

The University of Hull
Hull, HU6 7RX, UK

www.hull.ac.uk



Statement of Accounts 07/08

THE UNIVERSITY OF HULL





Nicky Duncumb, Treasurer

Financial Report

Report of the Treasurer

Scope of the Financial Statements

The Council of the University of Hull presents its results comprising the consolidated results of the University and its trading subsidiary undertakings for the year ended 31 July 2008.

Strategic & Operational Review

The University operates within the strategy approved by Council and which is summarised as follows:

Vision

To explore, create and communicate knowledge in order to enhance regional, national and global communities.

Mission

The University's mission is to provide an outstanding student experience, deliver research and teaching of the highest quality while serving the needs of communities as a broad subject-based institution and promoting international engagement.

Strategic aims

We aim to

- provide an outstanding experience for our students
- develop sustainable and distinctive academic provision
- expand and promote research excellence
- embed international perspectives across the institution
- lead knowledge transfer and contribute to the social and economic redevelopment of our locality
- enhance cultural and intellectual community life
- enlarge our student population
- ensure sustainable development

Enabled by

- committed, flexible and skilled people
- continued investment in ICT and related infrastructure
- developing the estate
- prioritising customer focus
- partnership working
- supportive alumni and friends
- effective marketing, communications and public relation

Financial Review

Financial stability is a goal that the higher education sector in general, and the University of Hull in particular has consistently achieved over the last six years. The operating surplus of £6.3m in the year under review, representing 4.4% of turnover, has been a significant achievement for the University and its staff.

Recruitment of undergraduate students from the UK/EU has been buoyant and easily exceeded targets. The international student market remained highly competitive but again, the University exceeded its targets both in terms of student numbers and the income generated from this area of activity. Largely as a result of these factors, income rose by 11.1% (£14.2m) in the year.

Operating costs over the period rose by £13.2m (10.8%) to £135.2m. The significant elements of this increase were a rise in staff costs of £5.8m (7.7%) as a result of the nationally negotiated and agreed pay award and the implementation of the new national salary framework and a substantial investment in planned and long term maintenance of £1.8m (161.9%). This latter increase has been carefully controlled to address issues of backlog maintenance and to have maximum impact on the experience of our students and the performance of staff.

The depreciation charge to the accounts has risen by £0.7m (11.1%) reflecting further capital investment on the part of the University and a change in its accounting policy to depreciate all capital expenditure (both recent and historic) classed as refurbishment over 20 years (previously written off over 25 years.)

Financial Performance compared to previous years

The Council considers the financial performance in the year under review to be highly satisfactory when compared to recent performance and continues the strengthening trend of recent years:

	2008	2007	2006	2005	2004
Income	141,524	127,372	113,754	111,131	106,240
Expenditure	135,194	121,971	112,644	109,481	103,285
Operating Surplus	6,330	5,401	1,110	1,650	2,955
Exceptional gain					
On sale of assets	-	5,604	-	-	-
Historical Cost Surplus	6,341	10,671	1,082	1,670	2,955

Future Financial Performance

The University continues to forecast operating surpluses over the next five years. The Council has tasked the University with achieving surpluses at or above the HEFCE recommended target of 3% of turnover. The cumulative effects of financial pressures, particularly around pay and pensions at a time when opportunities for attracting increased funding are constrained means that careful financial management will need to be exercised in order to achieve this target moving forward.

Cash Flow

Information regarding the University's cash position for 2007/08 is included in the accounts and demonstrates that the University's operating cash flow was positive in the year under review.

While cash flow was positive, the year saw a movement from net funds of £3.5m to a position of net debt of £5.0m at 31 July 2008 largely as a result of high levels of capital investment (£17.8m.) Repayment of short term debt of £3.25m means that overall borrowing has now fallen to £10.75m (£7.5m long term loan and £3.25M short term facility.) This position is partially covered by cash and investment balances of £6.5m at the year end (of which £2.4m arrived late on 1 August 2008 and so is not reflected in the financial statements.)

Moving forward, budgeted surpluses over the next few years will ensure that the University is generating cash and it is, therefore, not envisaged that the University will have any requirement to seek further debt funding in the short-term. It should, however, be assumed the further debt financing may be required if it is to fulfil its capital investment aspirations outlined in the master planning exercise in the medium and long term.

The University continues to employ a robust treasury management policy. As a short term measure and in response to current volatility in global financial markets, the University has restricted its investments to UK and Irish institutions and the upper limit of individual investments to £1m. These policy restrictions will be kept under review.

Pensions

The FRS17 pension liability has risen from £12.3m to £18.2m as a result of changing demographic trends and the poor performance of underlying pension equity assets in a challenging economic environment. The total deficit is a combination of £3m from the North Yorkshire Local Government Scheme and £15.2m from the in house University of Hull Pension and Assurance Scheme. This deficit arises despite the University's contributions to the in house scheme exceeding the required FRS17 service charge by over £1m.

Endowments

Following the University's decision to place over 50% of its endowment assets into an equity tracker investment and the subsequent poor performance of stock market investments in a difficult economic climate, unrealised losses on combined portfolios during the year stand at a total of £1.7m.

Capital Programme

The programme of long term maintenance continues and, for the second successive year, expenditure more than doubled to £2.8m. In order to achieve sustainability, this programme will continue to ensure that the University campuses continue to provide a good and attractive environment for students and staff.

The University invested a further £17.8m in its ongoing capital programme, comprising significant ongoing investment in the refurbishment of the residential estate, the integration of the eastern and western elements of the main Hull campus, construction of the new Enterprise Centre and intensive refurbishment of University House which hosts Student Union facilities and a new state-of-the-art student welfare hub facility.

Moving forward, the University has made capital commitments of a further £34.1m over the next three years encompassing a major new build for Arts & New Media at the Scarborough campus, further refurbishment works to University House and major upgrades to teaching and research facilities on the Hull campus. These works will be financed by a combination of HEFCE capital allocations and the University's own cash resources combined with grants that the University is pursuing from other third party agencies to help us achieve this ambitious programme.

A major, fifteen year master planning exercise has recently been commissioned and will serve as the basis for the prioritisation of further works to upgrade and improve the University's infrastructure via a process of consultation over the coming year. The University is also developing its plans to improve the quality and increase the availability of residential accommodation for students either from its own resources or in partnership with third parties.

Creditor Payment Policy

The University generally pays creditors 30 days from invoice date unless specified otherwise in the terms of contract. It is the University's policy to obtain the best value for money for its purchases and thus there is no over-riding policy as to payment terms. Where alternative terms have been negotiated with suppliers, all endeavours are made to abide by specific terms.

Accounting Policies

The group financial statements have been prepared in accordance with its Statement of Principle Accounting Policies set out in this document. In accordance with Financial Reporting Standard 18, the University's Finance & Estates Committee has reviewed these policies and considers them to be appropriate to the Group's operations.

Diversity & the Employment of Disabled Persons

One of the University's strategic priorities is to diversify and develop its staff base. Employee recruitment and programmes employee involvement, communication and training are all designed to promote equal opportunity for all irrespective of sex, race, religion, colour or sexual orientation.

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. If existing employees become disabled, every effort is made to continue their employment and arrange appropriate training. It is the University's policy that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Risk Management

The University's strategic risk management process continues to provide effective systems for the identification of major strategic and financial risks to the institution. During 2007/08, the University's Senior Management team and Council proactively managed all major high level risks whilst other risks continued to be managed as part of established arrangements.

Health & Safety

The University has an agreed Health & Safety Policy to meet its obligations as a corporate body. The University has a Health & Safety Committee and an Occupational Health function which produce annual reports for management consideration focussing on:

- Analysing details of accidents on University premises
- Reporting responsibilities to the Health & Safety Executive
- Annual reports from each faculty & department
- Impact of new regulations
- Occupational health activities
- Provision of training on health & safety issues to new staff and other courses and assessments

Charitable Status

The University has implemented the revised BUFDG/HMRC guidelines in relation to corporation tax and trading; activities have been identified in terms of primary charitable purpose and non primary purpose trading with minimisation of corporation tax liability. Some non primary purpose activities may also be undertaken through University subsidiary or associate companies with gift aiding of profit if eligible.

Conclusion

Through prudent financial management and systematic reviews of strategy and process, the University continues to operate efficiently in a challenging environment and can face a period of continuing change with confidence. Investment in new and improved facilities will continue in order to maintain our attractiveness to students, staff and outreach partners. To ensure this investment, the University will continue to seek to generate surpluses of at least 3% of turnover in order to provide investment funds. This will require strong financial planning and performance, a course to which the University is committed.

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 Chairmen 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.

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 Charter and Statutes require the University to have three separate bodies, each with clearly defined functions and responsibilities, to oversee and manage its activities, as follows:

- **The Council** is the executive governing body, responsible for the finance, property, investments and 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 J Standen.

- **The Senate** is the academic authority of the University and draws its membership from the academic staff and the students of the institution. Its role is to direct and regulate the teaching and research work of the University.

- **The Court** is a large, and formally constituted body. It offers a means whereby the wider interests served by the University can be associated with the institution and provides a public forum where members of Court can raise matters about the University. The Court normally meets once a year to receive the Annual Report and Statement of Accounts of the University.

A majority of the members of Court are from outside the University, representing the local community and other designated bodies with an interest in the work of the University, but the membership also includes representatives of the staff of the University (both academic and non-academic) and the student body.

The principal academic and administrative officer of the University is the Vice-Chancellor, Professor D J Drewry, who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University.

Under the terms of the formal Financial Memorandum 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 Deputy Vice Chancellor, 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 meets at least four times each academic year, much of its detailed work is initially handled by committees, in particular during 2007-2008, the Finance and Estates Committee (chaired by the Treasurer, Mrs N J Duncumb), the Nominations Committee (chaired by Mr J Standen), the Remuneration Committee (chaired by Mr J Standen), the Ethics Committee (chaired by Professor G Brown) and the Audit Committee (chaired by Mr S Martin). 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 University has also had regard to the Committee of University Chairmen 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 Quality Director, 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 Quality Director, 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 Quality Director, 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 terms and conditions of a Financial Memorandum 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 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 from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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 & Statutes and the Financial Memorandum with the 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 2008 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 Senior Management Team (SMT) Monitoring Group, chaired by the Vice-Chancellor; takes responsibility for risk identification, evaluation and management.
- An institution-wide risk register; is maintained by the Senior Management Team, revised 'in year' as the result of emergent risks. Risks are monitored monthly by the SMT and reviewed with departments twice per year. 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 twice per year.
- A risk prioritisation methodology is utilised based on the probability and likely impact of the risk materialising.

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.

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.
15. To ensure that the University's constitution is followed at all times and that appropriate advice is available to enable this to happen.

Independent Auditors' Report to the Council of the University of Hull

We have audited the Group and University financial statements (the 'financial statements') of the University of Hull for the year ended 31 July 2008 which comprise the consolidated income and expenditure, the balance sheets, the consolidated cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements 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 therein.

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

Respective Responsibilities of the University's Council and Auditors

The University's Council responsibilities for preparing the Treasurer's Report and the group financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education 2007, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities within the Corporate Governance Statement.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether 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 Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council. We also report to you whether in our opinion the Treasurer's Report is not consistent with the financial statements, if the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Treasurer's Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

Basis of Opinion

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

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

Opinion

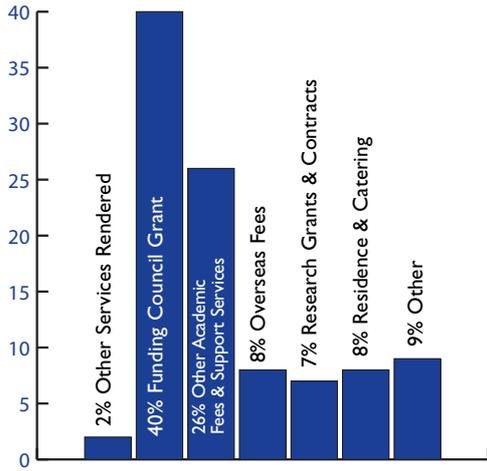
In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the University and the Group as at 31 July 2008 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2008 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2008 has been applied in accordance with the University's statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Financial Memorandum with the Training and Development Agency for Schools and the funding agreement with the Learning and Skills Council.

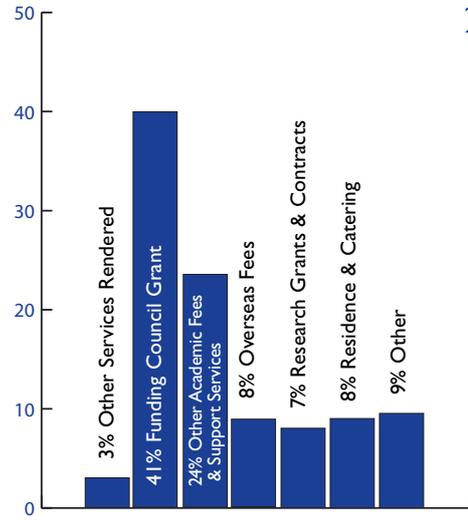
KPMG LLP
Chartered Accountants
Registered Auditor

Illustration of income and expenditure

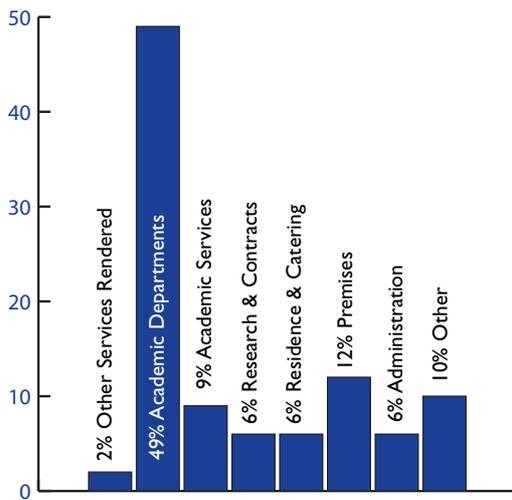
Income
2007–8



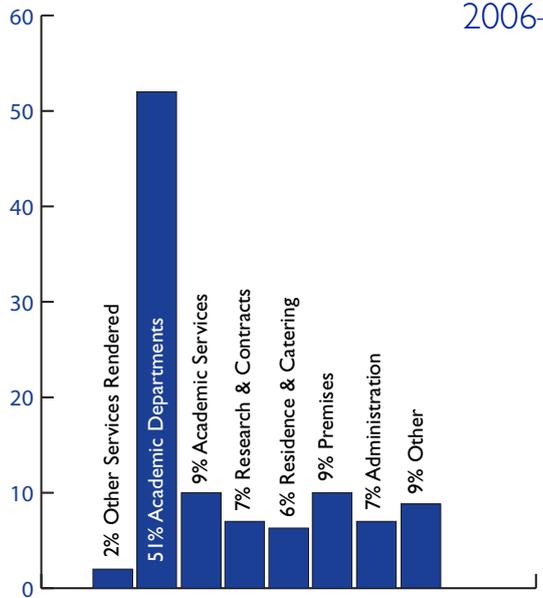
Income
2006–7



Expenditure
2007–8



Expenditure
2006–7



Statement of Principal Accounting Policies

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 both the Statement of Recommended Practice 2007: Accounting for Further and Higher Education Institutions (SORP) and applicable Accounting Standards.

2. Basis of consolidation

The University has set up a number of companies for commercial purposes. The details are included in Note 11 to the financial statements.

A small number of companies in which the University has a minority shareholding are accounted for as fixed asset investments as disclosed in Note 11.

The consolidated financial statements include the University of Hull and its subsidiary undertakings referred to as 'The Group'. The results of subsidiaries acquired during the period are included in the consolidated profit and loss account from the date of their acquisition. Intragroup sales and profits are eliminated fully on consolidation.

The financial statements do not include those of the University of Hull Students' Union as the University does not have a dominant influence over its policy decision.

3. Provisions for liabilities and charges

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.

4. Recognition of income

Income from Specific Endowments and Donations, Research Grants, Contracts and Other Services Rendered is included to the extent to the extent of the expenditure incurred during the year, together with any related contributions towards overhead costs. All income from short-term deposits and General Endowment Asset Investments is credited to the Income and Expenditure Account on a receivable basis.

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

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

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.

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 & expenditure account or the statement of total recognised gains and losses in accordance with FRS17 'Retirement Benefits'.

For the Universities Superannuation Scheme pension costs are brought to account on the basis of charging the costs of providing pensions over the period during which the University benefits from the employees' services.

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. Leases

Rental costs under operating leases are charged to expenditure in equal annual amounts over the periods of the leases.

Finance 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 are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against income in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the life of the lease.

8. 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. All capital expenditure (recent and historic) classed as building refurbishment is depreciated over 20 years from financial year 2007/08 (previously written off over 25 years). No depreciation is charged in the year of acquisition on either category.

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.

9. Equipment

Equipment costing less than £10,000 per individual item or group of related items is written off in the year of acquisition. All other equipment is capitalised.

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

General equipment	5 years
Motor Vehicles	4 years
Equipment acquired for specific research projects	project life by financial year

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).

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. Endowment Asset Investments

Endowment asset investments are included in the Balance Sheet at market value. Current Asset Investments are included at the lower of cost or market value.

12. Stocks

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

13. 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.

14. Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Section 506(1) of the Taxes Act 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax. The University's subsidiary companies are subject of corporation tax and VAT in the same way as any commercial organisation.

Consolidated income and expenditure account

for the year ended 31 July 2008

	Note	2008 £000	2007 £000
INCOME			
Funding Council Grants	1	55,882	51,147
Tuition Fees and Education Contracts	2	48,630	41,200
Research Grants and Contracts	3	10,063	9,296
Other Income	4	25,688	24,768
Endowment and Investment Income	5	1,261	961
TOTAL INCOME		141,524	127,372
EXPENDITURE			
Staff Costs	6	81,091	75,308
Other Operating Expenses	7	46,419	39,759
Depreciation	10	6,933	6,237
Interest Payable	8	751	667
TOTAL EXPENDITURE	9	135,194	121,971
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and before tax and exceptional items		6,330	5,401
Net loss relating to flood damage	16	0	(250)
Surplus on Disposal of Tangible Fixed Assets		0	5,604
Taxation		0	0
Transfer from/(to) accumulated income within specific endowments		11	(84)
Surplus on continuing operations after depreciation of tangible fixed assets at valuation and disposal of assets, tax and exceptional items and transfers in respect of specific endowments	20	6,341	10,671

The income and expenditure account is in respect of continuing activities

Balance sheets as at 31 July 2008

	Note	Consolidated		University	
		2008	2007	2008	2007
		£000	£000	£000	£000
FIXED ASSETS					
Tangible Assets	10	98,166	87,370	98,166	87,370
Investments	11	4,140	4,796	5,822	6,478
		102,306	92,166	103,988	93,848
ENDOWMENT ASSETS					
	12	10,552	11,037	10,552	11,037
CURRENT ASSETS					
Stocks		71	65	71	65
Debtors	13	13,870	13,366	15,588	15,258
Investments		5,045	17,312	5,045	16,285
Cash at Bank and in Hand		674	196	645	167
		19,660	30,939	21,349	31,775
CREDITORS: AMOUNTS FALLING					
DUE WITHIN ONE YEAR	14	(29,799)	(39,714)	(31,547)	(39,808)
NET CURRENT LIABILITIES					
		(10,139)	(8,775)	(10,198)	(8,033)
TOTAL ASSETS LESS CURRENT LIABILITIES					
		102,719	94,428	104,342	96,852
CREDITORS: AMOUNTS FALLING					
DUE AFTER MORE THAN ONE YEAR	15	(7,500)	(7,500)	(9,143)	(9,318)
PROVISIONS FOR LIABILITIES AND CHARGES	16	(1,432)	(3,846)	(1,432)	(3,846)
NET ASSETS EXCLUDING PENSION (LIABILITY)					
		93,787	83,082	93,767	83,688
PENSION (LIABILITY)	29	(18,231)	(12,278)	(18,231)	(12,278)
NET ASSETS INCLUDING PENSION (LIABILITY)					
		75,556	70,804	75,536	71,410
DEFERRED CAPITAL GRANTS					
	17	49,763	43,109	49,763	43,109
ENDOWMENTS					
Restricted Permanent and Expendable	18	4,384	4,345	4,384	4,345
Unrestricted Permanent	18	6,168	6,692	6,168	6,692
		10,552	11,037	10,552	11,037
RESERVES					
MRI Reserve	21	5,609	6,349	5,609	6,349
Revaluation Reserve	19	2,563	2,610	2,563	2,610
		8,172	8,959	8,172	8,959
General reserve excluding pension (liability)	20	25,300	19,977	25,280	20,583
Pension Reserve	29	(18,231)	(12,278)	(18,231)	(12,278)
General reserve including pension (liability)	20	7,069	7,699	7,049	8,305
TOTAL					
		75,556	70,804	75,536	71,410

The financial statements were approved by the Council on 25 November 2008, and signed on its behalf by:
MR J STANDEN (Chairman of Council) • MRS N J DUNCUMB (Treasurer) • PROFESSOR D J DREWRY (Vice-Chancellor)

Consolidated cash flow statement

for the year ended 31 July 2008

	Note	2008 £000	2007 £000
CASH FLOW FROM OPERATING ACTIVITIES	23	(1,740)	3,701
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	24	529	257
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	25	(7,328)	(4,119)
MANAGEMENT OF LIQUID RESOURCES	26	12,267	(5,820)
FINANCING	27	(3,250)	5,000
INCREASE/(DECREASE) IN CASH IN THE YEAR		478	(981)

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

	2008 £000	2007 £000
Increase/(Decrease) in cash in the year	478	(981)
Cash (outflow)/inflow from liquid resources	(12,267)	5,820
Change in net debt resulting from cash flows	(11,789)	4,839
Decrease/(Increase in Debt)	3,250	(5,000)
MOVEMENT IN NET FUNDS IN THE PERIOD	(8,539)	(161)
Net Funds at 1 August	3,508	3,669
NET (DEBT)/FUNDS AT 31 JULY	(5,031)	3,508

Statement of consolidated total recognised gains and losses for the year ended 31 July 2008

		2008	2007
	Note	£000	£000
Surplus on continuing operations after Depreciation of Assets at Valuation and Disposal of Tangible Fixed Assets		6,341	10,671
(Depreciation)/Appreciation of Endowment Asset Investments	18	(991)	83
Endowment Income (Released)/Retained for Year	18	(11)	84
New Endowments	18	517	112
FRS17 actuarial (loss)/gain recognised in pension schemes	29	(7,018)	1850
Net Movement on Specific MRI reserve	21	(740)	124
TOTAL RECOGNISED (LOSSES)/GAINS RELATING TO THE YEAR		(1,902)	12,924

	2008
	£000
Reconciliation	
Opening Reserves and Endowments	27,695
Total recognised losses for the year	(1,902)
Closing Reserves and Endowments	<u>25,793</u>

Consolidated statement of Historical Cost Surpluses and Deficits for the year ended 31 July 2008

Surplus on continuing operations before taxation		6,341	10,671
Difference between an Historical Cost Depreciation Charge and the Actual Depreciation Charge for the Year Calculated on the Revalued Amount	19	47	47
Historical Cost Surplus for the year before and after taxation		6,388	10,718

Notes to the accounts

	2008	2007
	£000	£000
I. FUNDING COUNCIL GRANTS		
Recurrent Grant	44,929	41,351
Specific Grants		
TDA	2,898	2,775
JISC	425	221
Other	4,930	4,070
Deferred Capital Grants Released in Year (note 17)	2,700	2,730
	<u>55,882</u>	<u>51,147</u>
Funding Council Grants represent grants from the Higher Education Funding Council for England and the Training and Development Agency for Schools		
2. TUITION FEES AND EDUCATION CONTRACTS		
Full-time Students	31,997	26,551
Full-time Students Charged Overseas Fees	11,701	10,027
Part-time Students	2,574	2,547
Research Training Support Grants	793	680
Short Course Fees	1,565	1,395
	<u>48,630</u>	<u>41,200</u>
3. RESEARCH GRANTS AND CONTRACTS		
Research Councils	2,724	2,060
UK Charities	1,667	1,517
UK Central Government	576	651
Local Authorities	273	417
Health & Hospitals	612	829
UK Industry	1,374	1,304
EU	2,193	2,005
Overseas and Other Sources	644	513
	<u>10,063</u>	<u>9,296</u>

Notes to the accounts

	2008	2007
	£000	£000
4. OTHER INCOME		
Residences, Catering and Conferences	11,127	10,473
Other Services Rendered	3,207	3,456
Health Authorities	4,795	4,558
Other Donations	305	312
Released from Deferred Capital Grants	1,003	787
Rents Receivable and Facilities Income	832	771
ERASMUS Grants	207	463
Other Revenue Grant and Departmental Income	2,333	1,888
Other Income	1,879	2,060
	<u>25,688</u>	<u>24,768</u>
5. ENDOWMENT AND INVESTMENT INCOME		
Transferred from Restricted Permanent and Expendable Endowments (note 18)	186	236
Income from Unrestricted Permanent Endowment Asset Investments (note 18)	326	357
Income from Short Term Investments	718	330
FRS17 Pension finance income	0	37
Loan Interest receivable	31	1
	<u>1,261</u>	<u>961</u>
6. STAFF		
Staff Costs:		
Wages and Salaries	67,252	62,288
Social Security Costs	5,502	5,252
Other Pension Costs	8,337	7,768
	<u>81,091</u>	<u>75,308</u>
Emoluments of the Vice-Chancellor	186	170
	<u>186</u>	<u>170</u>

The emoluments of the Vice-Chancellor excludes the University's pension contributions to USS on his behalf which amounted to £26,087 (2007: £23,487). Other contributions additionally paid in the year were £nil (2007: £nil).

Total emoluments therefore comprised £212,087 (2007: £193,487).

Notes to the accounts

	2008	2007
	Number	Number
6. STAFF (<i>continued</i>)		
Average Staff Numbers by Major Category		
Academic/Clinical	1,094	1,135
Technical	108	117
Administrative	390	411
Other	405	295
	1,997	1,958

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 *.

	No. of Staff		No. of Staff	
	*	*	*	*
£190,000 - £199,999	0	0	0	0
£180,000 - £189,999	1	0	1	0
£170,000 - £179,999	2	0	1	0
£160,000 - £169,999	1	0	1	0
£150,000 - £159,999	1	0	2	0
£140,000 - £149,999	4	0	2	0
£130,000 - £139,999	4	1	4	1
£120,000 - £129,999	2	2	2	0
£110,000 - £119,999	3	0	2	2
£100,000 - £109,999	2	2	3	0

Notes to the accounts

	2008	2007
	£000	£000
7. OTHER OPERATING EXPENSES		
Residences, Catering and Conferences	4,637	4,270
Academic Departmental Expenditure	13,463	12,690
Books, Periodicals and related Media	1,411	1,288
Other Library and Computing and Academic Services	3,734	3,395
General Educational Expenditure	2,697	1,918
Administration	1,894	2,271
Fellowships, Scholarships and Prizes	3,309	1,992
Heat, Light, Water and Power	2,578	1,479
Repairs and General Maintenance	949	860
Planned Maintenance	2,842	1,085
Rent, Rates and Insurance	636	546
Grants to University's Students' Union	1,102	1,293
Research Grants and Contracts	3,644	3,346
Services Rendered	1,099	1,224
Auditors' Remuneration	47	41
Auditors' Remuneration re Non-Audit Services	12	0
Bad and Doubtful Debts	607	574
Other Expenses	1,758	1,487
	<u>46,419</u>	<u>39,759</u>

Notes to the accounts

	2008	2007
	£000	£000
8. INTEREST PAYABLE		
Bank and other Loans repayable within 1 year	340	353
Bank and other Loans wholly or partly repayable in more than 5 years	392	314
FRS17 pension finance charge	19	0
	751	667

9. ANALYSIS OF 2007 - 2008 EXPENDITURE BY ACTIVITY

	Staff Costs	Depreciation	Other Operating Expenditure	Interest Payable	Total
Academic Departments	50,917	1,566	13,463	0	65,946
Academic Services	6,779	599	5,145	0	12,523
Research Grants and Contracts	4,478	117	3,644	0	8,239
Residences, Catering and Conferences	2,336	804	4,638	0	7,778
Premises	4,834	3,145	7,442	751	16,172
Administration	6,179	31	1,894	0	8,104
Services Rendered	1,381	0	1,099	0	2,480
Other Expenses	4,187	671	9,094	0	13,952
	81,091	6,933	46,419	751	135,194

The depreciation charge has been funded by:	£000
Deferred Capital Grants Released (<i>note 17</i>)	3,820
Revaluation Reserve Released (<i>note 19</i>)	47
General Income	3,066
	6,933

As described in the statement of accounting policies the change in estimate of depreciation for building refurbishments has had the following effect on the current year accounts:

	£000
Additional depreciation charged on assets capitalised in 2006/07 and prior years	617
Associated deferred capital grants released to income	(209)
Net additional charge in 2007/08 to Income and Expenditure account	408

The change in depreciation was made to reflect more accurately the consumption of economic benefits

Notes to the accounts

10. TANGIBLE ASSETS	Consolidated and University			
	Land & Buildings		Equipment	Total
	Freehold	Leasehold		
	£000	£000	£000	£000
Cost/Valuation:				
At 1 August 2007				
Cost/Valuation	96,111	865	30,054	127,030
Additions at Cost	14,458	0	3,271	17,729
At 31 July 2008	110,569	865	33,325	144,759
Depreciation:				
At 1 August 2007				
Charge for the year	3,391	43	3,499	6,933
At 31 July 2008	20,378	516	25,699	46,593
Net Book Value				
At 31 July 2008	90,191	349	7,626	98,166
Net Book Value				
At 1 August 2007	79,124	392	7,854	87,370

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 £4,031,000. 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.

Buildings with a net book value of £33,426,385 (2007: £28,350,419) have been funded from Treasury sources: should these particular buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum of the Higher Education Funding Council for England. Land and Buildings and Equipment at 31 July 2008 include £nil (2007: £234,592) of assets in the course of construction which are not depreciated until completed.

Notes to the accounts

Consolidated		University	
2008	2007	2008	2007
£000	£000	£000	£000

11. FIXED ASSET INVESTMENTS

4,140	4,796	5,822	6,478
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£1,769,000 of University investments relate solely to interests in subsidiary undertakings and other companies in which the University has an interest, as follows:

Name of undertaking	Country of incorporation or registration	Description of shares held	Proportion of nominal value of issued shares held %	Nature of business
Hull Unico Limited	England & Wales	Ordinary	100	Dormant
Nursco Limited	England & Wales	Ordinary	100	Nursing training
Unico Learning Resources Limited	England & Wales	Ordinary	100	Learning resource
Guildtech Limited	England & Wales	Ordinary	100	Lease of Buildings
Wide Vista Limited	England & Wales	Ordinary	100	Lease of Buildings
Pollerwin Limited	England & Wales	Ordinary	100	Lease of Buildings
Imagel Limited	England & Wales	Ordinary	7	3G Imaging Solutions
Vertual Limited	England & Wales	Ordinary	34	Virtual Radiography
Kingston Chemicals Limited	England & Wales	Ordinary	18	Liquid Crystals
TLM Technology Limited	England & Wales	Ordinary	18	Predictive Software
CHeMTriX Limited	England & Wales	Ordinary	50	Micro reactor systems

All of the above companies operated entirely in their country of incorporation except for CHeMTriX Ltd.

£87,000 of the Group investments relate to the holdings in CHeMTriX, Kingston Chemicals and TLM technologies. The investment in CHeMTriX 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 and Group investments of £4,053,000 relate to equity portfolio investments partly representing the specific MRI reserve (see note 21) as follows:

Consolidated and University

	£000
At 1 August 2007	4,793
Additions	0
Depreciation on revaluation	(740)
At 31 July 2008	4,053

Notes to the accounts

	Consolidated and University	
	2008	2007
	£000	£000
12. ENDOWMENT ASSET INVESTMENTS		
At 1 August	11,037	10,758
Additions	42	7,462
Increase/(Decrease) in cash balances	464	(3,131)
Disposals	0	(4,135)
(Depreciation)/Appreciation on Revaluation	(991)	83
At 31 July	10,552	11,037
Fixed Interest Stocks	0	0
Equities	5,442	6,391
Bank Balances	5,110	4,646
	10,552	11,037
Equities and Fixed Interest Stocks at Cost	6,270	6,228

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
13. DEBTORS				
Debtors	12,222	8,826	9,334	8,826
Insurance income receivable-flood damage (note 16)	0	3,000	0	3,000
Amounts owed by subsidiary undertakings		0	4,606	1,892
Prepayments and Accrued Income	1,170	1,502	1,170	1,502
Loan to Students' Union	478	0	478	0
CHeMTriX loan	0	38	0	38
	13,870	13,366	15,588	15,258

Amounts fall due within one year except for £1,315,000 (2007: £1,507,000) of the element owed by subsidiaries. The loan to CHeMTriX was fully paid out during the year to total 125,000 euros (approx £87,000) but then converted to an investment (see note 11) by exercise of an option by the University.

The loan to Students' Union was made in August 2007 comprising £700,000 repayable in 36 monthly instalments at a fixed interest rate of 5%.

Notes to the accounts

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Grants and Donations Received in Advance	9,400	13,310	9,400	13,310
Obligations under Finance Leases	0	0	0	0
Credit Facility	3,250	6,500	3,250	6,500
Creditors	8,619	9,819	8,619	9,819
Amounts owed to subsidiary undertakings	0	0	1,748	94
Social Security and other Taxation Payable	2,385	2,616	2,385	2,616
Accruals and Deferred Income	6,145	7,469	6,145	7,469
	<u>29,799</u>	<u>39,714</u>	<u>31,547</u>	<u>39,808</u>

The credit facility bears interest at 0.25% above LIBOR and is repayable on demand.

	Consolidated		University	
	2008	2007	2008	2007
	£000	£000	£000	£000
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Unsecured Loan Repayable 2009 to 2035	7,500	7,500	7,500	7,500
Amounts owed to subsidiary undertakings	0	0	1,643	1,818
	<u>7,500</u>	<u>7,500</u>	<u>9,143</u>	<u>9,318</u>

Consolidated and University

The unsecured loan has several elements as follows:	£000
Fixed interest rate of 4.94% repayable 2009 to 2034	2,500
Fixed interest rate of 5.30% repayable 2010 to 2035	2,500
Fixed interest rate of 5.38% repayable 2010 to 2035	2,500
	<u>7,500</u>

Consolidated

The Credit Facility (£3,250,000 see Note 14) and unsecured loan (£7,500,000) are repayable as follows:

	2008	2007
Less than one year	3,300	6,500
Between one and two years	275	50
Between two and five years	900	875
In five years or more	6,275	6,575
	<u>10,750</u>	<u>14,000</u>

Notes to the accounts

	Consolidated and University			
	Pension £000	Restructuring £000	Flood Damage £000	Total £000
16. PROVISION FOR LIABILITIES AND CHARGES				
At 1 August 2007	648	35	3,163	3,846
Expenditure in Year	(57)	(247)	(2,150)	(2,454)
Additions from Income & Expenditure Account	105	212	0	317
Reduction in estimate	0	0	(277)	(277)
At 31 July 2008	696	0	736	1,432

The restructuring provision relates to an early retirement and severance scheme first announced in 2002/03 with revised terms over previous schemes. No further provision has been carried for 2008/09 in terms of existing obligations. The pension enhancement provision of £696,000 partly represents the present value of future pension enhancements in respect of former University College Scarborough employees who have taken early retirement (£576,000); plus an amount of £120,000 for former University of Hull employees where the pension is paid directly by the University. The University provided in 2006/07 for flood damage incurred anticipating insurance income of £3,000,000 and costs of £3,250,000 with exceptional net loss of £250,000. Actual costs in 2006/07 were £87,000 with provision brought forward of £3,163,000. Actual insurance income claimed and received in 2007/08 was £2,723,000 due to lower than anticipated costs. Therefore both provision and insurance debtor have been reduced by the difference of £277,000 but the University still anticipates the same original net cost of £250,000 with £736,000 of expenditure relating to flood damage remaining pending and provided for in 2008/09. A summary of the current position is as follows:

		Consolidated and University	
		£000	
Insurance income received			2,723
Actual costs incurred	2006/07	(87)	
	2007/08	(2,150)	(2,237)
Provision remaining representing flood damage costs pending			(736)
Net loss relating to flood damage			(250)

	Consolidated and University		
	Funding Council £000	Other Grants & Benefactors £000	Total £000
17. DEFERRED CAPITAL GRANTS			
At 1 August 2007			
Buildings	28,350	10,076	38,426
Equipment	3,343	1,340	4,683
	31,693	11,416	43,109
Received in Year			
Buildings	6,231	2,519	8,750
Equipment	657	1,067	1,724
	6,888	3,586	10,474
Released in year			
Buildings	(1,155)	(447)	(1,602)
Equipment	(1,545)	(673)	(2,218)
	(2,700)	(1,120)	(3,820)
At 31 July 2008			
Buildings	33,426	12,148	45,574
Equipment	2,455	1,734	4,189
	35,881	13,882	49,763

Notes to the accounts

Consolidated and University

	Unrestricted Permanent £000	Restricted Expendable £000	Restricted Permanent £000	Restricted Total £000	Total £000
18. ENDOWMENTS					
Re-stated balances					
Capital value	6,692	76	2,970	3,046	9,738
Accumulated income	0	33	1,266	1,299	1,299
at 1 August 2007 as re-stated	6,692	109	4,236	4,345	11,037
Additions	0	398	119	517	517
Depreciation of Endowment Asset Investments	(524)	0	(467)	(467)	(991)
Income for Year	326	17	169	186	512
Released to Income and Expenditure (note 5)	(326)	(17)	(169)	(186)	(512)
Transferred to Income and Expenditure Account (see below)	0	0	(11)	(11)	(11)
At 31 July 2008	6,168	507	3,877	4,384	10,552
Represented by:					
Capital	6,168	388	2,545	2,933	9,101
Accumulated income	0	41	1,410	1,451	1,451
	6,168	429	3,955	4,384	10,552

The HE Statement of Recommended Practice (SORP) 2007 now requires income from specific endowments to be credited to the income and expenditure account on a receivable basis as before by matching to spend, but achieved by a new separate transfer entry in respect of the same. This means that any income in the year from specific endowments earned in excess of that applied to the specific purpose is transferred from the income and expenditure account to accumulated endowment income in the balance sheet by transfer *after* striking an initial result for the year. Similarly any expenditure for the specific purpose applied in excess of income generated in the year is matched by transfer from accumulated endowment income again *after* striking an initial result for the year. The resultant new transfer entry is shown on the face of the income and expenditure account.

Furthermore from 2007/08 the SORP 2007 introduces a new category of endowment called 'expendable' where the initial capital sum can be expended on the intended restricted purpose as opposed to previous conventions where within endowments the initial sum was permanent and only income generated used for the purpose. The SORP also now requires a division between capital (expendable and permanent) and accumulated unexpended income. In implementing these revisions the University has had to review its existing endowments against the criteria of restricted, expendable and permanent and also balances formerly in current liabilities for transfer as potential (mainly expendable) endowments. The above classifications represent management's best estimates. During the year balances brought forward totalling £260,000 were moved from current liabilities into endowments within additions.

Notes to the accounts

	Consolidated	University
	£000	£000
19. REVALUATION RESERVE		
At 1 August 2007	2,610	2,610
Released in Year (note 9)	(47)	(47)
At 31 July 2008	<u>2,563</u>	<u>2,563</u>

	Consolidated	University
	£000	£000
20. GENERAL RESERVE		
At 1 August 2007	7,699	8,305
Surplus for the year after Depreciation of Assets at Valuation	6,341	5,715
Release from Revaluation Reserve	47	47
FRS 17 actuarial loss on pension scheme	(7,018)	(7,018)
At 31 July 2008	<u>7,069</u>	<u>7,049</u>
The general reserve is subdivided as follows at 31 July 2008:		
Excluding pension reserve	25,300	25,280
Pension reserve	(18,231)	(18,231)
Total	<u>7,069</u>	<u>7,049</u>

	Consolidated and University	
	£000	£000
21. MRI RESERVE		
At 1 August 2007	6,349	6,349
Additions	0	0
(Depreciation) from element invested on revaluation	(740)	(740)
At 31 July 2008	<u>5,609</u>	<u>5,609</u>

In March 2007 the equivalent endowment asset investment was split between equity investments (£4,669,000) and current asset investments (£1,556,000) 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 2008 the reserve was represented by portfolio equity investments of £4,053,000 and current asset investments of £1,556,000.

	Consolidated and University	
	2008	2007
	£000	£000
22. CAPITAL COMMITMENTS		
Committments Contracted for at 31 July	<u>4,890</u>	<u>6,075</u>

Notes to the accounts

	2008	2007
	£000	£000
23. RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES		
Surplus	6,341	10,671
Depreciation (note 10)	6,933	6,237
Profit on Disposal of Tangible Fixed Assets	0	(5,604)
Deferred Capital Grants Released to Income (note 17)	(3,820)	(3,637)
Investment Income (notes 5,18)	(1,272)	(877)
Interest Payable (note 8)	751	667
(Increase)/Decrease in Stocks	(6)	6
(Increase) in Debtors	(504)	(4,931)
(Decrease) in Creditors	(6,665)	(858)
(Decrease)/Increase in Provisions	(2,414)	2,893
Difference between pension charge and cash contributions	(1,084)	(866)
Net Cash (Outflow)/Inflow from Operating Activities	(1,740)	3,701

24. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Income from endowments (note 18)	512	593
Income from short term investments (note 5)	718	330
Interest paid (note 8)	(732)	(667)
Interest receivable (note 5)	31	1
Net cash inflow from returns on investments and servicing of finance	529	257

25. CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Tangible fixed assets and investments acquired (note 10)	(17,813)	(17,594)
Sales of Tangible Fixed Assets	0	5,905
Endowment asset investments acquired (note 12)	(506)	(4,331)
Sales of endowment asset investments (note 12)	0	4,135
Deferred Capital Grants Received (note 17)	10,474	7,654
Endowments Received (note 18)	517	112
Net cash (outflow) from capital expenditure and financial investment	(7,328)	(4,119)

Notes to the accounts

	2008	2007
	£000	£000
26. MANAGEMENT OF LIQUID RESOURCES		
Decrease/(Increase) in short term deposits	12,267	(5,820)
Inflow/(Outflow) from management of liquid resources	12,267	(5,820)

	2008	2007		
	£000	£000		
27. FINANCING				
	Credit Facility	Loans	Total	Total
Balance at 1 August	6,500	7,500	14,000	9,000
Capital Repayments	(3,250)	0	(3,250)	0
New Loan		0	0	5,000
Balance at 31 July	3,250	7,500	10,750	14,000

	At 1 August 2007	Cash Flow	Other Changes	At 31 July 2008
	£000	£000	£000	£000
28. ANALYSIS OF CHANGES IN NET DEBT				
Cash at Bank and in Hand	196	478	0	674
Liquid Resources:				
Short term deposits	17,312	(12,267)	0	5,045
	17,508	(11,789)	0	5,719
Debt Due within one year	(6,500)	3,250	0	(3,250)
Debt Due after one year	(7,500)	0	0	(7,500)
	(14,000)	3,250	0	(10,750)
	3,508	(8,539)	0	(5,031)

Notes to the accounts

29. PENSION SCHEMES

(a) Universities Superannuation Scheme ('USS')

The University participates in the USS, a defined benefit scheme which is externally funded and contracted-out of the State Earnings Related Pension Scheme. The assets of the scheme are held in a separate trustee administered fund.

The latest valuation of the scheme was at 31 March 2005. The assumptions which have the most significant effect on the valuation, are those relating to the rate of return on investments (ie. the valuation rate of interest) and the rates of increase in salary and pensions. In relation to past service liabilities the financial assumptions were derived from market yields prevailing at the valuation date. It was assumed that the valuation rate of interest would be 4.5% per annum, that the rate of increase in salaries would be 3.9% per annum and that of pensions in payment, 2.9% per annum. In relation to the future service liabilities it was assumed that the valuation rate of interest would be 6.2% per annum, including an additional investment return assumption of 1.7% per annum, that the rate of increase in salaries would be 3.9% per annum and pensions in payment, 2.9% per annum. The valuation was carried out using the projected unit method.

At the valuation date, the market value of the assets of the scheme was £21.7bn and the value of the past service liabilities was £28.3bn leaving a deficit of £6.6bn. The assets were therefore sufficient to cover only 77% of the benefits, which had accrued to members after allowing for expected future increases in earnings.

The institution contribution rate required for future service benefits alone at the date of the valuation was 14.3% of salaries but it was agreed that the institution contribution rate would be maintained at 14% of salaries.

The total pension contributions paid by the University to the USS during the year amounted to £6,032,507 (2007: £5,438,939).

(b) University of Hull Pension and Assurance Scheme

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 contributions to the final salary scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The last actuarial valuation was carried out at 6 April 2006. The market value of the scheme assets at that date excluding additional voluntary contributions was £48.1 million. The actuarial value of these assets was maintained at this figure under revised assumptions.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investment and to the rates of increase in pay and pensions. It was assumed that the investment returns would exceed pay increases by an average 2.5% per annum. On this basis the scheme was funded at 77%.

Employer contributions to the scheme during the year totalled £2,564,749 (2007: £2,441,753). Following the actuarial valuation at 6 April 2006 and in order to meet the agreed recovery plan, the University maintained its contribution rate at 25.40% of pensionable salaries.

(c) Other Pension Schemes

A small number of staff remain in other pension schemes. Employer contributions to such schemes totalled £823,678 during the year (2007: £753,064).

Notes to the accounts

(d) Financial Reporting Standard 17

The university has fully adopted accounting standard FRS 17 'Retirement Benefits' during the year. Disclosure information is provided for relevant schemes as outlined below.

i) Universities Superannuation Scheme

It is not possible to identify each institution's share of the underlying assets and liabilities of the scheme and hence contributions to the scheme are brought to account as if the scheme were a defined contribution scheme. The cost is recognised within the surplus/deficit for the year in the income and expenditure account being equal to the contributions payable to the scheme for the year.

ii) University of Hull Pension and Assurance Scheme

A full actuarial valuation of this scheme was carried out at 6 April 2006 and financial assumptions updated to 31 July 2008 by a qualified independent actuary. The major assumptions used by the actuary were:

	2008	2007	2006
Rate of increase in salaries	4.10%	3.60%	3.70%
Rate of increase in pensions in payment	3.60%	3.10%	3.20%
Discount rate	6.60%	5.70%	5.30%
Inflation assumption	3.60%	3.10%	3.20%

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

	2008	2007
Retiring today		
males	19.8	18.6
females	22.8	21.5
Retiring in 20 years		
males	21	18.6
females	24	21.5

The assets in the scheme and the expected rate of return were:

	Long-term expected return	2008 Long-term £000 expected return	2007 Long-term £000 expected return	2006 £000
Equities	9.40%	33,675	7.40%	36,853
Bonds	5.70%	11,845	5.20%	7,600
Property	9.40%	2,074	7.40%	10,618
Cash/Other	5%	688	5.75%	2,390
		<u>48,282</u>		<u>52,187</u>
				<u>46,269</u>

Notes to the accounts

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

	2008 £000	2007 £000	2006 £000
Total market value of assets	48,282	52,187	46,269
Present value of scheme liabilities	(63,498)	(62,939)	(59,705)
(Deficit) in the scheme	(15,216)	(10,752)	(13,436)

The following amounts have been recognised in the performance statements in the year to 31 July 2008 under the requirements of FRS 17:

	2008 £000	2007 £000
OPERATING PROFIT		
Current service cost	1,429	1,428
Past service cost	0	119
Total Operating Charge	1,429	1,547
OTHER FINANCE INCOME		
Expected return on pension scheme assets	3,610	3,256
Interest on pension scheme liabilities	(3,570)	(3,164)
Net Return	40	92
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)		
Actual return less expected return on pension scheme assets	(8,082)	1,606
Experience gains and losses arising on scheme liabilities	288	(486)
Changes in assumptions underlying the present value of the scheme liabilities	2,085	514
Actuarial (loss)/gain recognised in STRGL	(5,709)	1,634

Notes to the accounts

	2008	2007
	£000	£000
MOVEMENT IN (DEFICIT) DURING THE YEAR		
(Deficit) in scheme at beginning of the year	(10,752)	(13,436)
Movement in the year:		
Current service cost	(1,429)	(1,428)
Contributions	2,634	2,505
Past service costs	0	(119)
Other financial income	40	92
Actuarial (loss)/gain	(5,709)	1,634
(Deficit) in scheme at end of year	<u>(15,216)</u>	<u>(10,752)</u>

	2008	2007
	£000	£000
ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME LIABILITIES		
At beginning of the year	62,939	59,705
Current service cost	1,429	1,428
Interest on liabilities	3,570	3,164
Contributions	658	625
Past service costs	0	119
Pensions paid	(2,725)	(2,074)
Actuarial gains	<u>(2,373)</u>	<u>(28)</u>
At end of year	<u>63,498</u>	<u>62,939</u>

	2008	2007
	£000	£000
ANALYSIS OF THE MOVEMENTS IN THE PRESENT VALUE OF THE SCHEME ASSETS		
At beginning of the year	52,187	46,269
Expected return on assets	3,610	3,256
Contributions	3,292	3,130
Pensions paid	(2,725)	(2,074)
Actuarial (losses)/gains	<u>(8,082)</u>	<u>1,606</u>
At the of year	<u>48,282</u>	<u>52,187</u>

Notes to the accounts

DETAILS OF EXPERIENCE GAINS AND LOSSES FOR THE YEAR TO 31 JULY 2008

	2008	2007	2006	2005
Differences between the expected and actual return on scheme assets:				
Amount (£000)	(8,082)	1,606	1,602	4,580
Percentage of scheme assets	(15%)	3%	3%	14%
Experience gains and losses on scheme liabilities:				
Amount (£000)	288	(486)	0	(20)
Percentage of the present value of the scheme liabilities	0%	(1%)	0%	0%
Total amount recognised in statement of total recognised gains and losses:				
Amount (£000)	(5,709)	1,634	1,110	(831)
Percentage of the present value of the scheme liabilities	(9%)	(3%)	(2%)	(2%)

iii) North Yorkshire Pension Fund (within "other pensions schemes" at (c) on page 34)

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 2004 and financial assumptions updated to 31 July 2008 by a qualified actuary. The major assumptions used by the actuary were:

	2008	2007	2006
Rate of increase in salaries	5.55%	4.95%	4.75%
Rate of increase in pensions in payment	3.80%	3.20%	3.00%
Discount rate	5.90%	5.80%	5.10%
Inflation assumption	3.80%	3.20%	3.00%

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

	2008	2007
Retiring today		
males	21.1	19.7
females	24	22.6
Retiring in 20 years		
males	22.2	22.2
females	25	25

Notes to the accounts

The assets in the scheme and the expected rate of return were:

	Long-term expected return	2008 £000	Long-term expected return	2007 £000	Long-term expected return	2006 £000
Equities	7.50%	2,397	7.50%	2,768	7.00%	2,268
Bonds	5.90%	928	5.80%	651	5.10%	570
Property/Cash/Other	7.50%	124	5.75%	199	4.50%	197
		<u>3,449</u>		<u>3,618</u>		<u>3,035</u>

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

	2008 £000	2007 £000	2006 £000
Total market value of assets	3,449	3,618	3,035
Present value of scheme liabilities	(6,464)	(5,144)	(4,630)
(Deficit) in the scheme	<u>(3,015)</u>	<u>(1,526)</u>	<u>(1,595)</u>

Notes to the accounts

The following amounts have been recognised in the performance statements in the year to 31 July 2007 under the requirements of FRS 17:

	2008	2007
	£000	£000
OPERATING PROFIT:		
Current service cost	296	296
Past service cost	62	0
Total Operating Charge	358	296
	£000	£000
OTHER FINANCE INCOME		
Expected return on pension scheme assets	249	189
Interest on pension scheme liabilities	(308)	(244)
Net Return	(59)	(55)
	£000	£000
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES (STRGL)		
Actual return less expected return on pension scheme assets	(673)	173
Experience gains and losses arising on scheme liabilities	(119)	0
Changes in assumptions underlying the present value of the scheme liabilities	(517)	43
Actuarial (loss)/gain recognised in STRGL	(1,309)	216
	£000	£000
MOVEMENT IN DEFICIT DURING THE YEAR		
(Deficit) in scheme at beginning of the year	(1,526)	(1,595)
Movement in the year:		
Current service cost	(296)	(296)
Contributions	237	204
Past service costs	(62)	0
Other financial income	(59)	(55)
Actuarial (loss)/gain	(1,309)	216
(Deficit) in scheme at end of year	(3,015)	(1,526)

During the accounting period there have been no significant changes to the scheme.

2008 2007
£000 £000

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

At beginning of the year	5,144	4,630
Current service cost	296	296
Interest on liabilities	308	244
Contributions	98	91
Past service costs	62	0
Pensions paid	(77)	(74)
Actuarial loss/(gain)	633	(43)
At end of year	<u>6,464</u>	<u>5,144</u>

2008 2007
£000 £000

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

At beginning of the year	3,618	3,035
Expected return on assets	249	189
Contributions	335	295
Pensions paid	(77)	(74)
Actuarial (loss)/gain	(676)	173
At end of year	<u>3,449</u>	<u>3,618</u>

Notes to the accounts

DETAILS OF EXPERIENCE GAINS AND LOSSES FOR THE YEAR TO 31 JULY 2008

	2008	2007	2006	2005
Differences between the expected and actual return on scheme assets:				
Amount (£000)	(673)	173	178	291
Percentage of scheme assets	(20%)	5%	6%	12%
Experience gains and losses on scheme liabilities:				
Amount (£000)	(119)	0	(134)	98
Percentage of the present value of the scheme liabilities	(2%)	0%	(3%)	2%
Total amount recognised in statement of total recognised gains and losses:				
Amount (£000)	(1,309)	216	(123)	(132)
Percentage of the present value of the scheme liabilities	(20%)	4%	(3%)	(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:

	2008 £000	2007 £000	2006 £000
Net assets excluding pension liability	93,787	83,082	68,894
Pension liability-UOH	(15,216)	(10,752)	(13,436)
Pension liability-NYPF	(3,015)	(1,526)	(1,595)
Net assets including pension liability	75,556	70,804	53,863
Income and expenditure reserve excluding pension liability	25,300	19,977	10,162
Pension liability-UOH	(15,216)	(10,752)	(13,436)
Pension liability-NYPF	(3,015)	(1,526)	(1,595)
Income and expenditure reserve including pension liability	7,069	7,699	(4,869)
The total pension liability for the group is therefore shown as:	2008 £000	2007 £000	2006 £000
	(18,231)	(12,278)	(15,031)

Notes to the accounts

Consolidated and University

	2008	2007
	£000	£000
30. ACCESS FUNDS		
Balance brought forward at 1 August	66	6
Funding Council Grants	600	771
Interest earned	9	11
	675	788
Disbursed to students	(650)	(722)
Balance unspent at 31 July	25	66

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.

31. TDA BURSARY FUNDS

Consolidated and University

	2008	2007
	£000	£000
Balance brought forward at 1 August	125	138
TDA Grants	1,747	1,731
	1,872	1,869
Disbursed to students	(1,793)	(1,744)
Balance unspent at 31 July	79	125

TDA 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.

	2008	2007
	£000	£000
32. TDA MINORITY ETHNIC RECRUITMENT		
Balance brought forward 1 August	4	4
TDA Grants	5	6
	9	10
Expenditure	(5)	(6)
Balance unspent at 31 July	4	4

These are funds for aiding recruitment and retention of students from minority ethnic backgrounds and are excluded from the Income and Expenditure Account.

Notes to the accounts

33. UNIVERSITY COMPANIES AND OTHER INTERESTS

Details of subsidiaries and other investments are given in note 11.

The University of Hull Maritime History Trust Limited 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 £7,852 (2007: £9,204). The University payment from the Trust for payments made on its behalf amounted to £930 (2007: £2,343). The amount owing to the University at 31 July 2008 was £661 (2007: £3,744). The amount owing by the University to the Trust at 31 July 2008 was £600 (2007: £4,407).

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 seven trustees, of whom two are employees of the University.

During the year grants were made from the Trust to the University amounting to £13,059 (2007: £13,654). The amount owing to the University at 31 July 2008 was £159 (2007: £11,660).

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

34. RELATED PARTY DISCLOSURE

During the year ended 31 July 2008, the University paid a grant of £1,088,941 (2007: £1,277,022) to the Students Union. Further payments were made to the Union of £108,262 (2007: £38,720) in respect of goods and services rendered. The Union made payments to the University of £568,091 (2007: £568,317) in respect of facilities recharges. At 31 July 2008 the University owed the Union £6,442 (2007: £6,119). An amount of £2,296 (2007: £41,557) was owing from the Union to the University. The Union also owed the University £478,000 in relation to a loan made during the year (see note 13).

During the year ended 31 July 2008, the University made payments to EMIH Ltd of £44,159 (2007: £55,387) in respect of rent for the flume laboratory and the use of and admission to facilities. EMIH Ltd made payments to the University of £nil (2007: £nil) in respect of catering recharges. At the year end the University owed EMIH Ltd £418 (2007: £76). An amount of £nil (2007: £nil) was owing from EMIH Ltd to the University. The company has charitable status with a Board of nine directors, three of whom are nominees of the University.

During the year ended 31 July 2008, the University made payments to Information by Design Ltd of £11,421 (2007: £411) in respect of design work. Information by Design Ltd made payments to the University of £12,969 (2007: £22,622) in respect of project support services and postal/cleaning charges. At the year end the University owed Information by Design Ltd £nil (2007: £493). An amount of £nil (2007: £6,586) was owing from Information by Design Ltd.

During the year ended 31 July 2008, the University made payments to IT Interface Ltd of £3,525 (2007: £18,671) for IT Training. IT Interface Ltd made payments to the University of £nil (2007: £nil). At the year end the University owed IT Interface Ltd £nil (2007: £nil). An amount of £nil (2007: £nil) was owing from IT Interface Ltd to the University. IT Interface has now gone into liquidation.

During the year ended 31 July 2008, the University made payments to Kingston Chemicals Ltd of £nil (2007: £nil) for chemicals and equipment. Kingston Chemicals Ltd made payments to the University of £16,276 (2007: £13,802) for goods and services. At the year end the University owed Kingston Chemicals Ltd £nil (2007: £nil). An amount of £nil (2007: £4,828) was owing from Kingston Chemicals Ltd to the University.

During the year ended 31 July 2008, Chemtrix Ltd made payments to the University of £2,122. (2007: £nil).
An amount of £nil (2007: £23,074) was owing from Chemtrix Ltd to the University.

Due to the nature of the Institution's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is evitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified above, are conducted at arms length and in accordance with the Institution's Financial Regulations and usual procurement procedures.

