Council normally meets four times each academic year, much of its detailed work is initially handled by committees, in particular during 2014/15, the Finance and Investment Committee (chaired by Dr K G G Hopkins), the Nominations Committee (chaired by the Chair of Council, Mr B J Dodd CBE), the Remuneration Committee (chaired by the Chair of Council, Mr B J Dodd CBE), and the Audit Committee (chaired by Mr S W Lunt). The decisions of these committees are formally reported to the Council.

These committees are formally constituted as committees of the Council with written terms of reference and specified membership, including a proportion of lay members (from whom the Chair is selected).

The Remuneration Committee is responsible for reviewing annually the salaries of the Vice-Chancellor, the Executive and senior staff of the University.

The Honorary Awards Committee (chaired by the Vice-Chancellor) and the University Ethics Committee (chaired by the Pro-Vice-Chancellor for Research and Enterprise) are joint committees of Senate and Council.

The University has also had regard to the Committee of University Chairs Governance code of practice and its practices are consistent with the provisions of the code.

The University maintains a Register of Interests of Members of the Council and Senior Officers which may be consulted by arrangement with the University Registrar and Secretary.

The Council has adopted a Risk Management Policy and agreed a Risk Register. The Vice-Chancellor reports to the Council and the Audit Committee monitors the risk management process. The Council's practice complies with the guidance from the Higher Education Funding Council for England.

The University Registrar and Secretary acts as Secretary of the Council. Any enquiries about the constitution and governance of the University should be addressed to the University Registrar and Secretary.

Responsibilities of the Council of the University of Hull

In accordance with the University's Charter and Statutes, the Council is responsible for the strategic direction, administration and management of the affairs of the University. It has published a Statement of Primary Responsibilities which is reproduced at the end of this statement. One of its responsibilities is to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions and other relevant accounting standards.

In addition, within the Memorandum of assurance and accountability agreed between the Higher Education Funding Council for England and the Council for the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year.

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

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on a going-concern basis unless it is inappropriate to presume that the University will continue in operation.

The Council has taken reasonable steps to:

- ensure that 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 Memorandum of assurance and accountability with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

In so far as each of the members of the Council is aware:

- there is no relevant audit information of which the auditor is unaware; and

- the Council have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Internal Control

As the governing body of the University of Hull, the Council has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the University's Charter and Statutes and the Memorandum of assurance and accountability with HEFCE.

The system of internal control is designed to manage rather than eliminate risk; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, and accords with HEFCE guidance.

As the governing body, the Council has responsibility for overseeing and reviewing the effectiveness of the system of internal control. The following processes exist:

- The plans and strategic direction of the institution are reviewed at regular intervals;
- Council receives regular reports from the Audit Committee concerning internal control, and reviews annually the results of risk identification, evaluation and management. Council also approves annually the institutional risk register;
- The Executive, chaired by the Vice-Chancellor, takes responsibility for risk identification, evaluation and management;
- An institution-wide risk register, maintained by the Executive, is revised 'in year' as the result of emergent risks. Risks are monitored regularly, at least quarterly, by the Executive. The register is reviewed annually on a more formal basis;
- Risk assessment is an integral part of the planning and budgeting processes. Each academic and service area Head is required to compile a risk register, to manage and review regularly the identified risks. Deans and Heads of Departments are briefed annually on risk processes and controls are reviewed at least once per year;
- A risk prioritisation methodology is used based on the probability and likely impact of the risk materialising; and
- An internal audit of risk management was conducted in 2012. The report raised no immediate concerns. It suggested some enhancements to the risk register and risk management policy, which were introduced in 2012/13.

The Council's review of the effectiveness of the system of internal control is informed by the University's internal auditors who operate to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports, via the Audit Committee, which include an independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

The Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports. The University risk management processes are also subject to periodic review by the HEFCE Audit Service and have been adjudged to provide a high level of assurance.

The most recent HEFCE assurance review took place in October 2014.

Council - Statement of Primary Responsibilities

The principal responsibilities of the Council of the University of Hull are as follows:

1. To approve 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 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;
3. 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 managing conflicts of interest;
4. To ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be, where possible and appropriate, benchmarked against other comparable institutions;
5. To establish processes to monitor and evaluate the performance and effectiveness of the Council itself;
6. 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;
7. To safeguard the good name and values of the University;
8. To appoint the Vice-Chancellor as chief executive, and to put in place suitable arrangements for monitoring his/her performance;
9. To appoint a secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability;
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 ensure that appropriate provision is in place for the general welfare of students, in consultation with the Senate;
14. To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the University; and
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Mr B J Dodd CBE
Chair of Council
19 November 2015

Professor C W I Pistorius
Vice-Chancellor
19 November 2015

Independent Auditor's Report to the Council of the University of Hull

We have audited the financial statements of the University of Hull (the 'University') for the year ended 31 July 2015 which comprise the statement of principal accounting policies, the income and expenditure account, the statement of total recognised gains and losses, the statement of historical cost surpluses and deficits, the University balance sheet, the cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the University's Council, as a body, in accordance with the Charter and Statutes of the University. Our audit work has been undertaken so that we might state to the University's Council 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 University and the University's Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Council and auditor

As explained more fully in the Statement of responsibilities of the Council set out on page 18, the Council is responsible for the preparation of the financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the University's affairs as at 31 July 2015, and of the University's income and expenditure, recognised gains and losses and cash flows for the year then ended in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the 2007 Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by HEFCE's Memorandum of Assurance and Accountability dated June 2014 and the funding agreement with the National College for Teaching and Leadership

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes and managed in accordance with the relevant legislation;
- funds provided by HEFCE and the National College for Teaching and Leadership have been applied in accordance with the Memorandum of Assurance and Accountability, the funding agreement with the National College for Teaching and Leadership and any other terms and conditions attached to them; and
- the requirements of HEFCE's accounts direction have been met.

Statement of Principal Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

1. Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of Endowment Asset Investments and certain Land and Buildings, and in accordance with the Statement of Recommended Practice 2007: Accounting for Further and Higher Education Institutions (SORP), accounts direction handbook and applicable United Kingdom Accounting Standards.

2. Going concern

The financial statements are prepared on a going concern basis as per the Operating and Financial Review (OFR), which includes details of the activities of the University, and factors likely to affect its future development and performance. The financial position of the University, including its cash flow, liquidity and borrowings is considered in both the OFR and the Financial Statements and accompanying notes.

3. Basis of consolidation

The University has no subsidiary companies. A small number of companies in which the University has a shareholding are accounted for as fixed asset investments as disclosed in Note 11.

The financial statements do not include those of the University of Hull Students' Union as the University does not have the power to control its policy decisions.

4. Recognition of income

Income from specific Funding Council grants, specific endowments and donations for specific purposes, research grants, contracts and other services is accounted for on an accruals basis and recognised in the accounts when the conditions for their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

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

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

Tuition fees represent student fees received and receivable attributable to the current accounting period. Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for as gross expenditure and not deducted from income.

Other income is recognised when the right to consideration exists.

Income from investments is accrued up to the balance sheet date. Income from short term deposits is credited to the income and expenditure account in the period in which it is earned.

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

5. Pensions

The two principal pension schemes for the University's staff are the Universities' Superannuation Scheme for academic and academic-related staff and the University of Hull Pension and Assurance Scheme for other staff. The schemes are defined benefit schemes which are externally funded and contracted out of the State Earnings-Related Pension Scheme. Pension costs are assessed in accordance with the advice of the actuaries to each scheme, based on the latest actuarial valuations of the schemes. A small number of staff remain in other pension schemes.

(i) Universities' Superannuation Scheme

The Universities' Superannuation Scheme is a multi-employer scheme. The scheme is unable to identify the University's share of the underlying assets and liabilities on a consistent and reasonable basis, so accounts for participation on a defined contribution basis. The contributions payable to the scheme are recognised within staff costs in the income and expenditure account.

(ii) University of Hull Pension and Assurance Scheme

The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the income and expenditure account or the statement of total recognised gains and losses.

6. Foreign currencies

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 and the resulting exchange differences are included in the determination of the surplus or deficit for the year.

7. Land and buildings

Land and Buildings are stated at cost or valuation. Land is not depreciated as it is considered to have an indefinite useful life. New buildings are depreciated over their expected useful lives of 50 years or the length of lease for leasehold properties.

From financial year 2013/14, new capital expenditure classed as building refurbishment is depreciated over 10 – 25 years according to the type of refurbishment and the asset that is being refurbished. From financial year 2007/08 all capital expenditure (recent and historic) classed as building refurbishment is depreciated over 20 years (previously written off over 25 years). No depreciation is charged in the year of acquisition on either category.

No depreciation is charged for assets under the course of construction.

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

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

Following the implementation of FRS15, buildings that had previously been revalued have been retained in the books at that value, as permitted by the transitional provisions of FRS15. The valuation has not been updated.

8. Equipment

Equipment costing less than £20,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

From financial year 2013/14, new capitalised non-IT equipment is depreciated over 5 - 25 years according to the type of equipment. IT equipment is depreciated over 5 – 10 years according to the type of equipment.

Equipment acquired for specific research projects is depreciated over the project life by financial year, unless there will be a residual value to the equipment after the project has ended in which case the economic useful life will be extended.

All motor vehicles, regardless of cost, are capitalised, and depreciated over 8 years.

No depreciation is charged in the year of acquisition.

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grant is treated as a deferred capital grant and released to income over the expected useful life of the equipment (the period of the grant by financial year in respect of specific research projects).

9. Heritage assets

Heritage assets are treated in line with the University's capitalisation policy, i.e. those with a cost or value over £20,000 are capitalised.

Virtually no heritage assets have been capitalised, having been donated or historically expensed through the income and expenditure account. Details of the nature and age of these assets are disclosed in note 10 to the accounts.

10. Maintenance of premises

The cost of routine maintenance is charged to the Income and Expenditure account in the period that it is incurred.

11. Provisions for liabilities

Provisions are recognised when the University 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.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. This is discounted to present value if the time value of money is material.

12. Investments

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

Increases in value arising on the valuation of fixed asset investments are credited to the designated Magnetic Resonance Imaging (MRI) reserve via the statement of total recognised gains and losses. Any diminution in value is charged to the income and expenditure account to the extent it is not covered by a previous revaluation surplus.

Investments that form part of Endowment Assets are included in the balance sheet at market value.

Increases/decreases in value arising on the revaluation or disposal of endowment assets are added to or subtracted from the funds concerned.

Current asset investments are included in the balance sheet at the lower of their original cost and net realisable value.

13. Endowment Funds

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

- unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the institution.
- restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets and the institution can convert the donated sum into income.
- restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Endowment and investment income is credited to the income and expenditure account on a receivable basis. Income from restricted endowments not expended in accordance with the restrictions of the endowment is transferred from the income and expenditure account to restricted endowments after the result for the year has been struck. Any realised gains or losses from dealing in the related assets are retained within the endowment in the balance sheet.

14. Stocks

Stocks are valued at the lower of cost or net realisable value. Stocks held in teaching and service departments are excluded.

15. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand and overdrafts. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. They include term deposits, government securities and loan stock but exclude any such assets held as Endowment Asset Investments. Current Asset Investments represent liquid resources held wholly as term deposits.

16. Restricted MRI reserve

Funds provided by Yorkshire Cancer Research (YCR) are held by the University in a restricted reserve. Investment income received is used to fund research activities of the Centre for Magnetic Resonance Imaging (CMRI) and other projects as approved by YCR.

17. Taxation status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Para 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by sections 478-488 of the Corporation Tax Act 2010 (CTA 2010) (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988 (ICTA)) 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.

18. Agency arrangements

Where the University receives and disburses funds as paying agent on behalf of a funding body for which the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction, then the related income and expenditure is excluded from the consolidated income and expenditure account.

Income and Expenditure Account

for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
INCOME			
Funding Council Grants	1	27,561	33,853
Tuition Fees and Education Contract	2	114,822	107,738
Research Grants and Contracts	3	11,095	10,249
Other Income	4	27,426	27,777
Endowment, Investment and other finance Income	5	373	816
TOTAL INCOME		181,277	180,433
EXPENDITURE			
Staff Costs	6	101,923	99,139
Exceptional staff costs - Early Leaver costs	6	2,674	0
Other Operating Expenses	7	60,418	62,173
Depreciation	10	9,894	9,004
Interest Payable	8	424	403
TOTAL EXPENDITURE	9	175,333	170,719
Surplus after depreciation of tangible fixed assets at valuation and before tax		5,944	9,714
Taxation		-	-
Transfer from accumulated income within specific endowments		100	91
Surplus for the year retained within general reserves	21	6,044	9,805

The income and expenditure account is in respect of continuing activities

Statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2015

		2015	2014
		£'000	£'000
Surplus on continuing operations before taxation		5,944	9,714
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	20	47	47
Historical Cost Surplus for the year before and after taxation		<u>5,991</u>	<u>9,761</u>

Statement of Total Recognised Gains and Losses for the year ended 31 July 2015

		2015	2014
	Note	£'000	£'000
Surplus on continuing operations after Depreciation of Assets at Valuation and Disposal of Assets and before transfers in respect of specific endowments		5,944	9,714
Appreciation/(Depreciation) of Endowment Asset Investments	19	93	(39)
New Endowments	19	227	84
FRS17 actuarial (loss) recognised in pension schemes	21	(4,800)	(8,736)
Net Movement on Specific MRI reserve	22	(102)	(188)
TOTAL RECOGNISED GAINS RELATING TO THE YEAR		<u>1,362</u>	<u>835</u>
Reconciliation			
Opening Reserves and Endowments		70,087	69,252
Total recognised gains for the year		1,362	835
Closing Reserves and Endowments		<u>71,449</u>	<u>70,087</u>

Balance Sheet as at 31 July 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Tangible Assets	10	147,911	144,362
Investments	11	5,336	5,163
		<u>153,247</u>	<u>149,525</u>
ENDOWMENT ASSETS	12	<u>12,718</u>	<u>12,498</u>
CURRENT ASSETS			
Stocks		110	105
Debtors	13	10,257	9,503
Investments	14	31,137	20,114
Cash at Bank and in Hand		13,418	5,422
		<u>54,922</u>	<u>35,144</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	15	<u>(36,694)</u>	<u>(34,080)</u>
NET CURRENT ASSETS		<u>18,228</u>	<u>1,064</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>184,193</u>	<u>163,087</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	16	(24,375)	(5,675)
PROVISIONS FOR LIABILITIES AND CHARGES	17	<u>(726)</u>	<u>(739)</u>
NET ASSETS EXCLUDING PENSION LIABILITY		159,092	156,673
PENSION LIABILITY	30	(40,134)	(37,336)
NET ASSETS INCLUDING PENSION LIABILITY		<u>118,958</u>	<u>119,337</u>
DEFERRED CAPITAL GRANTS	18	<u>47,509</u>	<u>49,250</u>
ENDOWMENTS			
Expendable		754	567
Permanent		11,964	11,931
		<u>12,718</u>	<u>12,498</u>
RESERVES			
Restricted MRI Reserve	22	5,362	5,464
Revaluation Reserve	20	2,234	2,281
		<u>7,596</u>	<u>7,745</u>
General reserve excluding pension liability	21	91,269	87,180
Pension Reserve	30	(40,134)	(37,336)
General reserve including pension liability	21	<u>51,135</u>	<u>49,844</u>
TOTAL		<u>118,958</u>	<u>119,337</u>

The financial statements were approved by the Council on 19 November 2015, and signed on its behalf by:

MR B J DODD CBE (Chair of Council)

PROFESSOR C W I PISTORIUS (Vice-Chancellor)

Cash Flow Statement for the year ended 31 July 2015

	Note	2015 £'000	2014 £'000
Cash flow from operating activities	24	11,092	8,004
Returns on investments and servicing of finance	25	23	114
Capital expenditure and financial investment	26	(11,796)	(26,102)
Management of liquid resources	27	(11,023)	13,143
Financing	28	19,700	(300)
Increase/(Decrease) in cash in the year		<u>7,996</u>	<u>(5,141)</u>

Reconciliation of net cash flow to movement in net funds/(debt)

	2015 £'000	2014 £'000
Increase/(Decrease) in cash in the year	7,996	(5,141)
Inflow/(Outflow) from liquid resources	11,023	(13,143)
Loan movement in year	<u>(19,700)</u>	<u>300</u>
Movement in net funds in the period	(681)	(17,984)
Net funds at 1 August 2013	19,561	37,545
Net funds at 31 July 2014	<u>18,880</u>	<u>19,561</u>

Notes to the Accounts

	2015	2014
	£'000	£'000
1. FUNDING COUNCIL GRANTS		
Recurrent Grant	21,671	27,591
Specific Grants		
National College for Teaching & Leadership	354	804
JISC	51	18
Other	2,639	2,558
Deferred Capital Grants Released in Year (Note 18)	2,846	2,882
	<u>27,561</u>	<u>33,853</u>

Funding Council Grants represent grants from the Higher Education Funding Council for England and the National College for Teaching & Leadership.

	2015	2014
	£'000	£'000
2. TUITION FEES AND EDUCATION CONTRACTS		
Full-time Students	90,177	79,049
Full-time Students Charged Overseas Fees	18,005	22,017
Part-time Students	3,236	3,106
Research Training Support Grants	514	417
Short Course Fees	2,890	3,149
	<u>114,822</u>	<u>107,738</u>

	2015	2014
	£'000	£'000
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	2,476	2,071
UK Charities	2,000	1,793
UK Central Gov't	1,237	1,252
Local Authorities	67	57
Health & Hospitals	1,119	1,047
UK Industry	1,530	1,166
EU	1,813	1,848
Overseas and Other Sources	853	1,015
	<u>11,095</u>	<u>10,249</u>

Notes to the Accounts

	2015 £'000	2014 £'000
4. OTHER INCOME		
Residences, Catering and Conferences	15,440	15,203
Other Services Rendered	3,190	3,221
Health Authorities	3,512	4,201
Other Donations	361	171
Released from Deferred Capital Grants	789	795
Rents Receivable and Facilities income	536	567
ERASMUS Grants	486	591
Other Revenue Grant and Departmental income	1,941	1,628
Other Income	1,171	1,400
	<u>27,426</u>	<u>27,777</u>

	2015 £'000	2014 £'000
5. ENDOWMENT INCOME AND INVESTMENT INCOME		
Transferred from Specific Endowments (note 19)	108	112
Income from General Endowment Asset Investments (note 19)	103	109
Income from Short Term Investments	162	213
FRS17 pension adjustment	0	382
	<u>373</u>	<u>816</u>

	2015 £'000	2014 £'000
6. STAFF		
Staff Costs:		
Wages & Salaries	78,422	76,435
Social Security Costs	6,417	6,354
Other Pension Costs	19,160	18,600
FRS17 pension adjustment	(2,076)	(2,250)
Exceptional Early Leaver Scheme costs	2,674	0
	<u>104,597</u>	<u>99,139</u>

In May 2009 the University introduced a pension salary sacrifice scheme for most staff: from that date employee pension contributions effectively paid over by the University on behalf of employees are included within other pension costs as employer contributions (and are construed as such) with a corresponding reduction in the wages and salaries heading which formerly included employee contributions (2015: £4,762,199; 2014: £4,648,110).

Notes to the Accounts

6. STAFF (cont.)

Emoluments of the Vice-Chancellor	2015	2014
	£'000	£'000
Salary	247	242
Benefits in kind as assessed for HMRC purposes	11	12
	<u>258</u>	<u>254</u>
Employer contributions to USS	<u>40</u>	<u>39</u>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff and the employer contributions to USS are paid at the same rate as for other academic staff.

Average Staff Numbers by Major Category	2015	2014
	Number	Number
Academic/Clinical	1,223	1,221
Technical	183	175
Administrative	426	422
Support	236	262
	<u>2,068</u>	<u>2,080</u>

Excluding the Vice-Chancellor, remuneration of Higher Paid Staff (excluding employers pension contributions): Staff to whom payments are made on behalf of the NHS, in respect of contracted clinical responsibilities, are shown in the column headed *.

	2015		2014	
	No. of Staff		No. of Staff	
	*		*	
£200,000 - £209,999	1	-	1	-
£190,000 - £199,999	-	-	1	-
£180,000 - £189,999	-	-	-	-
£170,000 - £179,999	1	-	-	-
£160,000 - £169,999	3	-	5	-
£150,000 - £159,999	2	-	2	-
£140,000 - £149,999	1	1	2	4
£130,000 - £139,999	1	3	1	1
£120,000 - £129,999	4	1	3	2
£110,000 - £119,999	-	1	2	4
£100,000 - £109,999	2	5	-	-
		<u>2015</u>		<u>2014</u>
		£'000		£'000
Compensation for loss of office payable to a senior post-holder		<u>0</u>		<u>143</u>

Notes to the Accounts

	2015 £'000	2014 £'000
7. OTHER OPERATING EXPENSES		
Residences, Catering and Conferences	5,810	6,418
Academic Departmental Expenditure	13,299	14,956
Books, Periodicals and related Media	2,604	2,344
Other Library and Computing and Academic Services	5,741	5,816
General Educational Expenditure	4,112	3,889
Administration	3,422	2,678
Fellow ships, Scholarships and Prizes	6,650	7,634
Heat, Light, Water and Power	2,980	2,726
Repairs and General Maintenance	1,313	1,506
Planned Maintenance	2,350	2,319
Rent, Rates and Insurance	731	682
Grants to University's Students Union	1,312	1,315
Research Grants and Contracts	4,265	3,660
Services Rendered	761	893
Auditors' Remuneration	42	43
Auditors' Remuneration re Non-Audit Services	3	13
Bad and Doubtful Debts	(161)	678
Other Expenses	5,184	4,603
	<u>60,418</u>	<u>62,173</u>

Notes to the Accounts

2015
£'000

2014
£'000

8. INTEREST PAYABLE

Bank and other Loans repayable within 1 year	-	-
Bank and other Loans wholly or partly repayable in more than 5 years	350	320
FRS17 pension adjustment	74	83
	<u>424</u>	<u>403</u>

9. ANALYSIS OF 2014/2015 EXPENDITURE BY ACTIVITY

	Staff Costs £'000	Depreciation £'000	Other Operating Expenditure £'000	Interest Payable £'000	Total £'000
Academic Departments	63,764	1,529	13,299	-	78,592
Academic Services	11,356	1,719	8,345	-	21,420
Research Grants and Contracts	4,069	159	4,265	-	8,493
Residences, Catering and Conferences	2,771	1,764	5,810	-	10,345
Premises	5,780	4,701	7,781	424	18,686
Administration	8,680	22	3,421	-	12,123
Services Rendered	951	-	761	-	1,712
Other Expenses	4,552	-	16,736	-	21,288
	<u>101,923</u>	<u>9,894</u>	<u>60,418</u>	<u>424</u>	<u>172,659</u>
Exceptional Early Leaver Scheme	2,674	-	-	-	2,674
	<u>104,597</u>	<u>9,894</u>	<u>60,418</u>	<u>424</u>	<u>175,333</u>

The depreciation charge has been funded by:	£'000
Deferred Capital Grants Released (note 18)	3,794
Revaluation Reserve Released (note 20)	47
General Income	<u>6,053</u>
	<u>9,894</u>

Notes to the Accounts

10. TANGIBLE ASSETS	Land & Buildings		Equipment	Total
	Freehold £'000	Leasehold £'000	£'000	£'000
Cost/Valuation:				
At 1 August 2014				
Cost/Valuation	181,001	865	55,164	237,030
Additions at Cost	7,560	-	6,389	13,949
Disposals	(686)	-	-	(686)
At 31 July 2015	<u>187,875</u>	<u>865</u>	<u>61,553</u>	<u>250,293</u>
Depreciation:				
At 1 August 2014				
Charge for the year	5,935	43	3,916	9,894
Disposals	(180)	-	-	(180)
At 31 July 2015	<u>55,476</u>	<u>817</u>	<u>46,089</u>	<u>102,382</u>
Net Book Value				
At 31 July 2015	<u>132,399</u>	<u>48</u>	<u>15,464</u>	<u>147,911</u>
Net Book Value				
At 1 August 2014	<u>131,280</u>	<u>91</u>	<u>12,991</u>	<u>144,362</u>

Certain buildings were revalued at market value during the year ended 31 July 1998 by E.C. Harris, Chartered Surveyors and Messrs G.J.A Grimley, Chartered Surveyors. The historical cost of these items is £4,031k. Following the implementation of FRS15 'Tangible Fixed Assets', the tangible assets previously revalued have been retained at their book amounts as permitted by the transitional provisions of FRS15, and the valuation has not been updated.

Land and Buildings and Equipment at 31 July 2015 include £7,090,381 (2014: £32,264,490) of assets in the course of construction which are not depreciated until completed.

Heritage assets

Virtually no heritage assets are held on the balance sheet, having been acquired through donation or historically expensed through the I&E account (i.e. non capitalisation in previous periods). It is not considered that analysis of past accounting records to determine cost and/or an appropriate value to place on the University's balance sheet would provide any additional benefit to the users of the University's accounts.

Purchased heritage assets are treated in line with the University's capitalisation policy, ie items below £20k are expensed whilst those over this threshold are capitalised.

Notes to the Accounts

	2015	2014
	£'000	£'000
11. FIXED ASSET INVESTMENTS	5,336	5,163

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held (%)	Nature of business
Abiquest Limited	England & Wales	Ordinary	100	Dormant
Avoco Medical Limited	England & Wales	Ordinary	100	Dormant
Polar Oled Limited	England & Wales	Ordinary	27	Materials
Vertual Limited	England & Wales	Ordinary	36	Virtual Radiography
Kingston Chemicals Limited	England & Wales	Ordinary	21	Liquid Crystals
CHeMTriX Limited	England & Wales	Ordinary	39	Micro reactor systems

All of the above companies operate entirely in their country of incorporation except for CHeMTriX Ltd, which operates in the Netherlands.

£87k of the University investments relate to the holdings in CHeMTriX Limited and Kingston Chemicals Limited. The investment in CHeMTriX Limited represents an underlying 24% holding in the company CHeMTriX BV expressed as two thirds equity, one third subordinate loan.

Any associate companies by virtue of the university's shareholding or influence have not been accounted for as such because they are not material to the assets or results of the university.

The balance of University investments of £5,249k relate to equity portfolio investments partly representing the specific MRI reserve (see note 22) as follows:

	£'000
At 1 August 2014	5,076
Appreciation on revaluation	173
At 31 July 2015	5,249

Notes to the Accounts

	2015 £'000	2014 £'000
12. ENDOWMENT ASSET INVESTMENTS		
At 1 August	12,498	12,544
Additions	1,270	50
(Decrease) in Cash Balances	(1,143)	(57)
Appreciation/(Depreciation) on Revaluation	93	(39)
At 31 July	<u>12,718</u>	<u>12,498</u>
Fixed Interest Stocks	2,969	2,535
Equities	4,700	3,728
Bank Balances	5,049	6,235
	<u>12,718</u>	<u>12,498</u>
Equities and Fixed Interest Stocks at Cost	<u>6,615</u>	<u>5,345</u>
	2015 £'000	2014 £'000
13. DEBTORS		
Trade, Student and Research Debtors	8,310	7,474
Prepayments and Accrued Income	1,947	2,029
	<u>10,257</u>	<u>9,503</u>
	2015 £'000	2014 £'000
14. INVESTMENTS		
Deposits maturing in one year or less	<u>31,137</u>	<u>20,114</u>

Notes to the Accounts

	2015 £'000	2014 £'000
15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Grants and Donations Received in Advance	9,350	11,008
Secured Bank Loan (note 16)	1,300	300
Trade Creditors	12,164	10,291
Social Security and other Taxation Payable	2,246	2,239
Accruals and Deferred Income	11,634	10,242
	<u>36,694</u>	<u>34,080</u>

	2015 £'000	2014 £'000
16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank Loans Repayable 2010 to 2035	<u>24,375</u>	<u>5,675</u>

The bank loans are repayable as follows:

	2015 £'000	2014 £'000
Less than one year	1,300	300
Between one and two years	1,300	300
Between two and five years	3,900	900
In five years or more	19,175	4,475
	<u>25,675</u>	<u>5,975</u>

Notes to the Accounts

	Pension £'000	Total £'000
17. PROVISION FOR LIABILITIES AND CHARGES		
At 1 August 2014	739	739
Expenditure in Year	(46)	(46)
Additions from Income & Expenditure Account	33	33
At 31 July 2015	<u>726</u>	<u>726</u>

The pension enhancement provision of £726k partly represents the present value of future pension enhancements in respect of former University College Scarborough employees who have taken early retirement (£720k); plus an amount of £6k for former University of Hull employees where the pension is paid directly by the University.

	Funding Council £'000	Other Grants & Benefactors £'000	Total £'000
18. DEFERRED CAPITAL GRANTS			
At 1 August 2014			
Buildings	36,503	10,869	47,372
Equipment	1,450	428	1,878
	<u>37,953</u>	<u>11,297</u>	<u>49,250</u>
Received in year			
Buildings	0	0	0
Equipment	1,823	230	2,053
	<u>1,823</u>	<u>230</u>	<u>2,053</u>
Released in year			
Buildings	(2,203)	(638)	(2,841)
Equipment	(643)	(310)	(953)
	<u>(2,846)</u>	<u>(948)</u>	<u>(3,794)</u>
At 31 July 2015			
Buildings	34,300	10,231	44,531
Equipment	2,630	348	2,978
	<u>36,930</u>	<u>10,579</u>	<u>47,509</u>

Notes to the Accounts

19. ENDOWMENTS

	Unrestricted Permanent £'000	Restricted Expendable £'000	Restricted Permanent £'000	Restricted Total £'000	Total £'000
Capital Value	6,763	521	3,355	3,876	10,639
Accumulated Income	-	46	1,813	1,859	1,859
At 1 August 2014	6,763	567	5,168	5,735	12,498
Additions	-	218	9	227	227
Transfer from restricted permanent to expendable	-	34	(34)	-	-
Appreciation of Endowment Asset Investments	50	-	43	43	93
Income for Year	103	5	103	108	211
Released to Income and Expenditure (note 5)	(103)	(5)	(103)	(108)	(211)
Transferred (to) Income and Expenditure	-	(65)	(35)	(100)	(100)
At 31 July 2015	6,813	754	5,151	5,905	12,718
Represented by:					
Capital	6,813	708	3,373	4,081	10,894
Accumulated Income	-	46	1,778	1,824	1,824
	6,813	754	5,151	5,905	12,718

The unrestricted permanent endowment fund is the founding bequest to the university made in 1927 by Mr Thomas Ferens with all income generated available for use by the University in supporting its recurrent activities. This is reflected in a release to the Income and Expenditure account each year.

Restricted permanent endowments consist of 130 individual bequests, all with different specified uses and of varying size. Income generated within the year is used to support students in accordance with the terms of the endowment, generally through scholarships, bursaries and prizes and staff through academic sponsorship.

Notes to the Accounts

	£'000
20. REVALUATION RESERVE	
At 1 August 2014	2,281
Released in Year (note 9)	(47)
At 31 July 2015	<u>2,234</u>

	£'000
21. GENERAL RESERVE	
At 1 August 2014	49,844
Surplus for the Year after Depreciation of Assets at Valuation	6,044
Release from Revaluation Reserve	47
FRS17 Actuarial Loss on Pension Scheme (note 30)	(4,800)
At 31 July 2015	<u>51,135</u>

The general reserve is subdivided as follows at 31 July 2015:

Excluding pension reserve	91,269
Pension reserve	(40,134)
Total	<u>51,135</u>

	£'000
22. RESTRICTED MRI RESERVE	
At 1 August 2014	5,464
Transfer to P&L reserve	(275)
Appreciation from element invested on revaluation	173
At 31 July 2015	<u>5,362</u>

In March 2007 the equivalent endowment asset investment was split between equity investments (£4,669k) and current asset investments (£1,556k) instead of being represented totally by current asset investments. Income generated by the reserve's assets is reported as research income in line with its original funder's requirements (Yorkshire Cancer Research). At 31 July 2015 the reserve was represented by portfolio equity investments of £5,249k and current asset investments of £113k. £947k of the reserve represented by current asset investments was transferred to deferred capital grants in 2008/09 in connection with the funding of a new MRI scanner.

	2015	2014
	£000	£000
23. CAPITAL COMMITMENTS		
Commitments Contracted for at 31 July	<u>3,857</u>	<u>2,148</u>

These commitments will be funded by operating cash flows.

Notes to the Accounts

	2015 £'000	2014 £'000
24. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus	5,944	9,714
Depreciation (note 10)	9,894	9,004
Loss on Fixed Asset disposals (note 10)	506	526
Deferred Capital Grants Released to Income (note 18)	(3,794)	(3,799)
Investment Income (notes 5,19)	(373)	(434)
Interest Payable (note 5, 8)	424	21
(Increase) in Stocks	(5)	(4)
(Increase) in Debtors	(754)	(243)
Increase/(Decrease) in Operating Creditors	1,614	(4,343)
(Decrease) in Provisions	(13)	(11)
Release of CMRI reserve to I&E	(275)	(177)
Difference between Pension Charge and Cash Contributions	(2,076)	(2,250)
Net Cash Inflow from Operating Activities	<u>11,092</u>	<u>8,004</u>
25. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from endowments (note 19)	211	221
Income from short term investments (note 5)	162	213
Interest paid (note 8)	(350)	(320)
Net cash inflow from returns on investments and servicing of finance	<u>23</u>	<u>114</u>
26. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Tangible fixed assets and investments acquired (note 10)	(13,949)	(27,314)
Endowment asset investments acquired (note 12)	(127)	7
Deferred Capital Grants Received (note 18)	2,053	1,121
Endowments Received (note 19)	227	84
Net cash outflow from capital expenditure and financial investment	<u>(11,796)</u>	<u>(26,102)</u>

Notes to the Accounts

	2015 £'000	2014 £'000
27. MANAGEMENT OF LIQUID RESOURCES		
(Increase)/Decrease in short term deposits	(11,023)	13,143
Inflow from management of liquid resources	<u>(11,023)</u>	<u>13,143</u>

	2015 £'000	2014 £'000
28. FINANCING	Loans	Total
Balance at 1 August	5,975	5,975
Capital Repayments	(300)	(300)
New Loan	20,000	20,000
Balance at 31 July	<u>25,675</u>	<u>25,675</u>

	At 1 August 2014 £'000	Cash Flow £'000	Other Changes £'000	At 31 July 2015 £'000
29. ANALYSIS OF CHANGES IN NET DEBT				
Cash at Bank and in Hand	5,422	7,996	-	13,418
Liquid Resources:				
Short Term Deposits	20,114	11,023	-	31,137
	<u>25,536</u>	<u>19,019</u>	<u>-</u>	<u>44,555</u>
Debt Due within one year	(300)	300	(1,300)	(1,300)
Debt Due after one year	(5,675)	-	(18,700)	(24,375)
	<u>(5,975)</u>	<u>300</u>	<u>(20,000)</u>	<u>(25,675)</u>
	<u>19,561</u>	<u>19,319</u>	<u>(20,000)</u>	<u>18,880</u>

Notes to the Accounts

30. PENSION SCHEMES

(a) Universities Superannuation Scheme (“USS”)

The University participates in the USS, a defined benefit scheme which is contracted-out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Ltd. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the University’s employees. In 2015 the percentage was 16% (2014: 16%). The University is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 “Retirement benefits”, accounts for the scheme as if it were a defined contribution scheme.

The total cost charged to the income and expenditure account is:

	2015	2014
	£	£
Final Salary	7,091,438	7,411,544
CRB	2,213,893	1,509,517

There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme’s financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 (“the valuation date”), which was carried out using the projected unit method and is currently being audited by the scheme auditor. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme’s technical provisions was £46.9 billion, indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS17 liability numbers have been produced using the following assumption:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year, 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation’s (CMI) S1NA tables as follows:

Male members' mortality S1NA ["light"] YoB tables – no age rating

Female members' mortality S1NA ["light"] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 years	24.2	23.7
Females currently aged 65 years	26.3	25.6
Males currently aged 45 years	26.2	25.5
Females currently aged 45 years	28.6	27.6

	2015	2014
Existing benefits		
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

(b) University of Hull Pension and Assurance Scheme (“UHPAS”)

The University operates a funded pension scheme providing benefits based on the final pensionable pay. The assets of the scheme are held separately from those of the University and are invested in a segregated fund.

The University operates a Salary Sacrifice Scheme for which members of this scheme could and do participate.

On the 31st December 2011, the University closed the Final Salary Defined Benefit scheme to new entrants and launched a new Defined Contribution Stakeholder scheme for new support staff on 1st January 2012. The University choose Scottish Widows as the main support vehicle.

The contributions to the final salary scheme are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The last declared actuarial valuation was carried out at 6 April 2012. The market value of the scheme assets as at the 2012 date, excluding additional voluntary contributions, was £64.7 million. The value placed on the scheme liabilities was £92.4m, resulting in a shortfall of £27.6m. On this basis the scheme was funded at 70%.

The key assumptions are the rate of return assumed on the scheme's investments and the rate of price inflation. The assumptions for the various pension increases payable by the scheme and the assumption for pensionable salary increases are all built up from the assumption for price inflation with pensionable salary increases assumed to be 0.5% p.a. above retail prices inflation. The valuation assumes that the scheme's assets will be invested such that the scheme holds

higher returning assets to fund members' benefits up to the point of retirement, but that at the point of retirement the assets will be switched into bonds to fund the pension payments. The investment return assumed up to the point of retirement is 6.5% p.a. The assumed rate of return on bonds and the rate of price inflation are assumed to vary with the duration of each projected cash flow out of the scheme. The assumed rates of retail prices inflation applying in future years are assumed to be in line with the Bank of England inflation curve. The assumed rates of return on the scheme's bond investments are assumed to be 1% p.a. above the Bank of England gilt yield curve.

Following the actuarial valuation at 6 April 2012, and in order to meet the agreed recovery plan, the University revised its contribution rate to 16.40% of pensionable salaries plus an additional monthly sum of £182,941. The monthly lump sum would increase annually in line with a formula linked to inflation increases. The monthly lump sum increased to £199,655 with effect from 1 July 2015.

The total pension contributions paid by and charged to the University, including those staff members who participate in the Salary Sacrifice arrangement, totalled £4,009,126 (2014: £3,804,575).

(c) Scottish Widows Defined Contribution Stakeholder Scheme

On the 31st December 2011, the University closed the Final Salary Defined Benefit scheme to new entrants and launched a new Defined Contribution Stakeholder scheme for new support staff on 1st January 2012. The University choose Scottish Widows as the main support vehicle.

Employer contributions to the scheme during the year, including those staff members who participate in the Salary Sacrifice arrangement, totalled £318,607 (2014: £235,616)

(d) Other Pension Schemes

A small number of staff remain in other pension schemes. Employer contributions to such schemes totalled £804,566 during the year (2014: £991,890).

Notes to the Accounts

(e) (i) University of Hull Pension and Assurance Scheme

A full actuarial valuation of this scheme was carried out at 6 April 2012.

	2015	2014
Rate of increase in salaries	3.20%	3.25%
Rate of increase in pensions in payment	3.20%	3.25%
Discount rate	3.60%	4.15%
RPI Inflation assumption	3.20%	3.25%
CPI Inflation assumption	2.10%	2.35%

The CPI inflation assumption only applies to the pre-February 2005 deferred pension element which is linked to statutory increases under Scheme rules.

The current mortality assumptions include some allowance for future improvements in mortality rates. The assumed life expectations (years) on retirement at 65 are:

	2015	2014
Retiring today		
<i>Males</i>	21.8	21.6
<i>Females</i>	24.1	23.9
Retiring in 20 years		
<i>Males</i>	23.2	22.9
<i>Females</i>	25.6	25.4

The assets in the scheme and the expected rate of return (as per the actuary's capital market assumptions) were:

		2015	Long-term	2014
		£'000	expected return	£'000
Equities	7.00%	60,267	7.50%	55,621
Bonds	3.10%	17,350	3.65%	15,457
Property	N/A	-	N/A	-
LDI pooled funds	2.50%	15,641	3.15%	9,615
Cash/Other	0.50%	603	0.50%	339
		<u>93,861</u>		<u>81,032</u>

Note: In 2015 the equity element includes £29,610,000 invested in hedge and absolute return funds (2014: £27,315,000).

Notes to the Accounts

The following amounts at 31 July each year were measured in accordance with the requirements of FRS 17:

	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	£'000
Total market value of assets	93,861	81,032	74,833	65,139	61,848
Present value of scheme liabilities	(130,458)	(115,559)	(102,201)	(95,714)	(86,692)
Deficit in the scheme	<u>(36,597)</u>	<u>(34,527)</u>	<u>(27,368)</u>	<u>(30,575)</u>	<u>(24,844)</u>

The following amounts are recognised in the performance statements in the year to 31 July 2015 under the requirements of FRS 17:

	2015	2014
	£'000	£'000
OPERATING PROFIT		
Current service cost	2,490	2,285
Past service cost	-	-
Total operating charge	<u>2,490</u>	<u>2,285</u>
OTHER FINANCE INCOME		
Expected return on pension scheme assets	4,715	4,950
Interest on pension scheme liabilities	<u>(4,772)</u>	<u>(4,568)</u>
Net return	<u>(57)</u>	<u>382</u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)		
Actual return less expected return on pension scheme assets	7,238	237
Experience gains and losses arising on scheme liabilities	(11,263)	(10,002)
Changes in assumptions underlying the present value of the scheme liabilities	-	-
Actuarial (loss)/gain	<u>(4,025)</u>	<u>(9,765)</u>

Notes to the Accounts

MOVEMENT IN (DEFICIT) DURING THE YEAR	2015 £'000	2014 £'000
Deficit in scheme at beginning of the year	(34,527)	(27,368)
Movement in the year:		
Current service cost	(2,490)	(2,285)
Contributions by employer	4,502	4,509
Past service costs	-	-
Other financial income	(57)	382
Actuarial (loss)	(4,025)	(9,765)
Deficit in scheme at end of year	<u>(36,597)</u>	<u>(34,527)</u>

ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME LIABILITIES

	2015 £'000	2014 £'000
At beginning of the year	115,559	102,201
Current service cost	2,490	2,285
Interest on liabilities	4,772	4,568
Contributions by employee	22	22
Past service costs	-	-
Pensions paid	(3,648)	(3,519)
Actuarial losses	11,263	10,002
At end of year	<u>130,458</u>	<u>115,559</u>

ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME ASSETS

	2015 £'000	2014 £'000
At beginning of the year	81,032	74,833
Expected return on assets	4,715	4,950
Total contributions	4,524	4,531
Pensions paid	(3,648)	(3,519)
Actuarial gain	7,238	237
At end of year	<u>93,861</u>	<u>81,032</u>

Notes to the Accounts

DETAILS OF EXPERIENCE GAINS AND LOSSES FOR THE YEAR TO 31 JULY 2015

	2015	2014	2013	2012	2011
Differences between the expected and actual return on scheme assets:					
Amount (£'000)	7238	237	4,458	(1,524)	2,273
Percentage of scheme assets	8%	0.30%	6%	(2%)	4%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	(11,263)	(10,002)	(3,815)	590	(101)
Percentage of the present value of the scheme liabilities	9%	9%	-	1%	(0%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(4,025)	(9,765)	643	(7,891)	592
Percentage of the present value of the scheme liabilities	3%	8%	1%	(12%)	1%

(e) (ii) North Yorkshire Pension Fund (within "other pensions schemes" at (d) above)

The assumptions used in this scheme are different to those used in respect of the University of Hull Pension and Assurance Scheme because the University has no control over the assumptions adopted by the actuary to this scheme.

A full actuarial valuation of this scheme was carried out at 31 March 2010 and financial assumptions updated 31 July 2013 by a qualified actuary. The major assumptions used by the actuary were:

	2015	2014
Rate of increase in salaries	3.50%	3.80%
Rate of increase in pensions in payment	2.00%	2.30%
Discount rate	3.50%	4.30%
Inflation assumption RPI	n/a	n/a
Inflation assumption CPI		2.30%

The current mortality assumptions include some allowance for future improvements in mortality rates. The assumed life expectations (years) on retirement at 65 are:

	2015	2014
Retiring today		
<i>Males</i>	23.2	23
<i>Females</i>	25.7	25.5
Retiring in 20 years		
<i>Males</i>	25.4	25.3
<i>Females</i>	28	27.8

The assets in the scheme and the expected rate of return (as per the actuary's capital market assumptions) were:

	2015 £'000	Long-term expected return	2014 £'000
Equities	5,077	7%	4,489
Bonds	1,935	4.10%	1,721
Property/Cash/Other	1,436	0.50%	1,114
	<u>8,448</u>		<u>7,324</u>

The following amounts at 31 July each year were measured in accordance with the requirements of FRS 17:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Total market value of assets	8,448	7,324	6,517	4,941	4,780
Present value of scheme liabilities	(11,985)	(10,133)	(10,298)	(9,396)	(8,367)
Deficit in the scheme	<u>(3,537)</u>	<u>(2,809)</u>	<u>(3,781)</u>	<u>(4,455)</u>	<u>(3,587)</u>

Notes to the Accounts

The following amounts are recognised in the performance statements in the year to 31 July 2015 under the requirements of FRS 17:

	2015	2014
	£'000	£'000
OPERATING SURPLUS:		
Current service cost	353	364
Past service cost	-	-
Total operating charge	<u>353</u>	<u>364</u>
OTHER FINANCE INCOME:		
Expected return on pension scheme assets	420	386
Interest on pension scheme liabilities	(437)	(469)
Net Return	<u>(17)</u>	<u>(83)</u>
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)		
Actual return less expected return on pension scheme assets	624	158
Experience gains and losses arising on scheme liabilities	-	-
Changes in assumptions underlying the present value of the scheme liabilities	(1,399)	871
Actuarial gain recognised in STRGL	<u>(775)</u>	<u>1,029</u>
MOVEMENT IN DEFICIT DURING THE YEAR		
Deficit in scheme at beginning of the year	(2,809)	(3,781)
Movement in the year:		
Current service cost	(353)	(364)
Employer contributions	417	390
Past service costs	-	-
Other financial income	(17)	(83)
Actuarial (loss)/gain	(775)	1,029
Deficit in scheme at end of year	<u>(3,537)</u>	<u>(2,809)</u>
ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME LIABILITIES		
At beginning of the year	10,133	10,298
Current service cost	353	364
Interest on liabilities	437	469
Employee contributions	109	116
Past service costs	-	-
Pensions paid	(446)	(243)
Actuarial loss/(gain)	1,399	(871)
At end of year	<u>11,985</u>	<u>10,133</u>
ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME ASSETS		
At beginning of the year	7,324	6,517
Expected return on assets	420	386
Total contributions	526	506
Pensions paid	(446)	(243)
Actuarial gain	624	158
At end of year	<u>8,448</u>	<u>7,324</u>

Notes to the Accounts

DETAILS OF EXPERIENCE GAINS AND LOSSES FOR THE YEAR TO 31 JULY 2015

Differences between the expected and actual return on scheme assets:	2015	2014	2013	2012	2011
Amount (£'000)	624	158	995	(290)	354
Percentage of scheme assets	7%	2%	15%	6%	7%
Experience gains and losses on scheme liabilities:					
Amount (£'000)	49	-	-	-	(362)
Percentage of the present value of the scheme liabilities	0.4%	-	-	-	(4%)
Total amount recognised in statement of total recognised gains and losses:					
Amount (£'000)	(775)	1029	806	(736)	(264)
Percentage of the present value of the scheme liabilities	(7.5%)	10%	8%	(8%)	(3%)

When the above amounts are recognised in the financial statements, the group's net assets and income and expenditure reserves at 31 July become:

	2015	2014	2013
	£'000	£'000	£'000
Net assets excluding pension liability	159,092	156,673	152,329
Pension liability-UOH	(36,597)	(34,527)	(27,368)
Pension liability-NYPF	(3,537)	(2,809)	(3,781)
Net assets including pension liability	<u>118,958</u>	<u>119,337</u>	<u>121,180</u>
Income and expenditure reserve excluding pension liability	91,269	87,180	79,877
Pension liability-UOH	(36,597)	(34,527)	(27,368)
Pension liability-NYPF	(3,537)	(2,809)	(3,781)
Income and expenditure reserve including pension liability	<u>51,135</u>	<u>49,844</u>	<u>48,728</u>
The total pension liability for the group is therefore shown as:	<u>(40,134)</u>	<u>(37,336)</u>	<u>(31,149)</u>

Notes to the Accounts

	2015	2014
	£'000	£'000
31. ACCESS FUNDS		
Balance brought forward at 1 August	35	-
Funding Council Grants	-	397
Interest earned	-	1
	35	398
Disbursed to students	(35)	(363)
Balance unspent at 31 July	-	35

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.

	2015	2014
	£'000	£'000
32. NATIONAL COLLEGE FOR TEACHING & LEADERSHIP BURSARY FUNDS		
Balance brought forward at 1 August	66	177
NCTL Grants	1,722	1,776
	1,788	1,953
Disbursed to students	(1,639)	(1,887)
Balance unspent at 31 July	149	66

NCTL bursary funds 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.

Notes to the Accounts

33 UNIVERSITY INTERESTS

Details of investments are given in note 11.

The University of Hull Maritime History Trust Limited (including International Journal of Maritime History) is a company limited by guarantee which has charitable status. It has been formed for the advancement of the education of the public by promotion of maritime historical studies at the University of Hull and the provision and facilitation of research in all aspects of maritime history. The Trust has ten trustees, of whom three are employees of the University.

During the year payments were made to the Trust for donations received amounting to £15,310 (2014: £12,496). The University payment from the Trust for payments made on its behalf amounted to £18,521 (2014: £6,571). The amount owing to the University at 31 July 2015 was £7,396 (2014: £1,735). The amount owing by the University to the Trust at 31 July 2015 was £7,632 (2014: £5,182).

The Ferens Education Trust is constituted by a deed of trust and is registered as a charitable body. It has been formed to promote the advancement of liberal, technical and professional education and knowledge in the East Riding of Yorkshire and to assist the University of Hull in the furtherance of the objects for which it was founded. The Trust has nine trustees, of whom six are employees of the University.

During the year grants were made from the Trust to the University amounting to £33,385 (2014: £24,977). The University owed the Trust £1,578 at 31 July 2015 (2014: £1,491).

The above Trusts are not consolidated into the financial statements because the University of Hull does not have the power to exercise sufficient control or influence.

34 RELATED PARTY DISCLOSURE

During the year ended 31 July 2015:

The University paid a grant of £1,311,791 (2014: £1,311,791) to the Students Union, the official students' union for the University of Hull. Further payments were made to the Union of £45,395 (2014: £128,513) in respect of goods and services rendered. The Union made payments to the University of £228,923 (2014: £241,002) in respect of facilities recharges. At 31 July 2015 the University owed the Union £978 (2014: £3,091). An amount of £311 (2014: £3,378) was owing from the Union to the University.

The University made payments to EMIH Ltd of £41,145 (2014: £57,505) in respect of rent for the flume laboratory, research facilities and the use of and admission to facilities. EMIH Ltd made payments to the University of £nil (2014: £nil). At the year end the University owed EMIH Ltd £ 5,567 (2014: £3,599). An amount of £nil (2014: £nil) was owing from EMIH Ltd to the University. The company has charitable status with a Board of seven directors, three of whom are nominees of the University. The University has links with the research and educational activity of EMIH Ltd at The Deep, in Hull.

The University made payments to Kingston Chemicals Ltd of £nil (2014: £449) for chemicals and equipment. Kingston Chemicals Ltd made payments to the University of £31,495 (2014: £31,770) for goods and services. At the year end the University owed Kingston Chemicals £nil (2014: £nil). An amount of £nil (2014: £11,502) was owing from Kingston Chemicals Ltd to the University. The University owns 21% of the shares in Kingston Chemicals Ltd.

CHeMTriX BV made payments to the University of £10,530 (2014: £4,706) for use of laboratory facilities. An amount of £11,383 (2014: £1,607) was owing from CHeMTriX BV to the University. The University made payments to CHeMTriX BV of £nil (2014: £nil) for equipment and materials. At the year end the University owed CHeMTriX BV £nil (2014: £nil). The University's investment in CHeMTriX Ltd represents an underlying 24% holding in the company CHeMTriX BV, two thirds equity, one third subordinate loan.

35 EXPENSE PAYMENTS TO TRUSTEES

In the context of the University as a charity, Trustees are taken as Council members representing the governing body of the University and comprise both University officers and lay members.

The total expenses paid to or on behalf of 4 trustees was £1,522 (2014: £1,179 to 3 trustees). This represents travel and subsistence expenses incurred in attending Council, meetings and events in their official capacity.