

GOVERNORS, EXECUTIVES AND ADVISERS

Board of Governors

Professor Michael Hughes (Chair from 1st July 1999)
David Scahill (Chair to 30th June 1999)
Don Isherwood (Deputy Chair from 1st July 1999)
Michael Shaw (Deputy Chair to 30th June 1999)
Valerie Burton
Christina Cassidy
Phil Day (from 1st July 1999)
Jonny Edser (to 30th June 1999)
Kevin Ellard (to 31st August 1998)
Martin Fiddler (from 1st September 1998)
Professor Christine King
Brian Patterson
Helen Perkins
Bernard Price, C.B.E.
Judith Robinson (from 1st September 1998)
Tom Storrow
John Turner (to 31st August 1998)
The Very Reverend Dr Tom Wright (to 17th March 1999)

Executive

Professor Christine King	Vice-Chancellor
Dr Susan O'Brien	Deputy Vice-Chancellor
Ken Sproston	Secretary

Director of Finance

Ian Starkie

Auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

Lloyds Bank Plc
5 Market Square
Stafford
ST16 2JL

Solicitors

Martineau Johnson
St Philips House
St Philips Place
Birmingham
B3 2PP

REPORT OF THE GOVERNORS

The Governors submit their annual report and audited accounts for the year ended 31 July 1999.

Constitution and Activities

The University is a Higher Education Corporation as defined under the Education Reform Act 1988.

The powers of Higher Education Corporations are defined in Section 124 of the Act and include the power to provide higher and further education and to carry out research and publish the results of research as the University thinks fit.

The University was incorporated in November 1988 and on 1 April 1989 all properties, rights and liabilities which had been used and/or held by Staffordshire County Council for the purposes of the University were transferred to the Higher Education Corporation.

The University also enjoys exempt charitable status under the Act.

On 16 June 1992, the Privy Council confirmed its formal approval of a change of name from Staffordshire Polytechnic to Staffordshire University under the terms of the Further and Higher Education Act 1992.

Review of Developments

(i) Student Numbers

In 1998/99 over 16,200 were enrolled at the University. This is broadly the same as in the previous year. However, the University has again succeeded in reducing the number of students which it needed to recruit in the "clearing" period, which follows the publication of the 'A' level results.

In response to the changing recruitment environment, the University has continued to develop work with local and regional Schools and Colleges to raise aspirations and to encourage more students to continue into post-16 education. During the year the University established a formal partnership with eight Schools in Stoke-on-Trent. This partnership has been extended to include all post-16 institutions, the Careers Service, and Staffordshire Training and Enterprise Council to ensure that there are adequate mechanisms in place to cover post-16 progression.

(ii) Campus Developments

During the year the University entered into a £4.6m contract to provide a new Hall of Residence at the Leek Road site in Stoke. The contract will be completed in August 2000 and will offer 297 places of en-suite accommodation. This project will complete the University's programme to build over 900 high quality student residential units of accommodation. The first two phases provide over 600 places in a student village at the Stafford campus and were completed in August 1998.

In addition, the Board has approved a £1.4m project to provide a Sports Hall and Fitness Suite at the Stafford campus. This Hall will replace the existing Fitness Suite at Stafford. It is anticipated that work on the project will also be completed by August 2000.

The University continues to be committed to a systematic improvement of its Estate for the benefit of students, staff and the wider community.

1998/99 has seen the remodelling of the Cadman building and the Thompson Library at the Stoke campus to permit users to move freely through the building, provide a new main entrance to the Library and create additional IT labs and learning resource facilities. At the Stafford site, major changes have taken place in the School of Engineering and Advanced Technology where traditional heavy engineering laboratories have been consolidated to provide space for learning opportunities in Robotics, Film Technology and Environmental Technology.

(iii) Strategic Developments

Perhaps the most important priority for the University during the year has been the development of a new Corporate Plan. The plan is now published and will take the University forward into the next century with a clear vision for the future built on the identification of those elements of its life and experience which makes it distinctive. Mindful of the changing planning context within which the University is operating, the University is confident that it can make a major contribution to economic activity, technological change and social development through its teaching, its research and the partnerships it is developing with business, other educational providers and the community. In this context the University's commitment to providing high quality education for the benefit of all sections of the community is paramount.

Over the past two years, the University has developed and begun to implement a new strategy for learning, the "Building a Learning Community" (BLC) initiative. This initiative incorporates the use of technology to support learning in a broader framework that encourages innovation in teaching practice and learning methods which are appropriate to the needs of both students and staff. Following a substantial investment in the hardware and software to support a distributed learning capability, a programme of pilot developments using the Virtual Learning Environment (VLE) were completed during 1998/99. These pilots involved over 3,500 students and the success of this development is reflected in the fact that the majority of the students, where they have had an option, have chosen to continue to study modules where there is a technology supported VLE. The number of students using VLE is expected to double in 1999/2000.

The University recognises the importance of being at the heart of the fast developing regional agenda and the Vice-Chancellor's appointment to the Board of Advantage West Midlands, the Regional Development Agency for the West Midlands Region, positions the University well in this critical area. The formation during the year of a Regional Office with a brief to take the lead on regional policy and commercial development within the University is a further acknowledgement of this emphasis. During the year the University has been involved in a range of projects which have contributed to the provision of long term solutions for businesses to innovate, grow and improve their competitiveness. In one specific initiative which builds on the development of the Lichfield Campus, the University has become a learning materials supplier for the University for Industry in a consortium of Staffordshire Colleges.

The commitment to work in a partnership across all levels of the Education and Business sectors was also characterised by the Centres of Excellence Project which was completed during the year. The University attracted funding in excess of £1.5m from the Department for Education and Employment to establish a "virtual" Centre of

Excellence across Staffordshire. This provides high speed Asynchronous Transfer Mode (ATM) network connections between the University and a number of key partners in the County including all eight Colleges of Further Education. The creation of these connections has allowed individuals and businesses to access combined resources for learning opportunity, training packages and consultancies.

Financial Position

The consolidated accounts for the year to 31 July 1999 show a retained surplus of £1.2m. This compares with a surplus of £3.2m reported in the academic period to 31 July 1998. Income has remained broadly static. Whilst the University has recruited similar levels of United Kingdom and European Union students, income from the recruitment of international students was over £1.0m lower than the previous year. This was largely a result of economic problems in the Far East. Expenditure increased by under 2.6% though staffing costs increased by over 5%, in part a result of significant increases in employer pensions costs for support staff.

During the year the University generated a net cash inflow from its operating activities of £3.0m. Capital expenditure on fixed assets during the period was £4.0m. These payments were made in respect of the Centres of Excellence project, campus improvement projects, major items of capital equipment and final payments on the Stafford Court student residential accommodation project. In September 1998 a £1.6m facility was drawn down in respect of the Lichfield Campus project and the University received capital grants of just under £1.9m for the Centres of Excellence project and the Lichfield Campus project. After taking account of the net effects on the cashflows of capital costs and the costs of servicing loan facilities, the University had an overall net cash inflow of £0.4m.

The University has three wholly owned subsidiaries, Staffordshire University Enterprises Ltd (SUEL), Octagon Computer Centre Ltd (OCCL) and Real Projects Inc. The main activities of SUEL are the undertaking of full-cost consultancy work and the organisation of conferences. The main activity of OCCL is as a property management company for the Octagon Building. The University operates an Art Gallery in New York City. The Gallery was established in 1997 to raise the research profile of the University's Fine Art activities. The Gallery is operated under the umbrella of a wholly owned company, Real Projects Inc. This Company has been established under New York State Business Corporation Law to accommodate any commercial activities undertaken at the Gallery.

The accounts of the three subsidiaries and the Friends of Staffordshire University, an independent charitable trust, have been consolidated within the Group accounts. The accounts for SUEL show an operating profit on ordinary activities of £45,000. A sum of £44,000 has been paid to the University under the terms of a deed of covenant and there is a net increase of £1,000 in the reserves of the Company. The accounts for OCCL show an operating loss on ordinary activities of £12,000. There is net reduction in the reserves of the company of £12,000. Real Projects Inc. made neither a profit nor loss in the year. The accounts of the Friends of Staffordshire University Charitable Trust show a net outgoing on operating activities of £165,000 arising from depreciation costs. This deficit has been consolidated within the income and expenditure account of the Group.

Year 2000

The University is addressing this issue under the establishment of a Year 2000 Action Group under the Chair of the Director of Information Technology Services. This group consists of appointed representatives from

each School and Service. In addition, a full-time officer was appointed in April 1998 to manage the Year 2000 Project.

During the year the status of all date dependent devices in the Schools and Services has been established and appropriate remedial action has been taken. This work was prioritised through an implementation plan and was completed in July 1999. The work that has been undertaken has been independently validated by the University's internal auditors. The internal auditors have provided periodic reports to the Audit Committee on the outcomes of their work.

Given the complexity of the problem it is not possible for any organisation to guarantee that no Year 2000 problems will remain. However, the Board of Governors believes that the University will achieve an acceptable state of readiness and has provided resources to deal promptly with significant failures or issues which might arise.

The cost of remedial work has been met from the general resources available to the University and written off during the year in question to the Income and Expenditure account.

Governors

During the year the Very Reverend Dr Tom Wright resigned as an independent member of the Board. In addition, Kevin Ellard (general staff representative) and John Turner (teaching staff representative) resigned as Governors of the University and were replaced by Judith Robinson and Martin Fiddler respectively. Finally, Jonny Edser (President of the Union of Students) resigned as a Governor and was replaced by Phil Day.

Professor Michael Hughes
Chair of the Board of Governors
November 1999

CORPORATE GOVERNANCE

The following statement is given to assist readers of the Financial Statements to obtain an understanding of the Governance procedures applied by the University's Governing Body.

The Governing Body welcomes the report of the Committee on the Financial Aspects of Corporate Governance, and the Cadbury Committee's Code of Best Practice. Whilst the University, being a Higher Education Corporation with exempt charitable status, does not fall within the regulation of the London Stock Exchange, the Governing Body is satisfied that the University complies with the provisions of the Code which can be applied to Universities. A description of the University's internal financial control systems is set out on page 5 of the financial statements. The Governing Body is also satisfied that the University complies with the guidance on governance issued by the Committee of University Chairmen in March 1998.

PricewaterhouseCoopers have reviewed the University's compliance with the specific matters in the Code which the Cadbury Committee recommends the auditors should review and their report is set out on page 6 of the financial statements.

Summary of the University's Structure of Corporate Governance

The University's Governing Body comprises independent, co-opted, staff and student members appointed under the University's Instrument of Government. The roles of the Chairman and the Vice-Chairman of the Governing Body are separated from the role of the University's Chief Executive, the Vice-Chancellor. The matters specially reserved for decision by the Governing Body are set out in the Articles of Government. Under the Financial Memorandum with the Higher Education Funding Council for England, the Governing Body is responsible for the ongoing strategic direction of the University, the approval of major developments and the receipt of regular reports from Executive Officers on the day to day operations of its business and its subsidiary companies. The Governing Body meets three times a year and has four Committees; an Employment and Finance Committee, a Nominations Committee, an Audit Committee and an Estates Committee. All of these Committees are formally constituted with terms of reference and comprise mainly independent members of Governing Body.

The Employment and Finance Committee recommends to the Governing Body the University's annual revenue and capital budgets and monitors performance in relation to the approved budgets. It also reviews the University's annual financial statements together with the accounting policies. The Employment and Finance Committee determines the annual remuneration of holders of senior posts in the University.

The Nominations Committee considers nominations for vacancies in the Governing Body membership and the reappointment of members under the Instrument of Government.

The Audit Committee is responsible for meeting, at least four times a year, with the External Auditors and Internal Auditors of the University and

reviewing their work. The Committee approves the Audit Plan and considers detailed reports together with recommendations for the improvement of the University's systems of internal control and management's response and implementation plans. They also receive and consider reports from the Higher Education Funding Council for England as they affect the University's business and monitor adherence with the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the External and Internal Auditors on their own for independent discussions.

The Estates Committee has responsibility for advising the Governing Body on its Estates Strategy and the monitoring of Estates related projects.

Going Concern

Based on normal business planning and control procedures, the Governing Body has a reasonable expectation that the University has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the University's financial statements.

RESPONSIBILITIES OF THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

In accordance with the Education Reform Act 1988, the Governing Body of Staffordshire University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year.

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

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

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

The Governing Body 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 Financial Memorandum 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 and funds from other sources.
- safeguard the assets of the University and to prevent and detect fraud.
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets.
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast outcomes.
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital and revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board.
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Audit Committee and the Board of Governors.
- clear definitions of the responsibilities of, and the authority delegated to, Deans of Schools and Directors of Services.
- a professional internal audit team whose annual programme is approved by the Audit Committee.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss and during the year the Audit Committee has reviewed the effectiveness of the University's system of internal financial control.

Furthermore, the guidance issued by the Auditing Practice Board permits Universities to report on the internal control systems in place. On behalf of the Board of Governors, the Audit Committee commissioned a review of the effectiveness of the University's total systems of internal control, financial and other. This review was completed during the year and included a process of self assessment by the support services in the University. The review was supervised by the external auditors. The results have been considered by the Executive and the University Management Team and were summarised for review by the Audit Committee. The Committee considers that there are no weaknesses in the University's framework of internal controls which give rise to material issues.

AUDITORS' REPORT TO THE GOVERNING BODY OF STAFFORDSHIRE UNIVERSITY

We have audited the financial statements on pages 7 to 31 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on page 13.

Respective Responsibilities of the Governing Body and Auditors

The Governing Body is responsible for preparing the Annual Report, including as described on page 5 the financial statements. Our responsibilities as independent auditors are established by statute, the Auditing Practices Board, the Higher Education Funding Council for England and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice on Accounting in Higher Education Institutions. We also report to you whether, in all material respects, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, have been properly applied only for the purposes for which they were received, and whether, in all material respects, income has been applied in accordance with the University's Instruments and Articles of Government and where appropriate with the financial memorandum with the Higher Education Funding Council for England and with the Funding Agreement with the Teacher Training Agency.

We also report to you if, in our opinion, the University has not kept proper accounting records, if the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT
For the Year Ended 31st July 1999

	Note	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000
INCOME			
Funding Council Grants	1	36,061	32,380
Academic Fees and Support Grants	2	17,634	21,136
Research Grants and Contracts	3	2,483	3,322
Other Operating Income	4	7,556	7,167
Endowment Income and Interest Receivable	5	341	492
		<hr/>	<hr/>
TOTAL INCOME		64,075	64,497
		<hr/>	<hr/>
EXPENDITURE			
Staff Costs	6	37,138	35,309
Depreciation	9, 10	3,819	3,705
Other Operating Expenses	7	21,010	21,309
Interest Payable	8	2,078	2,139
		<hr/>	<hr/>
TOTAL EXPENDITURE	9	64,045	62,462
		<hr/>	<hr/>
SURPLUS FOR THE YEAR	25	30	2,035
		<hr/>	<hr/>

NOTE OF HISTORICAL COST SURPLUS AND DEFICIT

	31 July 1999 £'000	31 July 1998 £'000
Reported surplus on ordinary activities	30	2,035
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	1,201	1,216
	<hr/>	<hr/>
HISTORICAL COST SURPLUS ON ORDINARY ACTIVITIES	1,231	3,251
	<hr/>	<hr/>

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

BALANCE SHEET AS AT 31ST JULY 1999

	Note	GROUP		CORPORATION	
		1999 £'000	1998 £'000	1999 £'000	1998 £'000
FIXED ASSETS					
Tangible Assets	10	92,173	91,788	84,705	84,140
Investments	11	192	192	192	192
		<hr/>	<hr/>	<hr/>	<hr/>
		92,365	91,980	84,897	84,332
		<hr/>	<hr/>	<hr/>	<hr/>
ENDOWMENT ASSET INVESTMENTS	12	75	73	75	73
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Stocks	13	139	149	139	149
Debtors: Amounts falling due after more than one year	14	747	800	4,797	5,040
Debtors: Amounts falling due within one year	15	3,692	3,259	4,306	3,813
Investments	16	33	33	33	33
Pension Scheme prepayment (LGSS)	17	108	-	108	-
Cash at bank and in hand		3,944	3,555	3,913	3,514
		<hr/>	<hr/>	<hr/>	<hr/>
		8,663	7,796	13,296	12,549
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	18	7,573	7,170	8,097	7,673
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		1,090	626	5,199	4,876
TOTAL ASSETS LESS CURRENT LIABILITIES		93,530	92,679	90,171	89,281
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	19	22,428	21,922	26,478	26,162
PROVISIONS FOR LIABILITIES AND CHARGES	20	4,803	5,499	4,803	5,499
DEFERRED CAPITAL GRANTS	21	11,284	10,640	11,284	10,640
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS LIABILITIES		55,015	54,618	47,606	46,980
		<hr/>	<hr/>	<hr/>	<hr/>

BALANCE SHEET - continued

		GROUP		CORPORATION	
	Note	1999	1998	1999	1998
		£'000	£'000	£'000	£'000
Represented by:					
ENDOWMENTS					
Specific	22	75	73	75	73
		_____	_____	_____	_____
RESERVES					
Capital Reserve	23	46,799	47,760	46,799	47,760
Revaluation Reserve	24	192	67	192	67
Income and Expenditure Account	25	7,949	6,718	540	(920)
		_____	_____	_____	_____
		54,940	54,545	47,531	46,907
		_____	_____	_____	_____
TOTAL FUNDS		55,015	54,618	47,606	46,980
		_____	_____	_____	_____

The financial statements on pages 7 to 31 were approved by the Board of Governors on 24th November 1999 and signed by:

Professor M A Hughes: Chairman of the Board of Governors

Professor C E King: Vice-Chancellor

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year to 31 July 1999 £'000	Year to 31 July 1998 £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	27	2,982	3,546
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Income from short term investments		341	492
Interest paid		(2,002)	(2,153)
HEFCE reimbursement of interest paid		506	569
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(1,155)	(1,092)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(3,978)	(5,344)
Receipts from sales of tangible fixed assets		2	27
Deferred capital grants received		1,857	394
HEFCE reimbursement of principal repayments		365	379
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(1,754)	(4,544)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		73	(2,090)
FINANCING			
New loans acquired	28	1,600	1,900
Repayment of loans	28	(1,069)	(1,012)
Capital element of finance lease repayments	28	(215)	(145)
NET CASH INFLOW FROM FINANCING		316	743
INCREASE/(DECREASE) IN CASH FOR THE YEAR	29, 30	389	(1,347)

CONSOLIDATED CASH FLOW STATEMENT - continued**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 31)**

	Year to 31 July 1999	Year to 31 July 1998
	£'000	£'000
Increase/(Decrease) in cash in year	389	(1,347)
Repayment of debt	1,284	1,157
New loans	(1,600)	(1,900)
	—————	—————
Movement arising from cash flows	73	(2,090)
New finance lease	(292)	(65)
	—————	—————
CHANGE IN NET DEBT	(219)	(2,155)
NET DEBT AT 1 AUGUST 1998	(19,572)	(17,417)
	—————	—————
NET DEBT AT 31 JULY 1999	(19,791)	(19,572)
	—————	—————

STATEMENT OF CONSOLIDATED TOTAL RECOGNISED GAINS AND LOSSES

	31 July 1999	31 July 1998
	£'000	£'000
Surplus for the year	30	2,035
Endowment income received	2	1
Reimbursement of inherited debt	365	379
	<hr/>	<hr/>
	397	2,415
Prior year adjustment	765	-
	<hr/>	<hr/>
TOTAL GAINS RECOGNISED SINCE LAST ANNUAL REPORT	1,162	2,415
	<hr/>	<hr/>

STATEMENT OF ACCOUNTING POLICIES

The accounting policies that the group has adopted to determine the amounts included in respect of material items in the financial statements are shown below and are in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting in Higher Education Institutions.

BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis, as modified by the revaluation of some assets.

BASIS OF CONSOLIDATION

The financial statements of the University include its wholly owned subsidiaries, Staffordshire University Enterprises Ltd, Octagon Computer Centre Ltd. and Real Projects Inc. They also include the Friends of Staffordshire University Charitable Trust.

The consolidated financial statements do not include those of Staffordshire University Union of Students on the grounds of materiality. The separately audited financial statements are shown in summary form in note 35 of the accounts.

HEFCE GRANTS

Recurrent grant from HEFCE represents the funding allocation which is attributable to the current accounting period.

Deferred credits in respect of grants received from HEFCE which are attributable to subsequent accounting periods are included in accruals and deferred income.

CAPITAL RESERVE

Capital reserve represents the difference between the valuation of tangible assets inherited from Staffordshire County Council and the loan account with the County Council. This amount is released to the Income and Expenditure account over the life of the assets.

ACADEMIC FEES

Academic fees represent student fees received and receivable attributable to the current accounting period.

TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost or valuation less accumulated depreciation as shown in note 10 to the financial statements.

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

DEPRECIATION

Depreciation is not provided on freehold land. Freehold buildings have been depreciated over the estimated remaining useful life of each building with a base date of 1st April 1989. Depreciation on newly acquired buildings will be provided for at the rate of 2% per annum on a straight line basis.

On all other tangible fixed assets depreciation is provided to write off the cost or valuation over their useful lives on a straight line basis at the following annual rates :-

Plant and Machinery	10% per annum
Fixtures and Fittings	10% per annum
Computer Equipment	20% per annum
Office Furniture and Equipment	10% per annum

Expenditure which extends the useful life of an asset has been depreciated over the assessed extended life of the asset.

Assets held under finance leases are depreciated over the life of the lease if this is a shorter period. Equipment costing less than £10,000 is written off in the year of acquisition.

LEASED ASSETS

Payments made in respect of assets held under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Leasing agreements which transfer to the University substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account.

CAPITAL GRANTS

Grants applied to acquire tangible fixed assets are credited to deferred grants and released to the income and expenditure account over the estimated useful lives of the related assets.

INVESTMENTS

Fixed asset investments are stated at market value. Endowment asset investments include fixed interest stocks which are stated at historical cost.

STOCK

Stock is valued at the lower of cost and net realisable value.

TAXATION

The Corporation is an exempt charity and is exempt from Income Tax and Corporation Tax. Irrecoverable Value Added Tax is included in the financial statements with the expenditure to which it relates.

PENSION COSTS

Contributions to the defined benefit pension schemes are charged to the income and expenditure account so as to spread the cost of pensions evenly over employees' expected average service lives. The pension cost is assessed in accordance with the advice of actuaries.

REPAIRS AND MAINTENANCE

The University has a five year rolling maintenance plan which is reviewed on an annual basis. The cost of maintenance is charged to the income and expenditure account as incurred. This represents a change in accounting policy, in order to comply with Financial Reporting Standard 12, as previously the University set aside sums on a regular basis by way of a provision to meet the cost of major maintenance projects which occur on a regular basis. The effect of the change of accounting policy is shown in notes 20 and 25.

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NOTES TO THE FINANCIAL STATEMENTS

	31 July 1999	31 July 1998
	£'000	£'000
1. FUNDING COUNCIL GRANTS (HEFCE)		
Recurrent Grant		
HEFCE	33,075	29,010
FEFC	270	297
TTA	104	60
Research and Selective Initiatives	903	1,198
HEFCE Reimbursement of Inherited Liabilities	496	569
Release of Capital Grants:		
Buildings	149	133
Equipment	1,064	1,113
	<hr/>	<hr/>
	36,061	32,380
	<hr/>	<hr/>
2. ACADEMIC FEES AND SUPPORT GRANTS		
Full-Time Students - UK/EU	11,691	14,111
Full-Time Students - Overseas	1,670	2,734
Part-Time Fees	915	955
Education Contracts	2,855	2,801
Short Course Fees	503	535
	<hr/>	<hr/>
	17,634	21,136
	<hr/>	<hr/>
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	195	232
UK Based Charities	93	118
UK Industry and Commerce	53	37
UK Central Government/Health Authorities	184	185
Teaching Company Schemes	107	414
European Community Programmes	1,566	2,076
Other Research Grants and Contracts	285	260
	<hr/>	<hr/>
	2,483	3,322
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

	31 July 1999	31 July 1998
	£'000	£'000
4. OTHER OPERATING INCOME		
Residences, Catering and Conferences	4,214	3,960
Consultancy/Self Financing Fees	1,828	1,606
Other Rents/Lettings	284	207
Other Income	1,230	1,394
	<hr/>	<hr/>
	7,556	7,167
	<hr/>	<hr/>
5. ENDOWMENT INCOME AND INTEREST RECEIVABLE		
Interest received	341	492
	<hr/>	<hr/>
6. STAFF		
	31st July 1999	31 July 1998
	£'000	£'000
	Ordinary Activities	Exceptional Costs
	£'000	£'000
Staff Costs:		
Wages and Salaries	32,630	-
Social Security Costs	2,397	-
Other Pension Costs	2,046	-
Redundancy Costs	-	65
	<hr/>	<hr/>
	37,073	65
	<hr/>	<hr/>
	37,138	35,309
	<hr/>	<hr/>
	31 July 1999	31 July 1998
	£'000	£'000
Emoluments of the Vice-Chancellor	107	99
	<hr/>	<hr/>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff. The University's pension contributions to the Teachers' Superannuation Scheme are paid at the same rate as for other academic staff and amounted to £8,533 (1998: £7,878)

NOTES TO THE FINANCIAL STATEMENTS - continued

6. STAFF (Continued)

	1999	1998
	Number	Number
Average Staff Numbers by Major Category:		
Management	46	49
Academic	567	569
Administrative, Professional, Technical and Clerical Staff	828	821
Manual Staff	184	182
	1,625	1,621
Remuneration of other higher paid staff, excluding employer's pension contributions		
£50,000 - £59,999	3	2
£60,000 - £69,999	2	3

NOTES TO THE FINANCIAL STATEMENTS - continued

	31 July 1999	31 July 1998
	£'000	£'000
7. OTHER OPERATING EXPENSES		
Consumables	1,754	1,944
Equipment and Tools (including Hire)	3,410	3,166
Books and Periodicals	821	807
Printing - External and Internal	771	751
Repairs and General Maintenance	2,529	2,016
Long Term Maintenance	-	800
Heat, Light, Water and Power	1,093	1,275
Rent and Rates	1,655	1,661
Staff and Student Development	1,035	999
Travel and Subsistence	1,321	1,353
Student Union Contributions	407	370
Auditors' Remuneration	24	29
Auditors' remuneration in respect of non-audit services	67	29
Irrecoverable VAT Input Tax	2,046	2,257
Payments to Franchise Colleges	1,092	891
Telephones and Postages	760	724
Publicity & Prospectus	883	709
Vehicle Hire/Lease	237	267
Value of fixed asset investments	-	51
Other Expenses	1,105	1,210
	21,010	21,309

8. INTEREST PAYABLE

Loans not wholly repayable within five years	2,056	2,114
Finance Leases	22	25
	2,078	2,139

9. ANALYSIS OF EXPENDITURE BY ACTIVITY

	Staff Costs £'000	Dep'n £'000	Other Operating Expenses £'000	Interest Payable £'000	Total £'000
Academic Departments	24,846	994	7,105	-	32,945
Academic Services	3,221	569	2,102	-	5,892
Research Grants & Contracts	936	-	1,053	-	1,989
Residences, Catering & Conferences	1,050	295	2,172	705	4,222
Premises	1,536	1,698	4,316	-	7,550
Administration	4,811	263	3,748	-	8,822
Other Expenses	738	-	514	1,373	2,625
Total per Income and Expenditure Account	37,138	3,819	21,010	2,078	64,045

The depreciation charge has been funded by:	£'000
Deferred Capital Grants Released (note 21)	1,213
Transfer from Capital Reserve (note 23)	1,134
General Income	1,472
	3,819

NOTES TO THE FINANCIAL STATEMENTS - continued
10. TANGIBLE FIXED ASSETS - Group

	FREEHOLD LAND & BUILDINGS	ASSETS IN COURSE OF CONSTRUCTION	COMPUTER EQUIPMENT	LEASED COMPUTER EQUIPMENT	OTHER EQUIPMENT FITTINGS AND MOTOR VEHICLES	LEASED EQUIPMENT AND FITTINGS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION							
At 1 August 1998	99,264	123	6,950	294	4,626	559	111,816
Additions	713	154	3,066	-	45	292	4,270
Reclassifications	79	(79)	7	-	(7)	-	-
Disposals	(32)	-	(162)	-	(21)	-	(215)
At 31 July 1999	100,024	198	9,861	294	4,643	851	115,871
DEPRECIATION							
At 1 August 1998	15,152	-	3,183	257	1,274	162	20,028
Elimination on disposals	(32)	-	(109)	-	(8)	-	(149)
Depreciation for year	1,957	-	1,292	37	471	62	3,819
At 31 July 1999	17,077	-	4,366	294	1,737	224	23,698
Net Book Value at 31 July 1999	82,947	198	5,495	-	2,906	627	92,173
Net Book Value at 31 July 1998	84,112	123	3,767	37	3,352	397	91,788

NOTES TO THE FINANCIAL STATEMENTS - continued

10. TANGIBLE FIXED ASSETS - Corporation

	FREEHOLD LAND & BUILDINGS	ASSETS IN COURSE OF CONSTRUCTION	COMPUTER EQUIPMENT	LEASED COMPUTER EQUIPMENT	OTHER EQUIPMENT FITTINGS AND MOTOR VEHICLES	LEASED EQUIPMENT AND FITTINGS	TOTAL
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
COST OR VALUATION							
At 1 August 1998	90,683	123	6,913	294	4,525	559	103,097
Additions	713	154	3,065	-	45	292	4,269
Reclassifications	79	(79)	7	-	(7)	-	-
Disposals	(32)	-	(162)	-	(22)	-	(216)
At 31 July 1999	91,443	198	9,823	294	4,541	851	107,150
DEPRECIATION							
At 1 August 1998	14,157	-	3,153	257	1,227	163	18,957
Elimination on disposals	(32)	-	(109)	-	(8)	-	(149)
Depreciation for year	1,788	-	1,290	37	461	61	3,637
At 31 July 1999	15,913	-	4,334	294	1,680	224	22,445
Net Book Value at 31 July 1999	75,530	198	5,489	-	2,861	627	84,705
Net Book Value at 31 July 1998	76,526	123	3,760	37	3,298	396	84,140

As a result of the Education Reform Act 1988, the freehold and leasehold interests in properties occupied by the Corporation, previously held by Staffordshire County Council, were formally transferred, under the direction of the Education Assets Board, to the Corporation itself with effect from 1 April 1989.

Freehold buildings, to which the Corporation now has title, were professionally revalued at 1 April 1989 on the basis of replacement cost. Freehold land was revalued on an open market, existing use basis at the same date.

Computer equipment, other equipment and fittings belonging to the University were revalued at 31 July 1995.

The transitional rules set out in FRS15 "Tangible Fixed Asset" have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

In December 1996 the University entered into a joint agreement with Tamworth and Lichfield college to provide a new campus facility at Lichfield. This project was completed in January 1998 at a cost of £3.2m. The project was partly funded by a grant of £1.2m from the European Regional Development Fund. The balance of costs have been funded equally by the University and Tamworth and Lichfield College.

The grant received from the European Regional Development Fund has been credited to Deferred Capital Grants. This credit has been reduced by the full value of the grant attributable to Tamworth and Lichfield College (see note 21).

NOTES TO THE FINANCIAL STATEMENTS - continued

11. FIXED ASSET INVESTMENTS

	GROUP		CORPORATION	
	1999	1998	1999	1998
	£	£	£	£
Artefacts	192,290	243,150	192,290	243,150
Less: Provision for permanent diminution in value	-	(50,860)	-	(50,860)
Investment in subsidiary at cost	-	-	4	4
	<u>192,290</u>	<u>192,290</u>	<u>192,294</u>	<u>192,294</u>

The value of the Thornhill Bequest, a collection of medieval Chinese pottery owned by the University, is included as a fixed asset investment. The value is based on a valuation made for insurance purposes as at 5th February 1998. The valuation was undertaken by professional advisors expert in this field.

Mr D N Scahill and Professor C E King as nominees of the Corporation hold all the issued share capital of Staffordshire University Enterprises Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The main areas of activity of Staffordshire University Enterprises Limited are the undertaking of consultancy work, the organisation of conferences and the provision of conference facilities.

Mr D N Scahill and Professor C E King as nominees of the Corporation also hold all the issued share capital of Octagon Computer Centre Limited, a company incorporated in and operating in Great Britain and registered in England and Wales. The principal activity of the company is to act as a property management company.

Real Projects Inc. is a wholly owned subsidiary of Staffordshire University incorporated in the United States of America. The aggregate number of shares which the company has the authority to issue is 200 each of which are issued to the University as common stock with no par value. The principal activity of the company is to raise the research profile of the University's Fine Art activities.

The Friends of Staffordshire University Charitable Trust is regarded as a quasi-subsiary of the University under the definition provided in Financial Reporting Standard 5. Under the provisions of this standard the accounts of the Trust have been consolidated in the group accounts of the University for the year ended 31 July 1999.

12. ENDOWMENT ASSET INVESTMENTS

	GROUP AND CORPORATION	
	£'000	
Balance at 1 August 1998		73
Additions		2
		<u>75</u>
Balance at 31 July 1999		75
Represented by:		
	1999	1998
	£'000	£'000
Fixed interest stocks	21	21
Bank balances	54	52
	<u>75</u>	<u>73</u>

All fixed interest stocks are listed investments and are stated at historical cost.

NOTES TO THE FINANCIAL STATEMENTS - continued

13. STOCK

GROUP AND CORPORATION

	1999 £'000	1998 £'000
Raw materials and consumables	139	149

14. DEBTORS: Amounts falling due after more than one year

	GROUP		CORPORATION	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Amounts owed by subsidiary undertaking	-	-	4,050	4,240
Amounts owed under joint arrangement with Tamworth and Lichfield College (notes 10 and 33)	747	800	747	800
	<u>747</u>	<u>800</u>	<u>4,797</u>	<u>5,040</u>

15. DEBTORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Trade debtors	1,872	1,766	1,849	1,705
Amounts owed by subsidiary undertakings	-	-	642	615
Other debtors	677	12	677	12
Prepayments and accrued income	1,143	1,481	1,138	1,481
	<u>3,692</u>	<u>3,259</u>	<u>4,306</u>	<u>3,813</u>

16. CURRENT ASSET INVESTMENTS

GROUP AND CORPORATION

	1999 £'000	1998 £'000
Current Asset Investments	33	33

NOTES TO THE FINANCIAL STATEMENTS - continued

17. PENSION SCHEME PREPAYMENT

The assessed value of the variation from the regular cost of the University's contributions to the Staffordshire County Council Superannuation Scheme has been isolated from the regular cost. The charge of £108,000 (1998: nil) gives rise to a prepayment. This prepayment will be charged to the Income and Expenditure account over a period which matches the benefit derived from the services of University employees.

18. CREDITORS: Amounts falling due within one year:

	GROUP		CORPORATION	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Loans	1,156	1,043	1,156	1,043
Obligations under finance leases	151	162	151	162
Trade creditors	2,899	3,222	2,892	3,163
Amounts owed to subsidiary company	-	-	562	563
Other taxation and social security	1,340	896	1,340	896
Other creditors	519	630	519	630
Accruals and deferred income	1,508	1,217	1,477	1,216
	<hr/>	<hr/>	<hr/>	<hr/>
	7,573	7,170	8,097	7,673
	<hr/>	<hr/>	<hr/>	<hr/>

19. CREDITORS: Amounts falling due after more than one year:

	GROUP		CORPORATION	
	1999	1998	1999	1998
	£'000	£'000	£'000	£'000
Bank Loan Account	13,496	12,387	13,496	12,387
Staffordshire County Council Loan Account	5,598	5,950	5,598	5,950
Building Society Mortgage	2,996	3,335	2,996	3,335
Obligations under finance leases	338	250	338	250
Amounts owed to subsidiary company	-	-	4,050	4,240
	<hr/>	<hr/>	<hr/>	<hr/>
	22,428	21,922	26,478	26,162
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

LOAN OBLIGATIONS:

	GROUP		CORPORATION	
	1999 £'000	1998 £'000	1999 £'000	1998 £'000
Between one and two years	1,270	1,156	1,650	1,536
Between two and five years	4,513	4,356	5,083	4,926
Over five years	16,307	16,160	19,407	19,450
	<u>22,090</u>	<u>21,672</u>	<u>26,140</u>	<u>25,912</u>
Within one year	1,156	1,043	1,346	1,233
	<u>23,246</u>	<u>22,715</u>	<u>27,486</u>	<u>27,145</u>

The Bank loan account comprises five loans. The first was drawn down in December 1992 repayable over 20 years with the first five years interest paid at a fixed rate of 10.4%. The loan was renegotiated in January 1998 for the following 10 years at a fixed rate of 8.7%. The loan is secured on University academic accommodation with an open market valuation of £6.25m. The second was drawn down in July 1995 repayable over 19 years with the first five years interest paid at a fixed rate of 9.85%. It is secured on University academic accommodation with an open market valuation of £3.2m. The third loan was drawn down in September 1996 repayable over 20 years with the first five years interest only paid at a fixed rate of 9.1%. This loan is secured on University residential accommodation with an open market valuation of £3.6m. The fourth loan was drawn down in August 1997 repayable over 10 years at a fixed interest rate of 8.3%. This loan is secured on University academic accommodation with an open market valuation of £1.9m. The final loan was drawn down in August 1998 repayable over 20 years with the first five years interest paid at a fixed rate of 7.9%. This loan is secured on the academic accommodation jointly owned by Staffordshire University and Tamworth and Lichfield College at Lichfield.

The Staffordshire County Council loan account comprises numerous, unsecured loans repayable between one and forty years. All loans bear interest at the current rate on the County Council's Consolidated Loans Fund. At 31st July 1999 the current interest rate was 8.0%.

The Building Society Mortgage is repayable over 15 years. The Mortgage was drawn down in December 1991 with interest only being paid for the first five years at a fixed rate of 12%. The mortgage was renegotiated in December 1996 and a repayment of £403,400 was made. The outstanding principal will be repaid in the final ten years with the next five years interest paid at a fixed rate of 9.6%. The mortgage is secured on student residential accommodation with a total open market valuation of £5.5m.

20. PROVISIONS FOR LIABILITIES AND CHARGES

GROUP AND CORPORATION

	Planned Maintenance £'000	Pension Enhancement £'000	Total £'000
At 1 August 1998 as previously reported	1,250	5,014	6,264
Prior year adjustment (note 25)	(765)	-	(765)
At 1 August 1998 as restated	485	5,014	5,499
Utilised in the year	(485)	(211)	(696)
At 31 July 1999	-	4,803	4,803

The provision for planned maintenance at 31 July 1998 included £485,000 which represented the liability to complete maintenance projects which were underway at that date.

NOTES TO THE FINANCIAL STATEMENTS - continued

21. DEFERRED CAPITAL GRANTS

		GROUP AND CORPORATION		
		Buildings	Equipment	Total
		£'000	£'000	£'000
At 1 August 1998		6,607	4,033	10,640
Add Cash Received		297	1,560	1,857
Released to Income and Expenditure	(note 9)	(149)	(1,064)	(1,213)
At 31 July 1999		6,755	4,529	11,284

22. ENDOWMENTS RESERVE

		GROUP AND CORPORATION
		Specific
		£'000
At 1 August 1998		73
Net Income for year		2
At 31 July 1999		75

23. CAPITAL RESERVE

		GROUP AND CORPORATION
		£'000
At 1 August 1998		47,760
Add HEFCE reimbursement of loan repayments		365
Less		
Release of capital reserve (note 9)		(1,134)
Transfer to Revaluation Reserve		(192)
At 31 July 1999		46,799

24. REVALUATION RESERVE

		GROUP AND CORPORATION
		£'000
At 1 August 1998		67
Transfer to Income and Expenditure Reserve		(67)
Transfer from Capital Reserve		192
At 31 July 1999		192

NOTES TO THE FINANCIAL STATEMENTS - continued

25. INCOME AND EXPENDITURE ACCOUNT

	1999	1998
	£'000	£'000
GROUP		
At 1 August 1998 as previously reported	5,953	2,702
Prior year adjustments	765	765
	<hr/>	<hr/>
At 1 August 1998 as restated	6,718	3,467
Surplus for the year	30	2,035
Transfer from Capital Reserve	1,134	1,150
Transfer from Revaluation Reserve	67	66
	<hr/>	<hr/>
At 31 July 1999	7,949	6,718
	<hr/>	<hr/>
CORPORATION		
At 1 August 1998 as previously reported	(1,685)	(5,050)
Prior year adjustment	765	765
	<hr/>	<hr/>
At 1 August 1998 as restated	(920)	(4,285)
Surplus for the year	259	2,149
Transfer from Capital Reserve	1,134	1,150
Transfer from Revaluation Reserve	67	66
	<hr/>	<hr/>
At 31 July 1999	540	(920)
	<hr/>	<hr/>

CHANGE IN ACCOUNTING POLICY

In line with FRS 12, with effect from 1 August 1998, the University now charges long term maintenance costs to the income and expenditure account as they are incurred. Previously the University set up a provision for the expected cost over a period of five years, and charged expenditure against the provision as it was incurred.

As a result, the provision previously set up has been released as a prior year adjustment, as shown in note 20. As the expenditure was not materially different from the provision made each year, the effect of the change of accounting policy is not considered material in the Income and Expenditure Account, and prior year figures have not been restated; they have however been restated in the Balance Sheet to reflect the reclassification from provisions to reserves.

26. LEASE OBLIGATIONS

GROUP AND CORPORATION

	1999	1998
	£'000	£'000
Obligations under finance leases fall due as follows:		
Within one year (note 18)	151	162
Between one and two years	127	99
Between two and five years	189	151
Over five years	22	-
	<hr/>	<hr/>
	489	412
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - continued

Annual commitments on operating leases in respect of assets other than land and buildings on leases expiring as follows are:

	1999	1998
	£'000	£'000
Within one year	342	265
Between two and five years	544	309
Over five years	-	-
	<hr/> 886	<hr/> 574

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**27. NET CASH FLOW FROM OPERATING ACTIVITIES**

	Year to 31 July 1999	Year to 31 July 1998
	£'000	£'000
Surplus for the year before transfers from reserves	30	2,035
Interest Receivable	(341)	(492)
HEFCE Reimbursement Receivable	(496)	(569)
	<hr/> (807)	<hr/> 974
Add back interest payable:	2,078	2,139
Surplus from operating activities	1,271	3,113
Release of capital grant	(1,213)	(1,246)
Depreciation	3,819	3,705
Loss on sale of fixed assets	64	62
Loss on revaluation of Investments	-	51
(Increase)/Decrease in stock	10	(3)
(Increase) in debtors	(498)	(1,631)
Increase/(Decrease) in creditors	225	(162)
(Decrease) in provisions	(696)	(343)
	<hr/> 2,982	<hr/> 3,546
NET CASH INFLOW FROM OPERATING ACTIVITIES		

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued

28. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Building Society Mortgage £'000	LEA Loan Account £'000	Finance Leases £'000	Bank Loans £'000
Balance at 1 August 1998	3,627	6,330	412	12,758
Cash outflows from financing	(280)	(366)	(215)	(423)
New Loans	-	-	292	1,600
Balance at 31 July 1999	3,347	5,964	489	13,935

29. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

Balance at 1 August 1998	3,555
Net cash inflow	389
Balance at 31 July 1999	3,944

30. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	1999 £'000	1998 £'000	1999 Change in Year £'000	1998 £'000	1997 £'000	1998 Change in Year £'000
Cash at bank and in hand	3,944	3,555	389	3,555	4,904	(1,349)
Bank overdrafts	-	-	-	-	(2)	2
	3,944	3,555	389	3,555	4,902	(1,347)

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT - continued

31. ANALYSIS OF CHANGES IN NET DEBT

	August 1998	Cash Flows 1999	Other Movements	July 1999
Cash in hand, at bank	3,555	389		3,944
Overdrafts	-	-	-	-
	-----	-----	-----	-----
	3,555	389	-	3,944
Debt due within 1 year	(1,043)	1,043	(1,156)	(1,156)
Debt due after 1 year	(21,672)	(1,574)	1,156	(22,090)
Finance Leases	(412)	215	(292)	(489)
	-----	-----	-----	-----
	(19,572)	73	(292)	(19,791)
	-----	-----	-----	-----

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £292,000.

32. CAPITAL COMMITMENTS

GROUP AND CORPORATION

	1999	1998
	£'000	£'000
Contracted for	4,673	100
Authorised but not contracted for	1,400	4,000
	6,073	4,100

In June 1995, the Board of Governors approved a project to provide over 900 student residential accommodation places at both Stafford and Stoke. These projects will provide replacement accommodation for places which have been leased by the University. The first phase was completed in September 1996. The second phase was completed in August 1998. In July 1999 the University entered into a contract valued at £4.7m for the provision of 300 accommodation places at Stoke. No payments had been made against this contract at 31 July 1999. This phase is planned to be completed by August 2000.

In June 1999 the Board of Governors approved a project to provide a new Sports Centre at Stafford. This project is planned to be completed by September 2000 at a cost of £1.4m.

33. CONTINGENT LIABILITIES

The University is a member of UMALT, a company limited by guarantee formed to provide a mutual association for terrorism risks. Under the terms of its membership, each member acts as insurer and insured. If the association as a whole suffers a shortfall in any underwriting year, the members are liable for their prorated share, spread using a bank facility over 7 years. The University is a guarantor, on a joint and several basis with other members, of this £60 million bank facility. No liability has yet arisen under this guarantee.

34. PENSION COSTS

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from the University and employees. Payments are made to the Teachers Superannuation Scheme for academic staff and to the Staffordshire County Council Superannuation Scheme for non-academic staff. These are both independently administered schemes.

The Teachers' Superannuation Scheme is valued every 5 years by the Government Actuary and is currently under review. Contributions are paid by the University at the rate specified by the Government Actuary. Following an actuarial review of the Scheme as at 31 March 1997, the employer's contribution was determined at 7.2% with effect from 1 July 1997.

The Staffordshire County Council Superannuation Scheme is valued every 3 years with the rates of contribution payable being determined by the actuary. The latest published actuarial valuation of the Staffordshire County Council Scheme was at 31 March 1998. The valuation was undertaken using the Projected Unit method. The principal assumptions used were that investment returns would be 7.2% per annum; earnings would increase at a rate of 7.2% per annum; and future pensions would increase at a rate of 4.5% per annum. Future dividends from assets were assumed to increase at 3.4% per annum. The contribution rate payable by the University was calculated to fund 100% of the value of the benefits, as required by the Regulations governing the Local Government Superannuation Scheme.

The recent actuarial valuation has highlighted a deficit in the pension fund. This has been caused in part by changes in legislation regarding eligibility of part-time employees and tax credits on payments, and in part due to the employee profile of Staffordshire University. As a result of the actuarial valuation, for staff in the Staffordshire County Council Superannuation Scheme, the contribution of the University increased from 4.5% to 10.7% of pensionable salaries from 1 April 1999.

The cost of providing pensions is part of the remuneration of employees. As such, this cost should be allocated as fairly as possible so as to match the benefit derived from the services of the University's employees. Under SSAP 24: Accounting for Pensions Costs, that element of the University's contribution which relates to the deficit in the pensions fund has been isolated from the regular pension cost, as follows:-

	£'000
Regular pension cost based on a constant percentage of earnings over the employees' service lives with the University	304
Variations from regular cost based on a constant percentage of current and estimated future earnings over the average service lives of current employees	108
	412

The regular pension cost has been charged to the Income and Expenditure account. The additional charge gives rise to a prepayment which is included in other debtors (note 17 on page 24)

The total pension charge for the year was £2,045,991 (1998: £1,742,037) this included an amount of £34,349 (1998: £231,900) in respect of enhanced pension entitlements of staff taking early retirement under the reorganisation programme. The calculation of the cost of early retirement provisions charged to the income and expenditure account in the year of retirement is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at 4% in excess of price inflation.

An amount of £4,803,012 (1998: £5,014,051) is included in provisions for liabilities

NOTES TO THE FINANCIAL STATEMENTS – continued

35. STUDENTS' UNION

The University has not consolidated the financial statements of the Staffordshire University Students' Union because they are not material to the group. The accounts of the Students' Union are separately audited by F Mazloomian & Co. The results to 31 July 1999 are summarised below.

Results for the year are:

	1999	1998
	£'000	£'000
INCOME	1,027	856
	<hr/>	<hr/>
EXPENDITURE		
Administrative Expenses	373	339
Athletic Union	134	140
Education	20	24
Impact Services	113	116
Representation	66	77
Student Activity	111	110
Student Advice Centre	112	105
Welfare	17	23
	<hr/>	<hr/>
	946	934
	<hr/>	<hr/>
Surplus/(Deficit) for Year	81	(78)
	<hr/>	<hr/>

The Reserves of the Students' Union were over £402,000 at 1 August 1998. The surplus in the period to 31 July 1999 has been added to these reserves.

36. ACCESS FUNDS

	Year to 31 July 1999	Year to 31 July 1998
	£'000	£'000
Funding Council Grants	524	235
Interest Earned	6	3
	<hr/>	<hr/>
	530	238
Disbursed to Students	(530)	(238)
	<hr/>	<hr/>
Balance Unspent 31st July 1999	-	-
	<hr/>	<hr/>

Funding Council Access grants are available solely for students; the University acts only as a paying agent. Grants and disbursements are therefore excluded from the University Income and Expenditure Account.