

LOUGHBOROUGH UNIVERSITY
Financial Statements 2014/15

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OPERATING AND FINANCIAL REVIEW

This review of 2014/15 showcases a year of outstanding achievements for the University, all of which have propelled us firmly towards the objectives set out in our new strategy and vision, 'Building Excellence'. The University remains in a strong position in academic, financial and operational terms, meaning as an institution we are equipped and prepared to deal with the uncertainties arising from the evolving higher education environment.

The significant achievements that have been recorded this year, from across the University, cement our position as one of the UK's strongest, leading higher education institutions.

The achievements have included securing our position as a top 15 university in all major UK league tables, and being named as University of the Year at the 2015 Whatuni Student Choice Awards. These accolades would not have been possible without the support, dedication and hard work of Loughborough Students' Union (LSU).

The University has always had a strong working relationship with the LSU, and a shared commitment to delivering the ultimate student experience. It is this collaborative attitude and commitment that has allowed us to achieve such great success.

Our undergraduate student numbers remain consistent, and are supported by strong application numbers, which across the University during 2014/15, show a 12% increase compared to the previous year.

The postgraduate market is proving a difficult one for the majority of UK universities, with a report by the Higher Education Funding Council for England (HEFCE) in late 2014 highlighting that limited funding is deterring many students from progressing with their studies. At Loughborough we have accepted the challenge and continue to widen access to our postgraduate offering. A large element of the work this year has gone into preparing for the opening of our postgraduate campus in London.

We have continued to add to the expertise and experience on our London campus, with a number of key senior appointments. We have continued to expand on the connections and partnerships we have with local businesses and organisations in the area, which has opened up an array of potential opportunities for our students.

As applicants accepted offers to study at our London campus, we widened the accessibility of our programmes by offering scholarships and bursaries. The schemes are designed to make our programmes accessible to anyone that wants to progress with postgraduate study and offer varying amounts of support and discounts to tuition fees. These include unemployed and underemployed graduates living in the East London Growth Boroughs, students looking to launch a new business idea, alumni and high achievers. Tuition fee and cost of living support packages were made available for disadvantaged students.

Our reputation in research is stronger than ever, with significant successes and developments recorded during this financial year. A recent study for the four UK higher education funding bodies and the Medical Research Council, highlighted an increasing global trend towards interdisciplinary research, and confirmed the UK's world-leading research performance in this area. Loughborough University has been championing this approach to delivering research for many years, with some incredible projects taking place across departments.

With staff right across the University involved in pioneering research, our students also benefit from our vibrant research culture, by becoming involved in current research activities. At the end of 2014, this inclusive approach consolidated our position in the premier league of research universities, when the University was named as a top ten university in England for research intensity, in the latest Research Excellence Framework (REF) assessment.

Our strength in research is enhanced significantly by our external partners and collaborative working connections. The partnerships have led to significant growth in enterprise activity at the University. This includes implementing the first stage of our ambitious plan to grow the Science and Enterprise Parks at the University, which includes infrastructure work and the construction of the Advanced Technology Innovation Centre.

Results from the 2013/14 Higher Education – Business and Community Interaction (HE-BCI) survey highlighted the important role that Universities play in fuelling growth across the nation. The survey showed that large business investment, beneficial activity for small and medium-sized enterprises, and the number of new UK graduate enterprises, are all on the up.

Loughborough University contributes significantly to this growth. Over 2,000 people are employed by companies based at the Loughborough University Science and Enterprise Parks. In the last year £2.9 million in funding has been won for enterprise – a 16% increase on last year. The number of businesses benefitting from our collaborative services continues to rise, with a 37% increase in consultancy work, and a 22% increase in the number of Knowledge Transfer Partnership projects from last year. The University has also seen substantial income from short courses, specialist facilities, licensing and contract research, meaning multiple businesses and organisations have benefitted.

Providing a unique individual experience to all students on campus is fundamental to everything we do. We are committed to ensuring the ‘student experience’ includes every opportunity our students need to achieve their full potential – professionally, intellectually and socially.

Significant work has been carried out on campus this year to develop, improve and add to the facilities and opportunities that are available to students on campus, as well as a constant message of encouragement and support to help them achieve their own success.

Our students continue to succeed and benefit from these opportunities, and their achievements are a direct result of their own hard work and our renowned and award winning student experience. This is an attitude that spreads across campus. All of our students and staff are determined to succeed, and the University’s reputation is built on their hard work and high standards.

The three words that epitomize our winning performance: passion, pride and partnership.

VISION AND STRATEGY

Our overarching objective is one that we encourage our students to adopt; to be the best we can be and remain truly special and distinctive.

However to help us achieve this, our strategy sets out a series of statements and objectives that we work towards.

Why we are here

- To further knowledge and understanding through internationally-recognised research
- To provide a high quality, comprehensive educational experience that prepares our graduates for their future lives and the global workplace
- To influence the economic and social development of individuals, businesses, the professions and communities
- To shape national and international policy and practice

The way we will work

We will:

- Respect each other and celebrate our diversity
- Recognise and reward excellence in our staff for their contribution and commitment
- Be inclusive and value the views of our staff, students, alumni and partners
- Respect the communities and environments in which we operate
- Work together as a team with professionalism and integrity
- Take pride in being the very best we can be

Achieving our ambitions

Following its official launch during the last financial year, the University has worked hard to ensure that our ten-year vision is embedded in all that we do. Building Excellence sits at the core of the strategy, and has shaped our ambitions for moving forwards. Over the last 12 months a variety of high level achievements and developments have set us well on our way to achieving our vision and much more by 2020.

Grow a distinctive international reputation for excellence

Our research remains relevant in today's society, offering solutions to real-life issues, and was evidenced during the latest REF results (2014).

This in turn has boosted our links and partnerships with some of the best universities in the world, including our latest collaboration with Massachusetts Institute of Technology, offering a week-long exchange experience for students at both institutions. Our strength in research has also enhanced the breadth of our partnerships with leading companies, including a 3D printing in construction collaboration with Skanska, the world leading project development and construction group.

The results of a number of our research projects, have gained national and international visibility; including research aimed at reducing blind spots for HGV drivers that led to a change in European legislation on vehicle mirrors. This ultimately enhances the University's reputation on a global scale.

Create a life-shaping student experience

Our top 15 positioning in all major UK league tables demonstrates that our efforts in this area are working. Demand for our programmes remains strong, and satisfaction levels continue to grow for the exceptional learning environment and all-round experience we provide. Taking this approach ensures that our students have the opportunity to achieve their full potential, professionally and personally as well as academically.

Develop outstanding partnerships to deliver social, economic and cultural prosperity

With continuous changes to the higher education funding environment, we must be, and therefore are, aware of our commercial potential. Our growing portfolio in enterprise success shows that we are forging productive, collaborative links with partners across all sectors, which contribute to our own financial independence, as well as the growth and success of local, national and international economies.

We work closely with local partners to enhance the social, cultural and economic wellbeing of the communities around us, much of which contributes towards our commitment to being a responsible neighbour. The communities benefit greatly from the facilities we offer on campus, as well as various initiatives that allow them to get involved, all of which are detailed in 'Delivery of Public Benefit'.

Set a culture of delivering excellence in all that we do

An ambition that has been surpassed over the last 12 months; delivering excellence on all levels comes as standard at the University. This approach is evidenced clearly by all the examples and achievements provided in this report. We continue to create influential research, generate an enterprising culture, offer outstanding learning opportunities, support staff to attain the highest standards and recruit the very best in their fields.

Deliver one outstanding university: two vibrant campuses

Recruitment activity and preparations relating to our London campus were key activities during 2014/15, in the lead up to the official opening in September 2015.

The Loughborough University London team have worked relentlessly on raising awareness, increasing applications, opening opportunities for students, recruiting exceptional academic and professional staff, and building partnerships with the local business and industry.

RISKS AND UNCERTAINTIES

The financial environment for higher education remains challenging with significant uncertainty surrounding the outcome of the forthcoming Comprehensive Spending Review. Should there be material changes to the operation of direct government funding, most notably for teaching of high cost science, technology, engineering and maths (STEM) subjects and/or dual support funding for research, these could have a material and disproportionate impact on Loughborough University given its subject mix.

Student fees now account for a significant proportion of the University's consolidated income and the ability of the University to attract and retain good quality students across all subject disciplines is a material factor in determining financial sustainability.

Loughborough is heavily reliant on UK/EU undergraduate students and the continuing fixed level of fees for these students, now capped at £9,000 for a fourth consecutive year, places an inflation burden on institutions as costs inevitably continue to rise. Immigration policy continues to impact on our ability to attract international students and has a renewed focus as our London campus commences operation.

Marco-economic challenges continue to impact on the principal pension schemes in which the University participates. Scheme valuation is dependent on a discount rate derived from a yield on bonds and the continuing low returns from such instruments has significant increased scheme deficits in recent years. As a result the sector is facing rising costs relating to increased employer pension contributions as schemes, particularly the Universities Superannuation Scheme (USS), seek to agree deficit recovery plans with The Pension Regulator.

KEY FACTS AND FIGURES

- Voted University of the Year at the Whatuni Student Choice Awards 2015, as well as Best Accommodation and Students' Union
- Voted 'Best student experience' for six consecutive years – Times Higher Education
- Ranked as a top 15 University in all major UK league tables
- Shortlisted for University of the Year and Entrepreneurial University of the Year at the Times Higher Education Awards 2015
- Ranked Top 5 in the 2015 National Student Survey - 91% of students satisfied with their course
- Ranked 2nd in the Times Higher Education Student Experience Survey 2015
- Voted Britain's top university for quality of student life – Lloyds Bank Survey 2015
- Awarded seven Queen's Anniversary Prizes – Second only to Oxford
- Rated five stars for excellence by QS Stars Scheme
- Named a Top 10 university in England for research intensity – Research Excellence Framework (REF) 2014
- Named University of the Year for Sport in the Times Good University Guide 2014
- Glasgow 2014 Commonwealth Games - If Loughborough was a country, it would have been 11th on the medal table
- Unbeaten British Universities and Colleges Sport champions for 35 years running
- Supporting the local economy - generating over £823 million expenditure and sustaining over 12,000 jobs
- Largest single site green campus in the UK - Covering more than 438 acres in the heart of the country
- Loughborough University London – Our postgraduate campus at the Queen Elizabeth Olympic Park in London, opened in September 2015
- Home to the National Centre for Sport and Exercise Medicine East Midlands - An Olympic legacy project - Applying world-class expertise to policies and practice to benefit the health and wellbeing of the nation

STUDENT AND STAFF NUMBERS

Total number of students – 16,557; 62% of the student population is male and 38% is female.

<u>Full-time students</u>	Number	%
Undergraduate	11,695	85.2%
Postgraduate Taught	1,146	8.3%
Postgraduate Research	891	6.5%
Total	13,732	
<u>Part-time students</u>		
Undergraduate	453	24.2%
Postgraduate Taught	1,260	67.2%
Postgraduate Research	161	8.6%
Total	1,874	
<u>Student population by Fee status</u>		
UK/EU	14,220	85.9%
International	2,337	14.1%

<u>Student population by academic school</u>	Number	%
Aeronautical, Automotive, Chemical and Materials Engineering	1,349	9%
Business and Economics	2,341	17%
Civil and Building Engineering	1,024	7%
Design School	740	5%
Electronic, Electrical and Systems Engineering	596	4%
Mechanical and Manufacturing Engineering	1,216	9%
Science	1,851	13%
Social, Political and Geographical Sciences	1,738	13%
Sport, Exercise and Health Sciences	1,597	12%
Arts, English and Drama	1,280	9%

<u>Staff numbers</u>	Number
Administrative Services	588
Management and Specialist	563
Operational Services	924
Other Academic Related	17
Research	347
Research and Teaching	728
Teaching and Scholarship	81
Technical Services	216
Total	3,464
Full-time	2,122
Part-time	1,342

OUR WORK 2014/15

Investing in our staff

- Be an outstanding employer, supporting staff to achieve their full potential through development opportunities.
- Recognise excellence and achievement through performance and reward mechanisms and ensure all staff are empowered to operate at their highest levels.
- Maintain a staffing profile that allows us to enhance our centres of research excellence and enrich the academic student experience we offer.
- Attract the highest quality staff and maintain the best student staff ratios to provide students with a dynamic learning environment.

Our academic staff continue to enhance our reputation by achieving exceptional merits and recognition in their field.

In early June, Professor Tony Thorpe, Dean of Loughborough University's School of Civil and Building Engineering, was presented with the William Kemp award at the Institution of Civil Engineers (ICE) East Midlands Awards 2015. The prestigious award recognises excellence and sustained contribution to civil engineering in the East Midlands, and was awarded to Professor Thorpe for his instrumental work in establishing Loughborough University as a leading learning centre for civil engineering study.

Later that same month, Professor Elizabeth Stokoe of the Department of Social Sciences was awarded a WIRED Innovation Fellowship for 2015. Professor Stokoe was one of 14 fellows to be selected by WIRED as part of its celebration of forward-thinking innovators who have 'potential to make a significant impact on the world'.

Also in June, Dr Lara Alcock, Senior Lecturer in the Maths Education Centre was awarded a prestigious National Teaching Fellowship by the Higher Education Academy. The national scheme celebrates outstanding achievement in teaching and learning, and only 50 awards are presented nationally every year. Dr Alcock is the second academic at the University to be given a Fellowship in the last two years.

Earlier in the year, Dr David Fletcher, a Senior Lecturer in performance psychology and management in the School of Sport, Exercise and Health Sciences, received a fellowship from the Association of Applied Sport Psychology. The Association is the world's largest sport psychology organisation and a fellowship is the highest honour that it bestows on its members.

A number of academics were recognised at this year's graduation, through the annual Research-informed Teaching Awards. The awards celebrate academics that have made a sustained and outstanding contribution to both teaching and research, and highlight our commitment to recognising staff who demonstrate high levels of achievement in these areas. This year's winners included Dr Jo Harris, Sport Exercise and Health Sciences, Dr Jonathan Millett, Social, Political and Geographical Sciences, Professor Memis Acar, Mechanical and Manufacturing Engineering, and Dr Duncan Walker, Aeronautical and Automotive Engineering.

Staff and students were also rewarded for their innovation and commitment to enhancing and teaching and learning at the University, as part of this year's Teaching Innovation Awards. The awards offer funding to individuals and groups to develop new initiatives and ideas that will enhance the learning experience for our students.

This year, for the first time, applications for funding were open to all of the teaching and learning community, including students – our key partners in innovative teaching. A total of £21,000 was awarded, across nine schools and departments. The building of these imaginative ideas underpins the outstanding practice that is taking place across the University.

Initiatives and ideas that were successful in securing funding this year include, developments to making LEARN (our virtual learning environment) more user-friendly; drop-in labs for engineering students to experience hands-on demonstrations of engineering teaching that they can use to reinforce their understanding of key concepts; vodcasts to be used as teaching resources to support 2nd year students embarking on the placement application process; and exploring Skype to assess its potential as a two-way communication tool between academics and students.

In terms of staff recruitment, a number of significant appointments were made throughout the year, particularly on our London campus, ahead of the first official term starting in September 2015.

Chris Euden was appointed Operations Director and will be responsible for the management of the Professional Services staff in London. Having previously worked as the Business Manager for the London 2012 Olympic Games CCTV and Physical Security project, Chris will ensure that the London campus has close links back to Loughborough and develop the London operation so that Loughborough can become “one University with two outstanding campuses”.

We have also expanded our leadership team with Directors for each of our institutes/academies. Erik Bohemia joined the team as Director of the Institute for Design Innovation, bringing a strong research background in the impact of globalisation in design, and new digital technologies and how they are affecting product development and innovation.

Nabil Ayad was named as Director of the Academy for Diplomacy and International Governance. With over 30 years of experience directing innovative postgraduate degrees in Diplomacy and associated disciplines, Nabil’s teaching is valued by many international and regional organisations including the Foreign and Commonwealth Office and the Ministry of Defence.

Wilfred Dolsma joined the London management team as Director of the Glendonbrook Institute for Enterprise Development and Professor of Entrepreneurship and Innovation. Trained as an economist and a philosopher, Wilfred has authored/edited some 100 international academic articles and over 20 books, and brings with him a wealth of consultancy experience.

A number of appointments to the University’s Senior Management team were also made during 2014/15. Professor Steve Rothberg was appointed Pro Vice Chancellor for Research, having previously held the position of Pro Vice Chancellor for Enterprise since 2011. As a result of this, Tracy Bhamra, Dean of Loughborough Design School, was appointed to the role of Pro Vice Chancellor for Enterprise, a role in which she will lead the strategic development of Loughborough’s enterprise and innovation.

On the sporting front, John Steele was appointed as the University’s new Executive Director of Sport. Described by Lord Sebastian Coe, as ‘an exceptional sports leader’, John is one of the biggest names in sports administration, and has strong credentials to take the University forward and match our ambition to be the world leading University for sport.

Loughborough graduate and former tennis professional Helen Reesby was appointed as the new Tennis Programme Director, to lead on an ambitious new programme that aims to increase participation in tennis amongst students.

In October, the University's commitment to advancing women's careers in science, technology, engineering, maths and medicine (STEM) was recognised by the Athena SWAN awards scheme, as the institution's Bronze award was renewed, which it has held since 2009. Loughborough Design School was also awarded a bronze, its first departmental award.

As part of our commitment to engaging and building relationships with the community, this year we have introduced a new employer supported volunteering policy that will support, encourage, and facilitate members of staff involved in volunteering opportunities within community and charitable organisations.

We strive to gain the very best for all our employees, and this year successfully retained our HR Excellence in Research award from the European Commission, which recognises our commitment to ensuring good working conditions and career development for researchers.

Educating for success

- Develop our students as individuals, enhancing their capabilities as creative, confident and adaptable 21st Century citizens who will make a significant contribution to global society.
- Facilitate the expansion of our postgraduate population through Loughborough University in London.
- Under the current fee regime, maintain our undergraduate numbers but review our approach should Government policy change.

We encourage our students to build an experience they will never forget; through excellent teaching programmes, expert academics, incredible facilities, enterprise opportunities, extra-curricular activities, volunteering, industrial experience, and by accessing the latest research and cutting edge developments.

Through these key elements, we're not just providing them with an experience; we're educating them for success in the future, through more than just lectures.

The statistics show that this approach is working. Over 94% of Loughborough graduates are in employment or further study within six months of graduating from the University according to the latest Destinations of Leavers from Higher Education survey (2013/14). Of those graduates in full-time employment, 90% are in managerial or professional positions, putting Loughborough well above the national average.

Activity associated with Loughborough University London picked up significant pace this year; with the focus being on opening up opportunities to our prospective students in London. This includes opportunities for students to study on a postgraduate programme at our London campus, and setting in place the opportunities that will be available to them once they start their journey as a student with us.

We have launched a number of initiatives to aid prospective students financially; opening access to further education to gifted, hard-working individuals. This includes the Dean's Award for Enterprise, which awards students 90% off their tuition fees to launch their business idea. Our London site announced that they are to offer Chevening Scholarships to students from Brazil. The prestigious scholarship scheme is designed to bring outstanding scholars from around the world, who have the potential to become leaders, decision-makers and opinion-formers, to study postgraduate programmes at Loughborough University.

Official student satisfaction ratings from the year indicated that students at Loughborough are very happy with the academic side of their experience. The University secured one of its best results ever in the annual National Student Survey, finishing Top 5 in the UK and ranked as the top East Midlands university by some margin.

Over 80% of our finalists completed the independent survey, which asks students for honest feedback about what it's like to study on their programme at their institution. 91% of Loughborough students were satisfied, which is up from 89% last year and well above the sector average of 86%.

A large proportion of students continue to benefit from the opportunity to complete an industrial placement, something that all undergraduate programmes at Loughborough offer. Many students achieve great success during their year in industry, but the experience can also lead to further success down the line. Almost a fifth of Loughborough students that complete a placement, secure a graduate job with their placement provider following graduation.

During his third year, Chemical Engineering graduate Ajay Parmar, completed a placement with multi-national oil and gas company Total. His impact on the organisation within a year was huge; helping them to identify and achieve savings of around £800,000 a year across its Lindsey Oil Refinery. His achievements lead to Total sponsoring his studies and an offer of employment following graduation; a true example of an individual taking the educational opportunities available to them and achieving great success.

In addition to their academic and industrial experience, our students continue to develop their skills and capabilities through additional opportunities offered by the Students' Union. In the last year Loughborough students have successfully completed 26,000 hours of voluntary work – that equates to over 1,000 days of work (or just under three years) and raised over £1 million through Loughborough Students' Union RAG once again, taking the grand total since records began to just shy of £15 million.

Enterprise activity also forms a vital part of our student experience. We embed an entrepreneurial attitude into all we do on campus, and this is reflected in the achievements of many of our students, who are actively developing enterprising skills. In the last year 900 students have engaged in enterprise activities, a 30% increase on last year.

We continue to foster and support this entrepreneurial attitude once our students have graduated. Twenty-nine new graduate businesses have been nurtured in the Studio, which has also resulted in the creation of fifty-five jobs.

PhD student Suzy Shelley has had an incredibly busy year working towards the launch of her innovative design and invention, Avo, the only tropical fish tank that requires no filter cleaning or water changes. Suzy was inspired by her own experience of tropical fish keeping, and the final product is the result of over four years research, development and testing, during which time she has been supported by the Studio, the University's graduate commercialisation hub.

Over the last 12 months, Suzy has reached some incredible goals in her quest to see her business, and its products, take off. Suzy successfully raised just under £100,000 via Kickstarter, to help get Avo into production. After initially looking for £60,000 to launch, the surge of extra pledges meant that Suzy has been able to develop Avo with a more stylish look with added features.

The level of success our students achieve would not be possible without the facilities they can access. Towards the end of the financial year the University secured significant funding to enhance teaching, learning and research facilities for science, technology, engineering and mathematics – known as STEM subjects. The HEFCE awarded the University £5 million to develop ‘STEMLab’ – a state-of-the-art suite that will provide science and engineering laboratories, workshops, computer-aided design and rapid prototyping facilities, a design studio and informal learning spaces.

The award is part of a £200 million fund, announced by the Government, to boost the flow of highly employable STEM graduates into industry.

Growing capacity and influence

- Grow capacity in key areas of teaching, research and enterprise by investing strategically and developing international partnerships and collaborations.
- Advance areas in which we have a critical research mass and withdraw from those where this is unachievable.
- Reinforce the breadth of our academic offering across both our campuses, with continued emphasis on subjects with international recognition.
- Listen to our students, employers and other key partners to ensure that our academic provision develops in line with their requirements.
- Capitalise on emerging opportunities to review the scope of our academic provision, introducing new areas and withdrawing from those that are no longer appropriate.
- Raise our profile and strengthen our connections with policy makers, business, industry and the community, achieving recognition as a leading international university, whose contributions are sought and valued.

In the build up to the official opening of our London campus, Loughborough University London has been working to raise the University’s profile in the area, and strengthen connections with the community, local businesses and industry, and potential partners for the future.

In May, our London campus’ Institute for Sport Business was announced as the official partner of Cutting Edge Sport, a new venture by prestigious networking association Sport Industry Group. The University will work with Sport Industry Group to further develop Cutting Edge Sport, and supply regular content to their new website which highlights sport in progressive thought, invention and digital engagement. Together they will also work on new initiatives that are of benefit to the sector.

The University’s sporting reputation was strengthened further, when the National Cricket Performance Centre (NCPC) became the fourth facility in the world to become an accredited International Cricket Council (ICC) centre for testing suspected illegal bowling actions.

Research has also always been an area of strength for us, and our standing and influence in the field was recognised last year, when the University was ranked 9th amongst English universities in the 2014 Research Excellence Framework (REF) for research intensity. The Framework also revealed a 37% increase in the proportion of the University’s research considered to be “world-leading”.

During the year, major research funding was awarded to the Advanced VR Research Centre at the University, allowing a research team to start work on the strategically important Agile Wing Integration project. The team were awarded £519,000 as part of a major £16 million Government funded project that will transform air travel and lead to the creation of ground breaking new aircraft. The project was announced by the Secretary of State for Business, Innovation and Skills, Vince Cable MP as part of a £100 million investment by the Government in the UK aerospace industry, which highlights the projects significance and potential impact for the sector.

Road safety has been a prominent feature within the national and international media this year, and in May, it was announced that road safety experts at Loughborough would lead on a £4m project to help halve European road deaths by 2020.

Funded by the European Commission, the project will bring together 18 partners from 15 European countries, and cover a range of road safety issues from infrastructures and speed limits, to vehicles, road users, and driver behaviour.

Adding to an incredibly successful year in research growth and achievements, the University was announced as a partner in the Energy Research Accelerator - a new £60 million government funded energy research project. Working alongside five other leading UK institutions (Birmingham, Nottingham, Warwick, Aston and Leicester) and the British Geological Survey (BGS), the funding for this project will allow for a step change in energy research and development, securing the UK's leadership position in the sector.

This year has also seen significant growth on campus for enterprise. Loughborough University Science and Enterprise Parks is already a magnet for a range of global business partners but plans are underway to expand the Park. When fully developed, the site will provide up to 200,000 square metres of floor space and will be home to businesses employing as many as 6,000 people.

The first part of this expansion was completed this year. Construction of the new Advanced Technology Innovation Centre, a significant and exciting phase in the development of the park, started at the beginning of the year. The new centre will allow us to provide crucial support for even greater numbers of start-up businesses and enable us to enhance further the contribution that the University makes to both the region's and the country's prosperity.

Combining both research and enterprise success, this year Intelligent Energy Holdings plc, the energy technology group that was founded on Loughborough University research, announced the UK retail launch of Upp™, a portable power solution driven by a hydrogen fuel cell to power up USB compatible devices. The device is now available at Apple Stores across the UK.

Raising standards and aspirations

- Enhance our effectiveness and minimise the barriers to achieving our aspirations.
- Build on our strengths and focus on developing the activities we do well to help us achieve our goals and raise our international profile.
- With the help of rigorous planning processes, identify where we should invest, with a specific focus on internationally excellent research and a high quality student experience.

The University's commitment to raising standards and aspirations is presented first and foremost by our consistent performance in the main UK league tables. After a year of continuous success, Loughborough is now ranked in the top 15 of all the national league tables.

In the Guardian University Guide 2016 we rose to 11th overall and were placed in the top ten in 12 subject areas. The Complete University Guide 2016 also saw us rise to 11th place overall, with 11 subject areas listed in the top ten nationally. In the Times and Sunday Times Good University Guide 2015 we moved our position up the rankings again, this time to 13th place. This means that Loughborough is now ranked ahead of two thirds of the 24 universities that comprise the Russell Group, placing it firmly among the UK's higher education elite.

The University's performance was also recognised at an international level, when the University received a five star rating through the QS Stars Scheme, in an independent assessment of its performance, confirming the breadth of its excellence and putting it alongside some of the very best universities in the world.

The 'Student Experience' has always been at the top of our agenda; it is one of the reasons so many students choose Loughborough as their University, and is the reason no Loughborough student ever forgets their time here.

Our focus on 'student experience' was recognised multiple times this year. Firstly in the Autumn Student Barometer and International Student Barometer, the University was ranked first in the UK and globally for overall satisfaction, as well as topping the list for the student support, living and learning experience categories.

The second annual University Quality of Student Life Survey by Lloyds Bank found that students at Loughborough have the best quality of student life, after scoring consistently high in the survey's several categories and ranking first in the listing.

The strengths highlighted included, good course satisfaction amongst students (higher than the national average), strong employment and earning prospects, some of the best sporting facilities amongst UK universities, and an incredible nightlife through an outstanding Students' Union and easy access to other cities such as Nottingham and Leicester.

In April, the University rose to 2nd place overall in the Times Higher Education (THE) Student Experience Survey, positioned in the top three for categories relating to high quality facilities, good sports facilities, the Students' Union, social life, extra-curricular activities and societies.

The University then went on to be crowned University of the Year at the 2015 Whatuni Student Choice Awards. The awards are voted for exclusively by more than 20,000 UK students, making them a true reflection of an institution's success. Loughborough was also voted the winner of the best students' union and accommodation categories. The University's success was clear before the winners were even announced, after we were nominated in eight of the ten categories, more than any other university.

This level of success owes hugely to our strong working relationship with the University's Students' Union. The team that have been at the helm for the last 12 months have worked relentlessly to build on the success of previous years, and have been recognised in a number of ways.

In addition to the accomplishments already mentioned, such as the Whatuni Awards, their outstanding fundraising and community work achievements through RAG and Action, and of course their significant contribution to the University's high ranking in all major league tables, the Students' Union have also run a number of successful initiatives over the year that shows their commitment to serving Loughborough students well and sets them apart from the competition.

They ran the second Failure Day ‘Fail Forward’, which was set up to challenge negative views of failure, highlighting instead its important role in growth and learning.

In June, the Union, in partnership with the University, were one of the first to be awarded the Alcohol Impact Accreditation from the National Union of Students, showing our commitment to promoting responsible behaviour on campus and in communities, and improving the health and well-being of our students.

The School of Business and Economics at Loughborough already has an outstanding international reputation, and in late 2014 added to this when announcing they had been re-accredited by EQUIS for a further three years. This re-accreditation puts the School amongst the top 1% of business schools in the world to hold AACSB, EQUIS and AMBA accreditation, the highest accolade a business school can achieve.

In sport, our untouchable reputation was supported by yet another year of incredible achievements. The University were named as British Universities and Colleges Sport Champions for the 35th year running, and also played host to the 2015 BUCS Big Wednesday, the culmination of the BUCS team sport programme. The special event received a Royal seal of approval, with a visit from British Universities and Colleges Sport (BUCS) Patron, HRH the Princess Royal.

The same week also saw Loughborough’s first trans-Atlantic fixture; a competitive battle between Loughborough’s women’s Lacrosse team, and the team from global leading university MIT. Although a close contest, a last minute goal gave Loughborough a thrilling win. As part of their visit, the MIT contingent spent a week on campus, experiencing academic life at Loughborough.

Staying with sport, this year also saw athletics greats Paula Radcliffe and Frank Dick inducted into the University’s Sporting Hall of Fame, for their services and achievements within their field.

Our environmental status and sustainability is a standard we are also proud of. In September the University joined the environmental elite, after achieving the highest possible Platinum Award in the national EcoCampus scheme, and gained accreditation to the internationally-recognised environmental management standard ISO 14001. Less than 15% of the higher education sector has achieved ISO 14001 and just 28% of universities registered on the EcoCampus scheme have reached the Platinum Award level.

The last 12 months has also brought a series of award wins for a number of our professional services teams.

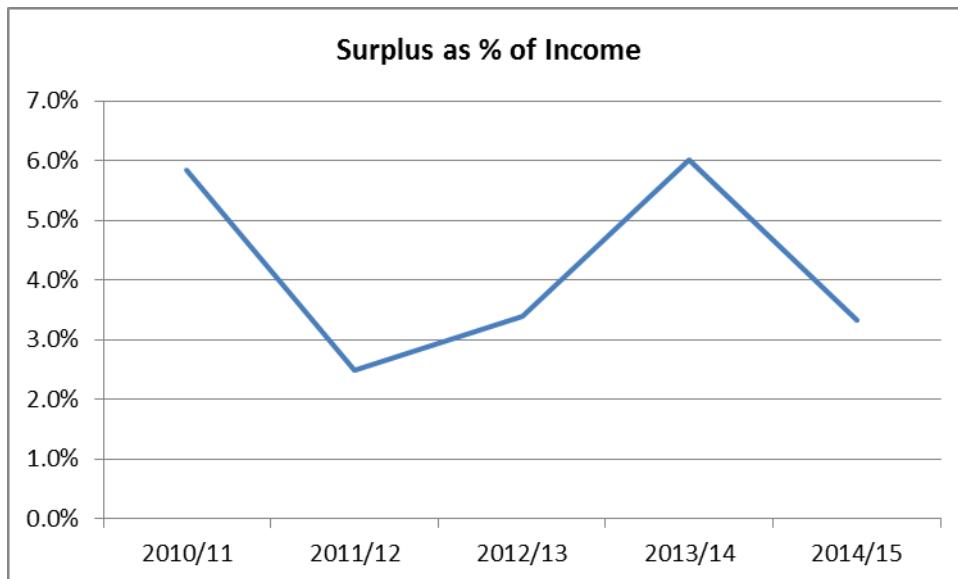
High profile wins included a Guardian University Award for the Marketing and Advancement team for digital media campaign, #IAMIN #IAMHERE, and ‘Best Strategic Planning Team’ at the 2015 Times Higher Education Leadership and Management Awards (THELMAs) for the University’s Change team.

FINANCIAL REVIEW

The University continues to deliver a strong financial performance recording a retained surplus for the year of £9.044m (3.3% of consolidated total income). As at 31 July 2015 the University demonstrates a strong balance sheet and a high level of liquidity.

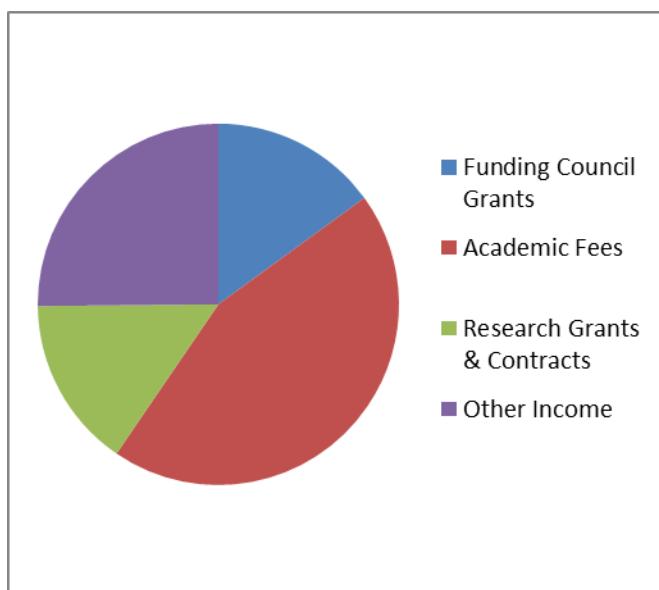
This has been achieved despite the ongoing risks and uncertainties as previously outlined including the continuing cap on a significant proportion of undergraduate fees and having met the up-front costs of the new London campus prior to student income coming on stream.

This means that the University has again met its target of a sustainable 3% surplus.

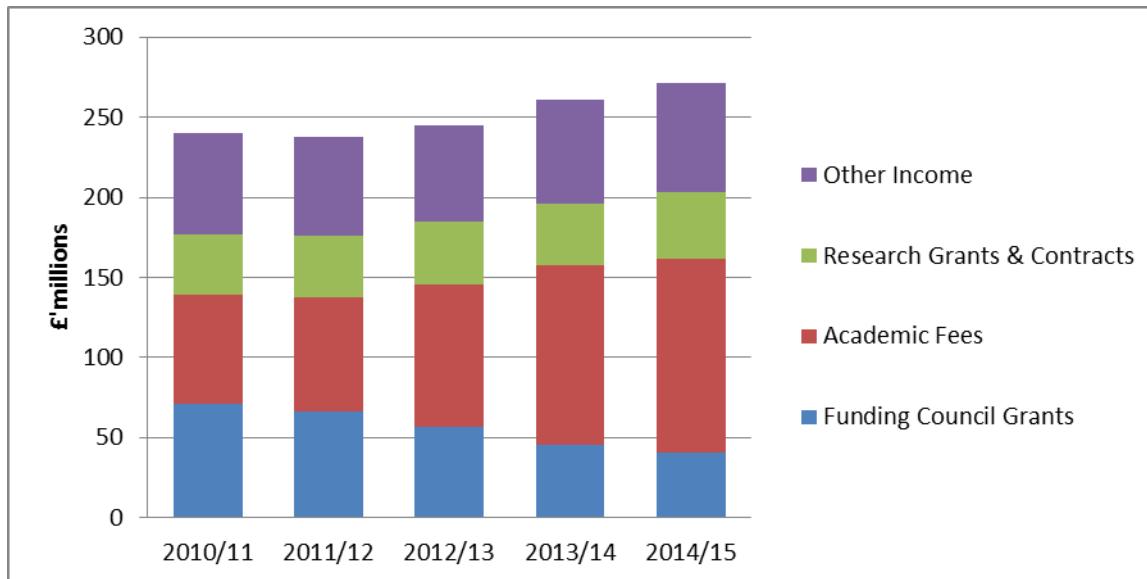


Income

Total income rose £10.6m (a 4% uplift compared to the prior year). The composition of income continues to shift away from direct government funding toward an increasing reliance on academic fees with a further cohort of students entering the 'new' fee regime.



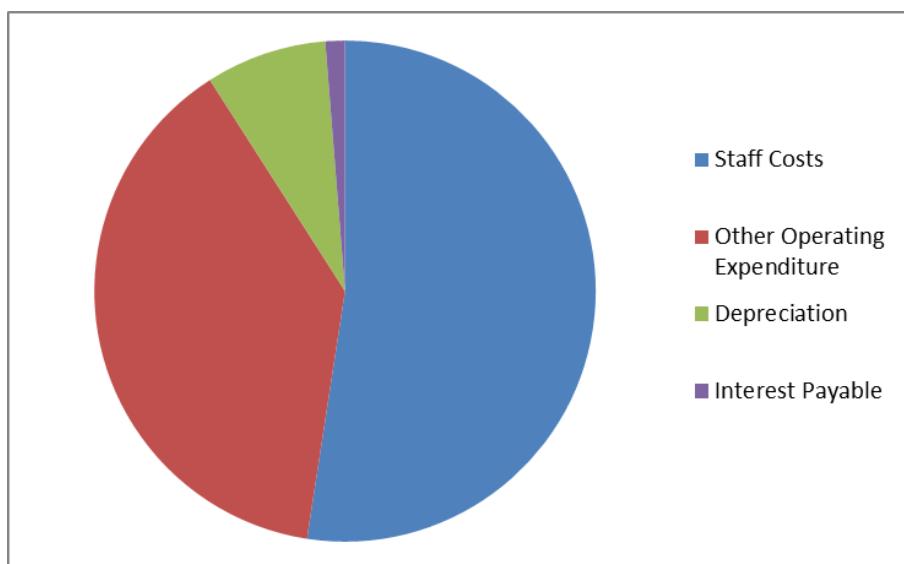
The University retains a diverse income portfolio, benefitting from the operations of its trading subsidiaries, enterprise activity and campus living operations. This change in income composition is shown in the chart below:



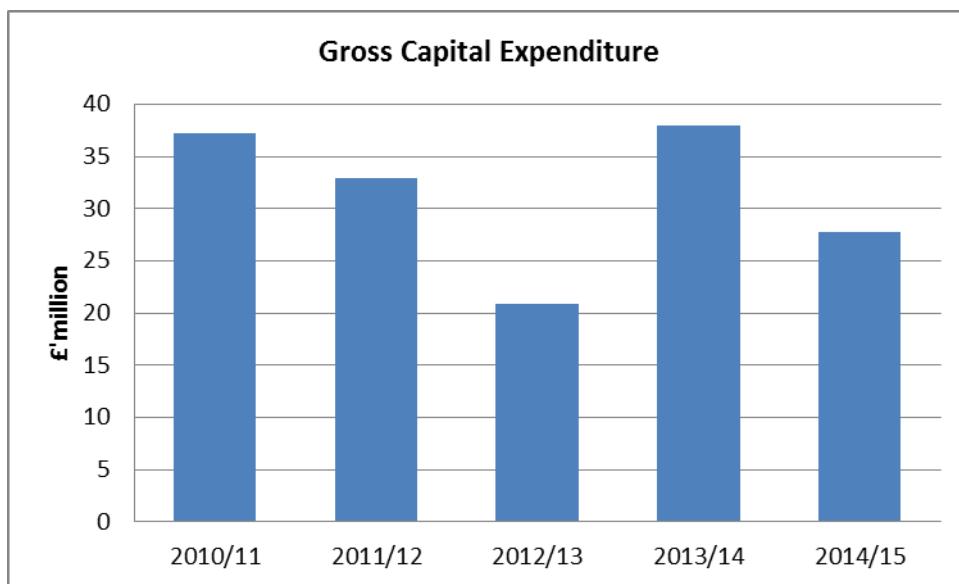
The University has not recognised any material one-off or exceptional sources of income during the year. In keeping with activity across the HE sector claims have been made for Research & Development Tax Credits (RDEC claims) however, in Loughborough's case no income in respect of these claims has been recognised in the Financial Statements for 2014/15 and any benefit will be recognised in future periods.

Expenditure

Total expenditure rose £16.6m (6.7%) demonstrating the pressure of cost escalation, notably pay costs, against capped income streams. Staff costs remain the most significant element of expenditure and rose by £7.8m (6%) over the year. Of this, £5.9m relates to increases in salary expenditure. The apparent increase in remuneration of higher paid staff (note 6.) reflects general pay inflation for staff on the cusp of the £100,000 disclosure threshold which has not moved for some years and the appointment of new staff to Loughborough University London.



The University continues to invest significant sums in capital expenditure to enhance the facilities on its outstanding campus; this investment will result in a medium term increase in depreciation.

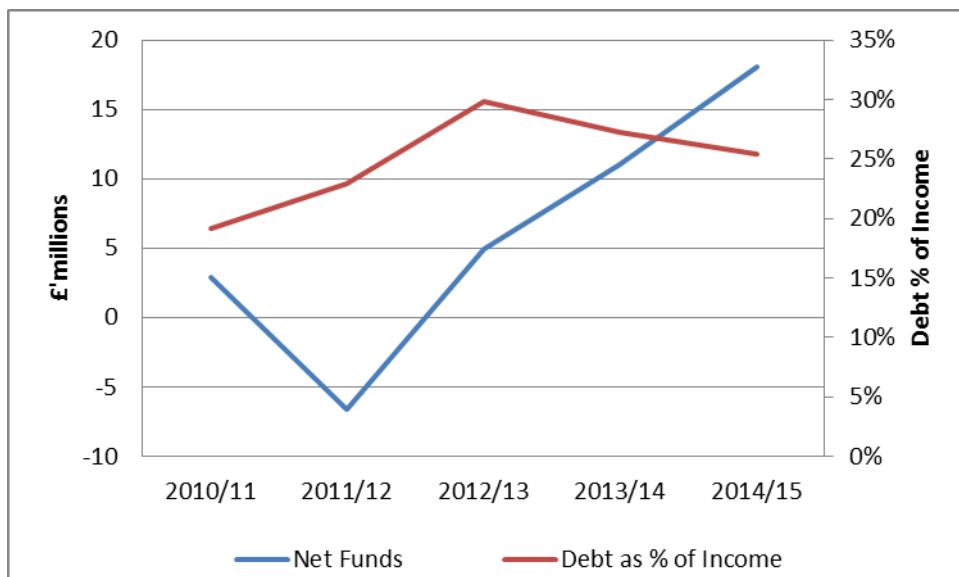


Balance Sheet & Cash Flow

The surplus for the year results in an increase in the University's reserves (excluding the pension liability) from £164.9m to £175.8m although the net position shows a smaller rise due to a further rise in the pension liability arising from the Local Government Pension Scheme.

During the year the University has invested significant effort in addressing historic debtor balances and this is reflected in the year end position. Cash at bank and short term investments have risen by £4.9m (6%) to £85.4m while long term borrowings continue to be repaid by approximately £2.1m per annum. Borrowings amount to £68.8m at the year-end and the University has net funds as at 31 July 2015 of £18.1m, an increase of £7.1m over the prior year.

Without compromise to the University's ongoing commitment to capital expenditure, borrowings amount to 25.4% of total income (down from 27.2% in the prior year), this compares favourably to the upward trend in debt levels across the sector (*HEFCE Summary Statistics – Sector Comparison*).



Delivery of public benefit

Loughborough University is an independent corporation established by Royal Charter and has the status of an exempt charity.

The information below notes the way in which the University has delivered activity for benefit of the public, taking into consideration the guidance on public benefit, as set out in the Charities Act 2006. Due regard has also been given to the University's responsibilities as a charitable body, which is regulated by the Higher Education Funding Council for England (HEFCE).

When looking at the University's delivery of benefit to the public, the University and its students contribute to this in a number of ways. These include:

- Contributing to the wider public in terms of making education accessible to all, and removing any barriers.
- Contributing widely to Loughborough's economy, community and social environment.
- Contributing to knowledge and understanding across all sectors at the highest of levels.
- Contributing to the level of talent and excellence in industry.
- Contributing to industry and economic growth at both a local and national level.

Finance has been a prominent issue in Higher Education for a number of years. The rise in tuition fees raised a series of concerns, including whether the increase would create a barrier for students from disadvantaged backgrounds, and a lack of funding and support for postgraduate students.

As a University we are working to remove these barriers, so that any qualified individual, no matter what their background or financial circumstances, or whether they are looking to study at postgraduate or undergraduate level, has the opportunity to access the education they want.

To support students' through the admissions process and their progression through University, financial support packages were made available that included fee waivers and bursaries. In 2014/15, just under £5 million was awarded to 2,123 students, as part of the Loughborough Scholarship Programme. Further schemes, such as the Pre-2012 Continuing Student bursaries, Development Trust Scholarships, PGCE Travel Bursaries, Caterpillar bursaries and Ford Blue Oval Scholarships, meant that a further £805,798 was awarded to support 605 students.

The aforementioned financial packages to support students at Loughborough University London were also made available during the financial year, ahead of students starting the official first term in September 2015. These financial packages were significantly beneficial, as they offered funding in an environment where financial support is minimal, and targeted specific groups including unemployed/underemployed individuals in the east London area, individuals that gained their GCSEs in the area, entrepreneurial individuals with a business idea to launch, individuals from disadvantaged backgrounds and circumstances, high achievers and alumni.

The Student Outreach and Recruitment (SOAR) team at the University continue to run a range of activities and events to help students from all backgrounds find out about Higher Education and the benefits it can bring. They also work to raise awareness of the routes to higher education, spreading the message that University is an option for all.

During the last year, the team took some time to review the work they do to ensure that their activity is benefiting as many individuals and groups as possible. The team's redefined focuses include:

- Continue to build links with students, parents and school staff across the Midlands, through a number of activities such as information and advice presentations, attending higher education fairs and speaking at parents' evenings on how they can best advise their son/daughter.
- Raise the aspirations of students who wouldn't traditionally enter Higher Education with a number of activities including trips to campus; speaking at expos and offering academically focused taster workshops.
- Work alongside academic departments to develop a number of subject focused events on campus where prospective students can experience the facilities and subject taster workshops and lectures.
- Develop web resources to support teachers, students and staff through the university application process.

In order to maintain the consistently high level of work taking place in our research departments, funding is needed to support new researchers coming through, to ensure that the stream of talent is consistent and also that existing research staff have the essential support they need.

The University showed its commitment to supporting and developing doctoral research, when it was announced we would be making a major financial investment with funding for 40 new PhD studentships across the campus. The studentships covered all six research challenges at the University, meaning every academic school benefitted from the funding. In 2014/15 the total internal funding awarded for studentships, from the Graduate School and across all academic schools, amounted to just under £7.5 million.

Research at Loughborough contributes to new knowledge and understanding at the very highest levels, and the results of our research help business to compete more effectively, shape public policy, and ultimately help to improve people's lives. For example, earlier in the year new research from the University revealed that the gap between people's incomes and the amount they need to cover their essential costs has widened dramatically since 2008. This resulted in an announcement that the UK Living Wage rate would be set at £7.85 per hour, an increase of 20p on the 2013 rate. The UK Living Wage rate (i.e. outside London) is calculated annually by the Centre for Research in Social Policy (CRSP) at the University.

Our research is also leading to developments in fighting diseases, which could revolutionise areas of our health care service. For instance, this year a Loughborough University academic has developed what is believed to be the first in a new generation of rapid detection tests for prostate cancer with the help of smartphone technology.

The research team successfully conducted a test for prostate cancer, the second most common cause of cancer in the male population worldwide, using a small sample of blood, a new affordable microfluidic test strip, and a smartphone camera.

A team from the University's Department of Social Sciences produced a simple toolkit to support GPs in identifying dementia sufferers. The new system will aid GPs in deciding whether a patient is suffering from early stage dementia or memory failures that are unlikely to develop into dementia. The toolkit would give GPs the confidence to diagnose, which will ultimately save the NHS money, take pressure off other services, and also provide patients with early reassurance about their memory function.

The University, with two healthcare partners, was also awarded £70,000 for a major new study evaluating how emergency admissions to hospitals can be reduced. When in progress the initiative will assess patient journeys through community based services as alternatives to admissions through Accident and Emergency (A&E) departments.

It is not just our academic research staff that are providing solutions to everyday problems either. A mechanical engineering student designed a digital letter board that allows victims of paralysis to communicate, without the need for an interpreter.

Robert Green, 20, came up with the idea of the blink-to-speech system for sufferers of severe paralysis and loss of speech, while on an industrial placement at National Instruments, a producer of automated test equipment and virtual instrumentation software.

Sport is not just for the elite here at Loughborough; we encourage all to get involved. Individuals can benefit in multiple ways when participating in some form of sport/physical activity on a weekly basis. These include improved health and well-being, good attitude and mentality, team work skills, building confidence and self-esteem, leadership and communication skills, and new friendships. At present 73% of students at Loughborough regularly participate in sport, at least once a week (Sport England Higher Education Sport Participation and Satisfaction Survey 2014/15).

For the sixth year running Loughborough Students' Union Rag raised over £1m to help support local and national charities. Highlights from the wide range of activities and fundraising events included; the Poppy Appeal which raised more than £72,000, a charity cycle from London to Paris for students and staff, a charity trek to China, and a raffle which raised over £15,000. As well as supporting national charities such as Dementia UK, Make a Wish and the Meningitis Research Foundation, some of the money was also donated to local charities including the Peter Le Marchant Trust, Second Chance Youth Shelter and Minnie's Friends.

This year our students have also shown their dedication to supporting the local community through the completion of 26,000 hours of voluntary work. Their incredible efforts have supported activities such as an annual summer litter pick to clean up the community, Kids Camp - where volunteers take a group of young carers away on a trip, repainting a local charity cafe, and helping out in the garden and kitchen at a local housing and care retirement scheme. Many students also chose to volunteer on a weekly basis at local youth centres, schools and charities.

A number of students had their efforts recognised formally at the University's annual community prize ceremony in May, where prizes were awarded, rewarding them for their admirable voluntary work.

In April the first ever Student and Staff Action day took place, when staff and students teamed up to transform a canal-side outhouse. Arranged in conjunction with the Canal and River Trust, the day saw 11 members of staff and six students travel to Sawley Lock to paint Munn's Store. The space was refurbished to be used as a visitors centre and for educating young children about the canal throughout the summer months.

The University has continued its support of local charity, The Exaireo Trust, to provide unemployed people with work placements on campus. The Trust helps homeless people rehabilitate by providing them with accommodation, education, skills, advice and support, and as part of their Ethos Project, they run a scheme to help people find their feet by getting them back into work. The University has supported this over the past two years and have provided a number of opportunities on campus. This year's placements included Matt Kelly, who completed a seven week placement at Towers Hall, in the kitchenette, where he prepares anything from cooked breakfasts to tasty desserts for students, conferences and even for sports teams.

The University's annual Community Donations Fund continues to provide financial support to community based groups across Charnwood. In 2014/15 the fund donated over £27,000 to community groups and organisations. These included pre-schools, schools and parent and toddler groups, community radio, sports clubs and residents associations.

The Fruit Routes project has run for a number of years now, and provides an enriched habitat for people, plants, insects and animals, as well as a location for cultural activities and outdoor learning. This year's activity has included the planting of more trees, harvest events filled with harvesting fruit, apple tagging and pressing, and bake offs, all of which are open for staff, students and members of the community to get involved in.

Our Community Fun Day also invites the local community on to campus. This year's event saw over 100 members of the local community visit campus for a day of donkey rides, Punch & Judy, a bouncy castle, bungee run, BBQ, face paints and much more. Run entirely by Loughborough Students' Union Action volunteers, the not-for-profit event raised £350 from the stalls and activities, which was donated to the MondoChallenge Foundation, a UK charity which works to improve the quality of education in remote villages of the Helambu region of Nepal.

In May, members of the community were invited onto campus to 'discover science' through a series of free public lectures, designed to showcase some of the diverse research and activity taking place within the University.

A new event was set up during the last year, for members of the community with an interest in the history and heritage of Loughborough University. The 'Future of the Past' event was staged by Loughborough History and Heritage Network in collaboration with the University's Department of Politics, History and International Relations, as part of a project funded by the Higher Education Innovation Fund. Attendees enjoyed a programme of talks and panel discussions from local authors and historians, entertainment from the Tommy Atkins' Band, and guided walks of some of the most historically significant areas of the University campus.

STATEMENT OF 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 Council (Council).

The Royal Charter sets out the objectives which form the University's charitable purpose: "to advance knowledge, wisdom, understanding and professional competence through teaching, research and collaboration with industrial and other bodies and to develop the character of its students by virtue of its corporate life".

The University is committed to exhibiting best practice in all aspects of Corporate Governance. Council last undertook a review of its own effectiveness in 2012/13 and key recommendations from the review have now been implemented. Council initiated an effectiveness review of the Senate in 2013/14 which enabled it to satisfy itself that arrangements for academic governance were generally in good health. A number of specific recommendations for further enhancement of Senate's operations were implemented during 2014/15. These included development of a role descriptor for Senate members and training for new members.

The revised Higher Education Code of Governance was published by the Committee of University Chairs (CUC) in December 2014. The University has reviewed its current practice in light of the provisions of the revised Code and sought an opinion on its compliance from its internal auditors. The internal audit review concluded that the University is "compliant with the requirements of the Code in the majority of areas across the seven primary elements" and that the action plan to address a small number of gaps "is sensible and will ensure full compliance is achieved". The only remaining exception remains the size of Council as noted below.

As in previous years, with a membership of 30, Council does not comply with the recommendations of the Code (ie, that it should comprise 12-25 members). Council remains of the view that its larger size is appropriate in the context of maintaining strong staff and student involvement in institutional governance and Council's size will be examined again as part of the next effectiveness review.

In addition the members of Council, ie the trustees of the University, have had due regard to the Charity Commission's guidance on charitable purpose and public benefit.

The University's Structure of Corporate Governance

The operation of the University is governed by its Charter, Statutes, Ordinances and Regulations.

The Council, the governing body of the University, comprises independent, academic, non-academic and student members appointed or elected under the Statutes and Ordinances of the University, the majority of whom are non-executive. The role of Chair of the Council is separated from the role of the University's chief executive, the Vice Chancellor.

In accordance with the CUC Code, Council has published a list of its primary responsibilities and these include the ongoing strategic direction of the University and approval of major developments. Certain matters are specifically reserved for Council under the Memorandum of Assurance & Accountability issued by the Higher Education Funding Council for England (HEFCE). Council meets at least four times a year and is advised by the Senate on academic issues.

The University also has the status of an exempt charity. This means that members of Council have the responsibilities of charity trustees in relation to ensuring the institution's work is for the public benefit and that it complies with Charity Commission expectations.

Both Council and Senate conduct their routine business through a committee structure; some of the committees are jointly composed.

The financial management of the University rests with the Operations and Finance committees. The Operations Committee, comprising executive officers, has responsibility for the integration of academic, financial and physical planning and the allocation of resources to academic Schools and Professional Services. The Operations Committee monitors the budget holders on a regular basis. Finance Committee is responsible for advising Council on both the University's financial strategy and treasury management; the Committee is chaired by the Vice Chancellor and comprises executive officers and lay members of Council.

The External Auditor addresses their report on the Financial Statements to Council through the Audit Committee which comprises lay (independent) members of Council, who are not otherwise involved in the management of the University, and other independent persons appointed by Council. Both Internal and External Auditor report to the Audit Committee on a regular basis. The Committee considers their detailed reports together with the recommendations on the systems and controls in operation. The Committee takes account of guidance issued by HEFCE through its Memorandum of Assurance & Accountability. The Committee appoints the Internal Auditor whilst Council appoints the External Auditor. Both Internal and External auditors have direct access to the Chair of Council, the Chair of Audit Committee and the Vice Chancellor at any time.

The Nominations Committee of Council is chaired by the Chair of Council and includes lay members, academic members and the Vice Chancellor with lay members in the majority. Its role is to make recommendations to Council on the appointment of senior lay officers (excluding the Chair of Council) and on the appointment of other lay members of Council.

The Remuneration Committee of Council, comprising lay members and the Vice Chancellor (except for discussions on his/her own remuneration), determines the remuneration of professorial and senior administrative staff.

Internal Control & Management of Risk

The Council, as the governing body of Loughborough University, has responsibility for maintaining a sound system of internal control that supports the achievement of strategic objectives, whilst 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 Charter, Statute XIII and the Memorandum of Assurance & Accountability with HEFCE.

The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

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

The University maintains a strategic risk register which is aligned with the University Strategy "Building Excellence". Risk management processes and procedures continue to evolve with input from our internal auditors with all work being overseen by the Audit Committee. This included workshops with Council during the 2014/15 financial year.

Council, both directly and through its committees, is responsible for ensuring the delivery of value for money, defined as economical, effective and efficient use of resources. Council is responsible for the safeguarding of assets and oversight of systems to prevent and detect fraud.

The system of internal control provides for a comprehensive financial planning process, assessment of income, expenditure, capital and cash flow budgets during the year and periodic review of management information including the reporting of material variances and the projection of out-turn for the year.

On behalf of Council the Audit Committee monitors the effectiveness of control, governance, the management of risk and gains assurance on the University's arrangements to secure value for money. It receives regular reports from the Internal Auditors, and where relevant, the External Auditor. The internal audit approach reflects the increased emphasis on risk management. Periodic reports concerning internal control are received by Council from the Audit Committee.

Reports on the progress on key projects and regular reports from senior management on the steps they are taking to manage risks in their area of responsibility are received by the Council and its principal committees.

Going Concern

Council is satisfied that the University and its subsidiary companies have adequate resources to continue in operation for the foreseeable future and for a period of not less than twelve months from the date of this report. The Operations Committee, Finance Committee and Council have reviewed the University's financial forecast for the period to August 2016 and have a reasonable expectation that the University has adequate resources to continue operations for its foreseeable future. The financial statements continue to be prepared on the going concern basis.

Officers of the University

The University's formal principal officer is its Chancellor, who has responsibility for conferring Loughborough's academic awards at congregations and plays an important role in the advancement of the University.

The Senior Pro-Chancellor, Sir Peter Bonfield, serves as the Chair of Council and also chairs the Nominations and Remuneration Committees.

The day-to-day running of the University is the responsibility of the Vice Chancellor and President, who is the academic and executive head and the accountable officer to HEFCE.

Officers of the University

Visitor	Paul Michell
The Chancellor	Vacant
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield
The Pro Chancellors	Sir John Gains Lord Sebastian Coe
Honorary Treasurer	Alan Hughes
The Vice Chancellor	Professor Robert Allison
Provost	Professor Chris Linton
Pro Vice Chancellor (Teaching)	Professor Morag Bell
Pro Vice Chancellor (Research)	Professor Steve Rothberg
Pro Vice Chancellor (Enterprise)	Professor Tracy Bhamra
Chief Operating Officer	Richard Taylor
Director of Finance	Andrew Stephens

Chairs of Key Committees

Council	Sir Peter Bonfield
Senate	Professor Robert Allison
Remuneration Committee	Sir Peter Bonfield
Finance Committee	Professor Robert Allison
Audit Committee	Mark Sismey-Durrant

Members of the University Council (as at 26 November 2015)

The Chancellor	Vacant
The Senior Pro Chancellor (Chair)	Sir Peter Bonfield
The Pro Chancellors	Sir John Gains (Deputy Chair) Lord Sebastian Coe
Honorary Treasurer	Alan Hughes
The Vice Chancellor	Professor Robert Allison
Provost	Professor Chris Linton
Appointed by the Alumni Association	Christine Fisher
Appointed by the Students' Union	Jess Excell James Bowker
Elected by the Senate	Dr Marcus Collins Professor Zoe Radnor Professor Mark Lewis
Elected by the General Assembly	Dr Sandie Dann Dr David Kerr Professor Memis Acar
Other elected members	Anne Lamb Siobhan O'Reilly
Co-opted members	John Sinnott Jean Tomlin Peter Saraga Mark Sismey-Durrant Tony Williams Jim Murphy Sally-Ann Hibberd Jane Tabor Anne Greenwood Professor Alan Jones Steve Varley

Key Advisers

External auditor	Deloitte LLP
Internal auditor	PWC

STATEMENT OF THE RESPONSIBILITIES OF COUNCIL

The University Charter establishes Council as the Governing Body of the University, subject to other terms of the Charter and the Statutes, and its responsibility for:

1. General control over the University and all its affairs, purposes and functions.
2. The management and administration of the revenue and property of the University.
3. The custody and use of the Common Seal of the University.

The Council has identified a number of primary responsibilities arising from these general duties under the Charter, which are consistent with the functions of Council noted in Section 6 of Statute XIII:

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 approve the annual budget and Financial Statements, 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.
3. 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.
4. To appoint the Vice Chancellor as chief executive and principal Academic and Administrative Officer of the University, in accordance with paragraph 7 of the Charter, and to put in place suitable arrangements for monitoring his/her performance.
5. To delegate authority to the Vice Chancellor for the appointment of University nominees to the boards of public bodies, limited companies and other institutions.
6. To establish processes to monitor and evaluate the performance and effectiveness of Council itself.
7. To conduct its business in accordance with best practice in higher education, corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life.
8. To safeguard the good name and values of the University.
9. To appoint the Secretary to Council, and to ensure that, if he/she 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, and to have overall responsibility for the University's assets, property and estate.
12. To be the institution's legal authority and, as such, to ensure that systems are in place for meeting all the institution's legal obligations, including those arising from contracts and other legal commitments made in the institution's name.
13. To make such provision as it thinks fit for the general welfare of students, in consultation with Senate.
14. To ensure that the University's Charter, Statutes and Ordinances are followed at all times and that appropriate advice is available to enable this to happen.

It follows from the above that Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiary companies and enable it to ensure that the financial statements are prepared in accordance with the relevant parts of the Royal Charter, company law, the Statement of Recommended Practice on Accounting for Further and Higher Education and other Accounting Standards.

In addition, within the terms and conditions of the Memorandum of Assurance & Accountability between the Higher Education Funding Council for England and the University, the latter, through its accountable officer, 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 its subsidiary companies and of the surplus or deficit and cash flows of the University and its subsidiary companies for that year.

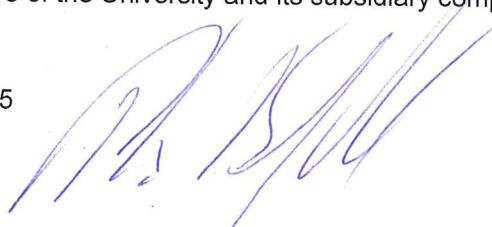
In preparing the Financial Statements, Council has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable Accounting Standards have been followed
- the going concern basis is used unless it is inappropriate to presume that the University will continue in operation.

Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England (HEFCE) are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance & Accountability with HEFCE and any other conditions which HEFCE may from time to time prescribe
- ensure that income from the National College for Teaching and Leadership is applied for the purpose for which it has been received and in accordance with the funding agreement with the agency
- ensure that income from the Skills Funding Agency, the Education Funding Agency and research councils is applied for the purpose for which it has been received and in accordance with the funding agreement with the Council
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and its subsidiary companies and prevent and detect fraud, and
- secure the economical, efficient and effective management of the resources and expenditure of the University and its subsidiary companies.

26 November 2015
Sir Peter Bonfield
Chair of Council



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL OF LOUGHBOROUGH UNIVERSITY

We have audited the consolidated financial statements of Loughborough University for the year ended 31 July 2015 which comprise the Statement of Principal Accounting Policies, the Consolidated Income and Expenditure Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Reconciliation of Net Cash Flow to Movement in Net Debt, and the related notes 1 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the members of the Council in accordance with the memorandum of assurance and accountability effective August 2014. Our audit work has been undertaken so that we might state to the governing body those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the governing body and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the University's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the governing body; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and the University's affairs as at 31 July 2015 and of its surplus for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion in all material respects:

- income from the funding council, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2015 have been applied for the purposes for which they were received; and
- income during the year ended 31 July 2015 has been applied in accordance with the University's statutes and, where appropriate, with the memorandum of assurance and accountability and with the funding council; and
- the requirements of HEFCE's accounts direction have been met.

Deloitte LLP

Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham, United Kingdom

26 November 2015

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

1. Accounting Convention

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards.

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

2. Basis of Consolidation

The University and its subsidiaries prepare Financial Statements to 31 July. The consolidated Financial Statements combine the Financial Statements of the University and all its subsidiary undertakings for the financial year to 31 July 2015. The individual subsidiary companies' Financial Statements have been prepared in accordance with the Companies Act and other relevant accounting standards and do not form part of this report.

The consolidated Financial Statements do not include Loughborough Students' Union, as it is a separate body over which the University does not have the power to exercise and nor does it exercise dominant influence. An amount of expenditure, which is included in the Consolidated Income & Expenditure Account of the University, relates to the University's contribution to Union activities.

3. Recognition of Income

Income from Specific Endowments, Donations, Research Grants and Contracts is included to the extent of recurrent expenditure incurred and depreciation charged during the year, together with any related contributions towards overhead costs. Unspent endowments are shown as Endowment Reserves on the balance sheet, whilst unspent donations, where terms require are classed as deferred income. All income from other sources is credited to the Income and Expenditure Account on an accruals basis.

4. Merger with Loughborough College of Art & Design

Loughborough College of Art & Design merged with Loughborough University on 1 August 1998. The merger was accounted for by the 'acquisition method of accounting' in order to comply with the requirements of the Financial Reporting Standard (FRS) 6, "Acquisitions and Mergers". Fair values are attributed to the net separable assets and liabilities.

The benefit arising as a consequence of no consideration having been paid by the University for the Net Value of the assets acquired is included in the Consolidated Balance Sheet as a deduction from Tangible and Intangible Assets. The fair value of the benefit is released to the Income and Expenditure Account over the periods in which the non-monetary assets are recovered, whether through depreciation or disposals. The release is aligned with the corresponding depreciation charge relating to the assets.

5. Pension Schemes

The University participates in the Universities Superannuation Scheme (USS), the Local Government Pension Scheme (LGPS) and the Teachers' Pensions Scheme (TPS). The USS and the TPS are defined benefit schemes which are contracted out of the State Second Pension.

The institution is unable to identify its share of the underlying assets and liabilities of these schemes on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement Benefits", accounts for these two schemes as if they were defined contributions schemes. As a result the amount charged to the Income and Expenditure Account represents the contributions payable to the schemes during the year.

The LGPS is a defined benefit scheme which is externally funded and contracted out of the State Second Pension Scheme. The institution is able to identify its share of the assets and liabilities of this scheme. The difference between the fair value of the assets held in the University's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the University's balance sheet as a pension scheme asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the University is able to recover the surplus through reduced contributions in the future or through refunds from the scheme.

Changes in the defined benefit pension scheme asset or liability arising from factors other than cash contribution by the University are charged to the Income and Expenditure Account or the statement of total recognised gains and losses in accordance with FRS17 "Retirement benefits".

The funds of the USS and LGPS are valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the Schemes. Pension costs are assessed in accordance with the advice of the actuaries, based on the latest actuarial valuations of the Schemes, and are accounted for on the basis of charging the cost of providing pensions over the period during which the University benefits from the employees' services. The TPS is valued every five years by the Government Actuary. Contributions are paid at the rate specified by the Government Actuary. It is an unfunded Scheme and contributions are made to the Exchequer.

The pension charge for the year includes an amount in respect of enhanced pension entitlements relating to specific University staff who have taken early retirement in prior years. 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 in excess of price inflation.

A provision is made for liabilities and charges representing the extent to which the capital cost of enhanced pension entitlements charged exceed actual payments made. The provision will be released against the cost to the University of enhanced pension entitlements over the life of each relevant employee.

6. Land & Buildings

Land and buildings are stated at cost or, in the case of buildings acquired as a result of the merger with Loughborough College of Art & Design, at valuation; the basis of valuation is depreciated replacement cost and the valuation on 31 July 1998 was performed by GVA Grimley, International Property Advisors.

Land which is held freehold is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their estimated useful lives, which range between ten and sixty years depending on the method of construction used. Leasehold land and buildings are amortised over the life of the lease up to a maximum of sixty years.

Improvements to buildings and long term maintenance projects are capitalised, where they are seen to increase the value or effective life of a building or building related plant and the value of the improvements is in excess of £50,000. Depreciation is charged from the year of completion and is calculated to write the cost off over the remaining life of the improved building or building related plant. Where building projects are financed with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the Income & Expenditure Account over the expected useful, economic life of the building on a basis consistent with the depreciation policy. Finance costs, which are directly attributable to the construction of land and buildings, are not capitalised as part of the cost of those assets.

7. Fixtures, Fittings, Plant & Equipment

All such items, where the cost is less than £20,000 per individual item or group of related items, are written off in the year of acquisition. All other items are capitalised.

Items are stated at cost and depreciated over their expected useful life, as follows:

- Main computer systems and equipment over £100k - between 4 and 7 years
- Motor vehicles and other general equipment - 4 years
- Equipment acquired for specific research projects - project life (generally 3 years)
- Plant, furniture and fixtures - between 5 and 25 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and released to the Income and Expenditure Account over the expected useful, economic life of the equipment (the period of the grant in respect of specific projects).

8. Heritage Assets

Works of art and other valuable artefacts (heritage assets) and valued at over £10,000 have been capitalised and recognised at the cost or value of the acquisition, where such a cost or valuation is reasonable obtainable. Heritage assets are not depreciated since their long economic life and high residual value mean that any depreciation would not be material.

9. Investments

Endowment asset investments are included in the Balance Sheet at market value. Fixed asset investments are included at cost. Short-term deposits are included at the lower of cost and net realisable value. Provision is made for any impairment in value of investments whether or not the impairment is expected to be permanent. The income receivable from short-term investments includes the effects of identified reductions in value in investments (both realised and unrealised).

10. Stocks

Stocks of goods are stated at the lower of cost and net realisable value.

11. Maintenance of Premises

Actual expenditure on long-term repairs and maintenance of buildings and building-related plant below £50,000 and routine corrective maintenance is charged to the Income & Expenditure Account in the year in which it is incurred.

The costs of long-term maintenance projects above £50,000 in value, which are considered to increase the value or effective life of a building or building related plant, are capitalised with effect from 1 August 1998.

12. Foreign currency transactions

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

13. Cash Flows and Liquid Resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, deposits repayable on demand less overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty. No investments, however liquid, are included as cash. Liquid resources comprise assets held as a readily disposable store of value. University's treasury management activities consist of term deposits. They exclude any such assets held as endowment asset investment.

14. Taxation Status

The University is an exempt charity within the meaning of Schedule 3 of the Charities Act 2011 and as such is a charity within the meaning of Schedule 6 Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 of the Corporation Tax Act 2009 and sections 471 and 478-488 of the Corporation Tax Act 2010 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The institution receives no similar exemption in respect of Value Added Tax. Irrecoverable VAT on inputs is included in the cost of such inputs. Any irrecoverable VAT allocated to tangible fixed assets is included in their cost.

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law.

Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

15. Operating lease rentals receivable

Operating lease rentals received are credited to the Income and Expenditure Account on an accruals basis over the period of the lease.

16. Leases

The costs of operating leases are charged to the Income & Expenditure Account as they accrue. Where any rent free periods have been negotiated on leased premises these have been recognised throughout the contracted period of the lease.

Consolidated Income and Expenditure Account

Year Ended 31 July 2015

	Note	2014/15 £'000	2013/14 £'000
INCOME			
Funding Council Grants	1	40,594	45,716
Academic Fees and Support Grants	2	120,779	111,957
Research Grants and Contracts	3	41,507	38,605
Other Income	4	66,186	61,667
Endowment and Investment Income	5	2,033	2,562
Total Income		<u>271,099</u>	<u>260,507</u>
EXPENDITURE			
Staff Costs	6	137,167	129,396
Depreciation	11	20,395	20,381
Other Operating Expenses		100,765	91,545
Interest Payable	7	3,257	3,630
Total Expenditure	8	<u>261,584</u>	<u>244,952</u>
SURPLUS ON CONTINUING OPERATIONS BEFORE TAX	9	9,515	15,555
Tax	10	(140)	38
SURPLUS ON CONTINUING OPERATIONS AFTER TAX		<u>9,375</u>	<u>15,593</u>
Transfer from accumulated income within endowments	22	(331)	99
Surplus for the year retained within reserves	23	<u>9,044</u>	<u>15,692</u>

There is no difference between the retained surplus shown above and its historical cost equivalent

The Consolidated Income and Expenditure Account is wholly in respect of continuing operations

Balance Sheets as at 31 July 2015

	Note	2014/15		2013/14	
		Consolidated £'000	University £'000	Consolidated £'000	University £'000
Negative Goodwill	12	(2,096)	(2,096)	(2,229)	(2,229)
Tangible Assets	11	326,956	319,336	320,106	312,112
Investments	13	192	8,131	192	8,131
Long-term Loans	14	169	541	116	258
Total fixed assets		325,221	325,912	318,185	318,272
Endowment assets	15	3,126	1,347	2,718	1,261
Stocks and Stores in Hand		561	514	592	548
Debtors:					
Due within one year	16	17,593	18,111	19,388	20,772
Short Term Investments	17	30,005	30,005	26,005	26,005
Cash at Bank and in Hand		55,383	50,537	54,484	51,059
Total current assets		103,542	99,167	100,469	98,384
Less: Creditors - amounts falling due within one year	18	(76,919)	(74,132)	(76,034)	(74,511)
Net current Assets		26,623	25,035	24,435	23,873
Total assets less current liabilities		354,970	352,294	345,338	343,406
Less: Creditors - amounts falling due after more than one year	19	(66,639)	(66,639)	(68,847)	(68,847)
Less: Provisions for liabilities	20	(2,245)	(2,190)	(1,614)	(1,554)
NET ASSETS excluding pension liability		286,086	283,465	274,877	273,005
Pension liability	34	(72,166)	(72,166)	(64,103)	(64,103)
NET ASSETS including pension liability		213,920	211,299	210,774	208,902
Deferred Capital Grants	21	107,117	107,117	107,224	107,224
Endowments					
Expendable		2,082	525	1,737	491
Permanent		1,044	822	981	770
	22	3,126	1,347	2,718	1,261
Reserves excluding pension liability		175,843	175,001	164,935	164,520
Pension reserve	23,34	(72,166)	(72,166)	(64,103)	(64,103)
Reserves including pension liability	23	103,677	102,835	100,832	100,417
TOTAL		213,920	211,299	210,774	208,902

The financial statements were approved by Council and signed on its behalf by:

R ALLISON, Vice-Chancellor and Accountable Officer
P BONFIELD, Chair of Council

26 November 2015

Consolidated Statement of Total Recognised Gains & Losses

Year Ended 31 July 2015

	Note	2014/15 £'000	2013/14 £'000
SURPLUS ON CONTINUING OPERATIONS AFTER TAX		9,375	15,593
Gain on endowment asset investments	22	77	14
Actuarial loss in respect of pension scheme	34	(6,199)	(16,351)
Adjustment to reserves	23	0	(13)
TOTAL RECOGNISED GAINS/(LOSSES) RELATING TO THE YEAR		<u>3,253</u>	<u>(757)</u>

Reconciliation

Opening reserves and endowments	103,550
Total recognised gain for the year	3,253
Closing reserves and endowments	<u>106,803</u>

Consolidated Cash Flow Statement

Year Ended 31 July 2015

	Note	2014/15 £'000	2013/14 £'000
Net cash inflow from operating activities	28	29,515	32,092
Returns on investments and servicing of finance	29	(392)	260
Capital expenditure and financial investment	30	(22,018)	(26,252)
Management of liquid resources	31	(4,000)	(1,500)
Financing	32	(2,108)	(2,016)
Increase in cash in the year	33	997	2,584

Reconciliation of net cash flow to movement in net funds

		2014/15 £'000	2013/14 £'000
Increase in cash in the year		997	2,584
Change in short term deposits	31	4,000	1,500
Change in debt	32	2,108	2,016
Change in net funds		7,105	6,100
Net funds at 1 August	33	10,992	4,892
Net funds at 31 July	33	18,097	10,992

Notes to the Financial Statements

Year Ended 31 July 2015

1 FUNDING COUNCIL GRANTS	2014/15	2013/14
	£'000	£'000
HEFCE Recurrent:		
Teaching	12,644	17,298
Research	20,874	21,161
Other	3,607	3,693
EFA/SFA Recurrent	923	917
NCTL	0	27
Deferred Capital Grants Released in Year :		
Buildings (note 21)	1,555	1,601
Equipment (note 21)	991	1,019
	40,594	45,716
2 ACADEMIC FEES AND SUPPORT GRANTS	2014/15	2013/14
	£'000	£'000
Home Students	88,735	78,487
International Students	32,044	33,470
	120,779	111,957
3 RESEARCH GRANTS AND CONTRACTS	2014/15	2013/14
	£'000	£'000
Research Councils and Charities	24,511	22,509
Industry and Commerce	5,518	4,568
Governmental	11,478	11,528
	41,507	38,605
Research grants and contracts income includes £1,260,000 (2013/14 - £1,155,000) in respect of the release of deferred capital grants on equipment.		
4 OTHER INCOME	2014/15	2013/14
	£'000	£'000
Residences, Catering and Conferences	39,756	39,970
Other income	24,174	19,560
Benefit on acquisition of LCAD - Release to Income (note 12)	133	134
Released from Deferred Capital Grants	2,123	2,003
	66,186	61,667
5 ENDOWMENT AND INVESTMENT INCOME	2014/15	2013/14
	£'000	£'000
Income from Endowments (note 22)	1,217	2,174
Income from Short-term Investments	816	388
	2,033	2,562

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

6 STAFF COSTS

	2014/15 £'000	2013/14 £'000
Staff Costs :		
Salaries	111,370	105,454
Social Security Costs	8,347	7,994
Other Pension Costs (Note 34)	17,450	15,948
Total	<u><u>137,167</u></u>	<u><u>129,396</u></u>
Emoluments of the vice-chancellor:		
Salary	£212,180	£206,000
Pension contributions to USS	<u><u>33,948</u></u>	<u><u>15,450</u></u>
	<u><u>246,128</u></u>	<u><u>221,450</u></u>

No compensation for loss of office was paid during the year, or prior year, to any higher paid staff members (remuneration >£100,000).

Remuneration of other higher paid staff, excluding employer's pension contributions:

	2014/15 Number	2013/14 Number
£100,000 to £109,999	15	6
£110,000 to £119,999	5	2
£120,000 to £129,999	3	1
£130,000 to £139,999	2	0
£140,000 to £149,999	0	2
£150,000 to £159,999	0	1
£160,000 to £169,999	2	0
	<u><u>27</u></u>	<u><u>12</u></u>

Average Staff Numbers by Major Category:

	Number	Number
Academic	704	704
Teaching and scholarship	63	66
Research	317	284
Management & Specialist	524	486
Technical	210	204
Other	902	1,064
	<u><u>2,720</u></u>	<u><u>2,808</u></u>

The average staff numbers, by major category, are expressed as full-time equivalents and are disclosed at a consistent date, that is at 1 April each year.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

7 INTEREST PAYABLE	2014/15	2013/14
	£'000	£'000
Loans not wholly repayable within five years	2,454	2,271
Net pension charge (note 34)	803	1,359
	3,257	3,630

8 ANALYSIS OF EXPENDITURE BY ACTIVITY	2014/15	2013/14
	£'000	£'000
Academic Departments	92,815	91,777
Academic Services	20,677	17,295
Research Grants and Contracts	32,512	31,033
Residences, Catering and Conferences	31,940	35,915
Premises	32,181	28,979
Administration and Central Services	35,776	28,223
Other Expenses	15,683	11,730
	261,584	244,952

9 SURPLUS BEFORE TAX	2014/15	2013/14
	£'000	£'000
This is stated after charging/(crediting):		
External Auditor's Remuneration in Respect of Audit Services (University 2014/15 - £65,988 2013/14 - £59,400)	94	87
External Auditor's Remuneration in Respect of Tax Services	98	205
Loss/(Profit) on disposal of Fixed Assets	410	(403)
Operating Lease Rentals:		
- Plant & machinery	101	98
- Other	720	597

No trustee has received any remuneration from the University or any subsidiary company in his/her capacity as a trustee.

10 TAX	2014/15	2013/14
	£'000	£'000
UK Corporation Tax charge on the profits of subsidiary companies	140	0
Deferred Tax relating to subsidiary company - accelerated capital allowances	0	(38)
	140	(38)

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

11 TANGIBLE ASSETS

	Freehold Land and Buildings £'000	Fixtures, Fittings and Plant and Equipment £'000	Assets in Course of Construction £'000	Heritage Assets £'000	Total £'000
CONSOLIDATED					
Cost:					
At 1 August 2014	340,356	112,197	25,509	1,165	479,227
Additions at cost	2,143	10,834	14,784	0	27,761
Transfer Categories	17,616	4,300	(21,916)	0	0
Disposals at cost	(732)	(1,883)	0	0	(2,615)
At 31 July 2015	<u>359,383</u>	<u>125,448</u>	<u>18,377</u>	<u>1,165</u>	<u>504,373</u>
Depreciation:					
At 1 August 2014	(97,447)	(61,674)	0	0	(159,121)
Charge for the year	(10,532)	(9,863)	0	0	(20,395)
Eliminated on disposals	311	1,788	0	0	2,099
At 31 July 2015	<u>(107,668)</u>	<u>(69,749)</u>	<u>0</u>	<u>0</u>	<u>(177,417)</u>
Net Book Value:					
At 31 July 2015	<u><u>251,715</u></u>	<u><u>55,699</u></u>	<u><u>18,377</u></u>	<u><u>1,165</u></u>	<u><u>326,956</u></u>
At 31 July 2014	<u><u>242,909</u></u>	<u><u>50,523</u></u>	<u><u>25,509</u></u>	<u><u>1,165</u></u>	<u><u>320,106</u></u>
UNIVERSITY					
Cost:					
At 1 August 2014	332,229	107,034	25,509	1,165	465,937
Additions at cost	2,143	10,620	14,784	0	27,547
Transfer Categories	17,616	4,300	(21,916)	0	0
Disposals at cost	(732)	(1,675)	0	0	(2,407)
At 31 July 2015	<u>351,256</u>	<u>120,279</u>	<u>18,377</u>	<u>1,165</u>	<u>491,077</u>
Depreciation:					
At 1 August 2014	(95,812)	(58,013)	0	0	(153,825)
Charge for the year	(10,359)	(9,448)	0	0	(19,807)
Eliminated on disposals	311	1,580	0	0	1,891
At 31 July 2015	<u>(105,860)</u>	<u>(65,881)</u>	<u>0</u>	<u>0</u>	<u>(171,741)</u>
Net Book Value:					
At 31 July 2015	<u><u>245,396</u></u>	<u><u>54,398</u></u>	<u><u>18,377</u></u>	<u><u>1,165</u></u>	<u><u>319,336</u></u>
At 31 July 2014	<u><u>236,417</u></u>	<u><u>49,021</u></u>	<u><u>25,509</u></u>	<u><u>1,165</u></u>	<u><u>312,112</u></u>

In the University and consolidated accounts freehold buildings with a net book value of £49m (2013/14 - £47m) and cost of £71m (2013/14 - £68m) 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 Assurance and Accountability with HEFCE.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

12 NEGATIVE GOODWILL (CONSOLIDATED AND UNIVERSITY)

	£'000
Fair Value:	
At 31 July 2015 and at 1 August 2014	<u>5,565</u>
Released to Income and Expenditure Account :	
At 1 August 2014	(3,336)
Release for year (note 4)	(133)
At 31 July 2015	<u>(3,469)</u>
Net Book Value :	
At 31 July 2015	<u>2,096</u>
At 31 July 2014	<u>2,229</u>

Negative goodwill arising on the merger with Loughborough College of Art and Design.

The amortisation period is up to 60 years.

13 INVESTMENTS

CONSOLIDATED	Subsidiary companies (note 36)	Investments in spinouts	Other Investments	Total
	£'000	£'000	£'000	£'000
At 1 August 2014	0	150	42	192
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 July 2015	<u>0</u>	<u>150</u>	<u>42</u>	<u>192</u>
UNIVERSITY				
At 1 August 2014	8,089	0	42	8,131
Additions	0	0	0	0
Disposals	0	0	0	0
At 31 July 2015	<u>8,089</u>	<u>0</u>	<u>42</u>	<u>8,131</u>

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

14 LONG-TERM LOANS

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Loughborough Students Union Nursery Loan	60	60	60	60
Loughborough Students Union Sports Office Loan	59	59	0	0
Loughborough University Enterprises Ltd	0	172	0	142
CASCAID Loan	0	200	0	0
Manufacturing Technology Centre Ltd	50	50	56	56
	169	541	116	258

The loan granted to Loughborough Students Union for the Nursery is unsecured, interest is linked to base rate and is repayable over the period to 1 November 2017.

The loan granted to Loughborough Students Union for the Sports Office was granted in July 2015, it is interest-free, unsecured and repayable in 6 equal installments. It will be fully repaid in July 2021.

The loan granted to Loughborough University Enterprises Ltd is unsecured. Interest is payable at a rate of 3.27% annually on 30 June. The loan is repayable on demand or converted to shares at a future date but the University has no intention of demanding repayment within the next 12 months.

The loan granted to CASCAID was made on 16 April 2015 and is unsecured. Interest is payable at a rate of 3.48% annually on 16 April. The initial period of the loan is 3 years but may be extended or converted to shares at a future date but the University has no intention of demanding repayment within the next 12 months.

The loan granted to the Manufacturing Technology Centre Ltd is unsecured, interest is charged at 3% and the loan and accumulated interest are repayable on the final repayment date of 31 March 2017. The University is liable to contribute an amount not exceeding £1 towards the assets of the company in the event of liquidation.

15 ENDOWMENT ASSET INVESTMENTS

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Balance at 1 August 2014	2,718	1,261	2,803	1,267
Additions	0	0	0	0
Disposals	0	0	0	0
Appreciation on Revaluation	77	58	14	11
Increase/(Decrease) in cash balances	331	28	(99)	(17)
Balance at 31 July 2015	3,126	1,347	2,718	1,261
Represented by:				
Quoted Unit Trusts	1,572	1,140	1,262	1,082
Bank Balances	1,554	207	1,456	179
Total Endowment Asset Investments	3,126	1,347	2,718	1,261

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

16 DEBTORS

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Amounts falling due within one year:				
Trade debtors	15,810	14,628	17,497	15,958
Prepayments and Accrued Income	1,783	1,650	1,891	1,768
Amounts due from subsidiary companies	0	1,833	0	3,046
	17,593	18,111	19,388	20,772

17 OTHER SHORT TERM INVESTMENTS

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Cash deposits	30,000	30,000	26,000	26,000
Other	5	5	5	5
	30,005	30,005	26,005	26,005

At 31 July 2015 the weighted average interest rate of the cash and fixed rate deposits was 0.43% per annum and the weighted average period for which the interest rate is fixed was 20 days. The fair value of the deposits was not materially different from the book value.

Cash deposits are held with banks and building societies operating in the London market and regulated by the Prudential Regulation Authority and the Financial Conduct Authority with more than 24 hours maturity at the balance sheet date. The interest rates for these deposits are fixed for the duration of the deposit at time of placement.

Other short term investments include 63,113 BTG plc ordinary shares of 10p each. The cost of the shares was £4,722 and their market value as at 31 July 2015 was £412,759.

18 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured Loans (note 19)	2,206	2,206	2,106	2,106
Payments Received on Account	43,955	43,955	48,255	48,255
Trade creditors	19,101	17,801	19,529	18,636
Social Security and Other Taxation Payable	3,580	3,041	3,247	2,829
Accruals and Deferred Income	8,077	6,407	2,897	1,584
Amounts due to subsidiary companies	0	722	0	1,101
	76,919	74,132	76,034	74,511

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

19 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Unsecured loan repayable by 2035	28,168	28,168	28,984	28,984
Unsecured fixed rate loan repayable by 2039	8,636	8,636	8,851	8,851
Unsecured fixed rate loan repayable by 2020	2,151	2,151	2,665	2,665
Unsecured fixed rate loan repayable by 2041	9,033	9,033	9,263	9,263
Unsecured fixed rate loan repayable by 2043	18,651	18,651	19,084	19,084
	<u>66,639</u>	<u>66,639</u>	<u>68,847</u>	<u>68,847</u>
Analysis of unsecured loans:				
Due within one year or on demand	2,206	2,206	2,106	2,106
Due between one and two years	2,304	2,304	2,203	2,203
Due between two and five years	7,388	7,388	7,217	7,217
Due in five years or more	56,947	56,947	59,427	59,427
	<u>68,845</u>	<u>68,845</u>	<u>70,953</u>	<u>70,953</u>
Due within one year or on demand	(2,206)	(2,206)	(2,106)	(2,106)
Due after more than one year	<u>66,639</u>	<u>66,639</u>	<u>68,847</u>	<u>68,847</u>

Note on loan repayable by 2035: £12.0m reducing is fixed at a rate of 5.1725% until March 2019 and is subject to an interest rate swap with Yorkshire Bank. This year £7.0m has been fixed at a lower rate of 3.48% (3.28% cost of funds plus 0.20% margin) and the remaining £10.0m of the loan is charged at 0.20% above base rate. This loan is repayable by instalments over the period to 10 December 2035.

Note on fixed rate loan repayable by 2039: The loan is fixed at a rate of 4.4725% for the term. The loan is repayable by instalments over the period to 7 February 2039.

Note on fixed rate loan repayable by 2020: The loan is fixed at a rate of 4.68% for the term. The loan is repayable by instalments over the period to 30 March 2020.

Note on fixed rate loan repayable by 2041: The loan is fixed at a rate of 3.185% for the term. The loan is repayable by instalments over the period to 23 December 2041.

Note on fixed rate loan repayable by 2043: The loan is fixed at a rate of 3.27% for the term. The loan is repayable by instalments over the period to 20 March 2043.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

20 PROVISIONS FOR LIABILITIES

CONSOLIDATED

	Deferred tax £'000	Pension Enhancements On Retirement £'000	Total £'000
At 1 August 2014	60	1,554	1,614
Utilised in year	(5)	(73)	(78)
Transfer from Income and Expenditure Account	0	709	709
At 31 July 2015	55	2,190	2,245

The deferred tax relates to accelerated capital allowances for one of the subsidiary companies.

UNIVERSITY

	Deferred tax £'000	Pension Enhancements On Retirement £'000	Total £'000
At 1 August 2014		1,554	1,554
Utilised in year		(73)	(73)
Transfer from Income and Expenditure Account		709	709
At 31 July 2015	2,190	2,190	2,190

The assumptions for calculating the Provision for Enhanced Pension Costs under Financial Reporting Standard (FRS) 17, Retirement Benefits, are as in note 34.

21 DEFERRED CAPITAL GRANTS

CONSOLIDATED AND UNIVERSITY

	Funding Council £'000	Other Grants £'000	Total £'000
At 1 August 2014:			
Buildings	62,355	33,244	95,599
Equipment	6,157	5,468	11,625
Total	68,512	38,712	107,224
Cash Receivable:			
Buildings (see note below)	(1,490)	2,517	1,027
Reclassification (see note below)	(10,000)	10,000	0
Equipment	3,124	1,540	4,664
Total	(8,366)	14,057	5,691
Released to Income and Expenditure:			
Buildings	(1,555)	(1,422)	(2,977)
Equipment	(991)	(1,830)	(2,821)
Total	(2,546)	(3,252)	(5,798)
At 31 July 2015:			
Buildings	49,310	44,339	93,649
Equipment	8,290	5,178	13,468
Total	57,600	49,517	107,117

The negative balance of £1,490,000 has arisen because cash received last year and originally expected to be spent on building additions, and therefore in the balance brought forward, was actually spent on equipment additions this year.

The reclassification between Funding Council and Other Grants relates to £10m for the NCSEM Building which came from the Department of Health but was recorded as a HEFCE grant in the prior year.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

22 ENDOWMENTS

CONSOLIDATED	Restricted Permanent £'000	Restricted Expendable £'000	2014/15 Total £'000	2013/14 Total £'000
Capital	795	467	1,262	1,248
Accumulated income	186	1,270	1,456	1,555
At 1st August	981	1,737	2,718	2,803
Investment and Other Income	31	1,186	1,217	2,174
Expenditure	(8)	(878)	(886)	(2,273)
Released to Income & Expenditure Account	23	308	331	(99)
New endowments	0	0	0	0
Increase in market value of investments	40	37	77	14
At 31st July	1,044	2,082	3,126	2,718
Represented by:				
Capital	853	719	1,572	1,262
Accumulated income	191	1,363	1,554	1,456
	1,044	2,082	3,126	2,718
UNIVERSITY	Restricted Permanent £'000	Restricted Expendable £'000	2014/15 Total £'000	2013/14 Total £'000
Capital	670	413	1,083	1,071
Accumulated income	100	78	178	196
At 1st August	770	491	1,261	1,267
Investment and other income	25	17	42	41
Expenditure	(8)	(5)	(13)	(58)
Released to Income & Expenditure Account	17	12	29	(17)
New endowments	0	0	0	0
Increase in market value of investments	35	22	57	11
At 31st July	822	525	1,347	1,261
Represented by:				
Capital	705	435	1,140	1,083
Accumulated income	117	90	207	178
	822	525	1,347	1,261
Consolidated - Analysis by type or purpose:	Restricted Permanent £'000	Restricted Expendable £'000	2014/15 Total £'000	2013/14 Total £'000
Prize Funds	374	232	606	599
Hardship Funds	84	104	188	305
Travel Awards	85	0	85	81
Lectures	0	208	208	194
Posts & Departmental Support	495	1,223	1,718	870
Other	6	315	321	669
	1,044	2,082	3,126	2,718

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

22 ENDOWMENTS (continued)

The following funds had overdrawn balances at 31 July 2015. No further expenditure will be incurred on these funds until sufficient income has been received to cover these deficits, which in all cases is expected to be before 31 July 2016.

Balances at 31 July 2015:	Capital £	Accumulated deficit £	Total £
Shipman Prize Fund	22,963	(1,083)	21,880
Civil Engineering Prize Fund	1,204	(460)	744
Wallace Music Scholarship	6,947	(590)	6,357
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>
	31,114	(2,133)	28,981
	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>	<hr/> <hr/> <hr/> <hr/> <hr/>

Material Endowments

There is one Endowed Fund worth over £200k.

The American Aid Industrial Fund supports the provision of Industrial Engineering education.

The movement on this fund for the year was as follows:

	American Aid £'000
Balance at 1 August 2014	286
Investment and other income	8
Expenditure	0
Released to Income & Expenditure Account	8
Increase in market value of investments	12
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Balance at 31 July 2015	306
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Notes to the Financial Statements (continued)

Year Ended 31 July 2015

23 RESERVES

Income and expenditure account including pension reserve

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
At 1 August	100,832	100,417	101,504	101,302
Surplus retained for the year	9,044	8,617	15,692	15,479
Adjustment to reserves	0	0	(13)	(13)
Actuarial loss	(6,199)	(6,199)	(16,351)	(16,351)
At 31 July	<u>103,677</u>	<u>102,835</u>	<u>100,832</u>	<u>100,417</u>

Pension reserve only

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
At 1 August	(64,103)	(64,103)	(45,187)	(45,187)
Actuarial loss	(6,199)	(6,199)	(16,351)	(16,351)
Deficit within reserves	(1,864)	(1,864)	(2,565)	(2,565)
At 31 July	<u>(72,166)</u>	<u>(72,166)</u>	<u>(64,103)</u>	<u>(64,103)</u>

24 LEASE OBLIGATIONS

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Land and Buildings				
Annual, non-cancellable operating lease commitments in respect of leases expiring:				
Between two and five years	101	101	0	0
Over five years	0	0	98	98
	<u>101</u>	<u>101</u>	<u>98</u>	<u>98</u>

Other

Annual, non-cancellable operating lease commitments
in respect of leases expiring:

Within one year	139	124	13	4
Between one and two years	159	63	162	98
Between two and five years	422	403	422	367
Over five years	0	0	0	0
	<u>720</u>	<u>590</u>	<u>597</u>	<u>469</u>

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

25 CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments at 31 July 2015:

	2014/15		2013/14	
	Consolidated £'000	University £'000	Consolidated £'000	University £'000
Commitments contracted	14,209	14,209	14,979	14,979
Authorised but not contracted	31,410	31,410	34,001	34,001
	45,619	45,619	48,980	48,980

26 CONTINGENT LIABILITIES

The University has given written undertakings to support the subsidiary companies for at least the next twelve months from the date of approval of the financial statements.

27 HARDSHIP FUNDS (CONSOLIDATED AND UNIVERSITY)

	2014/15 £'000	2013/14 £'000
Income:		
Excess of Income over Expenditure Brought Forward	24	7
Funding Council Grants	15	172
	39	179
Expenditure:		
Disbursed to Students	(22)	(150)
Fund Running Costs	0	(5)
Excess of Income over Expenditure Carried Forward	17	24

Funding Council grants are available solely to assist students, the University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

28 RECONCILIATION OF CONSOLIDATED OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	Note	2014/15 £'000	2013/14 £'000
Surplus Before Tax and exceptional items		9,515	15,555
Depreciation	11	20,395	20,381
Benefit on Acquisition of LCAD released to Income	12	(133)	(134)
Deferred Capital Grants released to Income	21	(5,798)	(5,778)
Investment Income	5	(2,033)	(2,562)
Interest Payable	7	3,257	3,630
Decrease in Stocks		31	20
Decrease/(Increase) in Debtors		1,800	(1,623)
Increase in Creditors		379	2,108
Increase/(Decrease) in provision		631	(308)
Pension costs less contributions payable	34	1,061	1,206
Loss/(Profit) on disposal of fixed assets	9	410	(403)
NET CASH INFLOW FROM OPERATING ACTIVITIES		29,515	32,092

Other non-cash changes reflect the changes in the nature of borrowings

		2014/15 £'000	2013/14 £'000
Income from Endowments	22	1,217	2,174
Other Interest received		811	387
Interest paid		(2,420)	(2,301)
		(392)	260

		2014/15 £'000	2013/14 £'000
Payments made to acquire fixed assets		(27,761)	(37,968)
Proceeds from sales of fixed assets		105	595
Disposal of Investments		0	22
Changes in long term Loans		(53)	29
Deferred Capital Grants Received	21	5,691	11,070
		(22,018)	(26,252)

		2014/15 £'000	2013/14 £'000
Withdrawals of deposits		(4,000)	(1,500)
		(4,000)	(1,500)

		2014/15 £'000	2013/14 £'000
Capital repayments on all loans		(2,108)	(2,016)
		(2,108)	(2,016)

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

33 ANALYSIS OF CHANGES IN NET FUNDS/(NET DEBT)

	At 1st August 2014	Cash Flows	Other Non-Cash Changes	At 31st July 2015
	£'000	£'000	£'000	£'000
Cash at Bank and In Hand :				
Endowment Assets	1,456	98	0	1,554
Other	54,484	899	0	55,383
	55,940	997	0	56,937
Short Term Investments	26,005	4,000	0	30,005
Debts Due Within One Year	(2,106)	2,108	(2,208)	(2,206)
Debts Due After One Year	(68,847)	0	2,208	(66,639)
	<u>10,992</u>	<u>7,105</u>	<u>0</u>	<u>18,097</u>

34 PENSION SCHEMES

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the Local Government Pension Scheme (LGPS). Also for some academic staff employed by Loughborough University, contributions are paid to the Teachers' Pension (TP).

The total pension cost for the University and its subsidiary companies was:

	2014/15	2013/14
	£'000	£'000
USS contributions paid	12,063	11,424
LGPS charge to the Income & Expenditure account	5,336	4,452
TP contributions paid	51	72
Contributions paid to other pension schemes	<u>0</u>	<u>0</u>
 Total Pension Cost (note 6)	 17,450	 15,948
 Outstanding Pension Contributions at 31 July	 1,033	 1,917

The assumptions and other data relevant to the determination of the contribution levels of the schemes are as follows:

	USS	LGPS	TP
Latest actuarial valuation	31 March 2014	31 March 2013	31 March 2012
Investment returns per annum	5.2%	5.5%	5.1%
Salary scale increase per annum	4.4%	5.1%	4.8%
Pension increase per annum	2.6%	2.8%	2.0%
 Market value of assets at date of last valuation	 £41,605m	 £2,835m	 £176,600m
Proportion of members' accrued benefits covered by the actuarial value of the assets (Technical Provision)	89%	100%	100%

Teachers' Pension

TP is valued every 5 years by the Government Actuary. Contributions are paid by the University at the rate specified. The scheme is unfunded and contributions are made to the Exchequer. The payments from the scheme are made from funds voted by Parliament. The contribution rate payable by the employer was increased to 14.1% of pensionable salaries from 1 January 2007 and will rise to 16.4% after 2015.

Under the definitions set out in Financial Reporting Standard 17 "Retirement benefits" (FRS 17), the TP is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities.

Universities Superannuation Scheme

Principal accounting policies

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contacted out of the State Second Pension (S2P).

34 PENSION SCHEMES (continued)

The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Contingent liabilities and assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

Pension costs

The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The University is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014 - 16%).

The total cost charged to the profit and loss account is £12,063k (2014 - £11,424k) as shown above. There was neither a prepayment nor an accrual at the end of the financial year in respect of these contributions. The disclosures below represent the position from the scheme's financial statements.

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

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

The FRS 17 liability numbers have been produced using the following assumptions:

	2014/15	2013/14
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

34 PENSION SCHEMES (continued)

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

Male members' mortality	SINA ["light"] YoB tables - No age rating
Female members' mortality	SINA ["light"] YoB tables - rated down 1year

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

	2014/15	2013/14
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2014/15	2013/14
Scheme assets	£49.0bn	£41.6bn
FRS 17 liabilities	£67.6bn	£55.5bn
FRS 17 deficit	£18.6bn	£13.9bn
FRS 17 funding level	72%	75%

Local Government Pension Scheme

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

For LGPS, the actuary has indicated in the 2013 valuation that the resources of the scheme are likely, in the normal course of events, to meet the liabilities as they fall due at the level specified by the LGPS Regulations. The employer's contribution rate was increased to 17.9% from April 2013.

Under the definitions set out in FRS 17, the LGPS is a multi-employer defined benefit pension scheme. In the case of the LGPS, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2014.

The pension scheme assets are held in a separate Trustee-administered fund to meet long-term pension liabilities to past and present employees. The trustees of the fund are required to act in the best interests of the fund's beneficiaries. The appointment of trustees to the fund is determined by the scheme's trust documentation. The trustees are responsible for setting the investment strategy for the Scheme after consultation with professional advisers.

34 PENSION SCHEMES (continued)

A full actuarial valuation was carried out at 31 March 2013 and updated to 31 July 2015 on an FRS 17 basis by a qualified independent actuary. The material assumptions used by the actuary at 31 July 2015 were:

	2014/15 %	2013/14 %
Salary increases	4.5	4.5
Pension increases	2.6	2.7
Expected return on assets	3.6	5.8
Discount rate	3.6	4.0

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

	Males	Females
Current pensioners	22.2 years	24.3 years
Future pensioners	24.2 years	26.6 years

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

	2014/15		2013/14		2012/13	
	Long-term Return %	Fund Value £'000	Long-term Return %	Fund Value £'000	Long-term Return %	Fund Value £'000
Equities	3.6	72,889	6.6	67,809	6.4	53,113
Bonds	3.6	21,438	3.7	15,499	3.7	21,577
Property	3.6	10,719	4.7	9,687	4.6	7,469
Cash	3.6	2,144	3.6	3,875	3.4	830
		107,190		96,870		82,989

34 PENSION SCHEMES (continued)

The following amounts at 31 July 2015 were measured in accordance with the requirements of FRS 17.

Analysis of the amount shown in the balance sheet	2014/15	2013/14
	£'000	£'000
The University's estimated asset share	107,190	96,870
Present value of the University's scheme liabilities	<u>(179,356)</u>	<u>(160,973)</u>
Deficit in the scheme - Net pension liability	<u>(72,166)</u>	<u>(64,103)</u>

Analysis of the amount charged to staff costs within operating surplus	2014/15	2013/14
	£'000	£'000
Current service cost	5,332	4,423
Past service cost	0	0
Settlements and curtailments	4	29
Total operating charge	<u>5,336</u>	<u>4,452</u>

Analysis of the amount that is charged to interest payable	2014/15	2013/14
	£'000	£'000
Expected return on pension scheme assets	5,667	4,552
Interest on pension scheme liabilities	<u>(6,470)</u>	<u>(5,911)</u>
Net charge	<u>(803)</u>	<u>(1,359)</u>

Actuarial loss recognised in STRGL	2014/15	2013/14
	£'000	£'000
Actuarial loss recognised in STRGL	(6,199)	(16,351)

Movement in deficit in the year	2014/15	2013/14
	£'000	£'000
Deficit in scheme at beginning of the year	(64,103)	(45,187)
Movement in the year:		
Current service costs	(5,332)	(4,423)
Contributions	4,275	3,246
Past service costs	0	0
Net return on assets	(803)	(1,359)
Impact of settlements and curtailments	(4)	(29)
Actuarial loss	<u>(6,199)</u>	<u>(16,351)</u>
Deficit in the scheme at the end of the year	<u>(72,166)</u>	<u>(64,103)</u>

34 PENSION SCHEMES (continued)

Analysis of the movement in the present value of scheme liabilities	2014/15	2013/14
	£'000	£'000
At beginning of the year	160,973	128,176
Current service cost	5,332	4,423
Interest costs	6,470	5,911
Contributions by members	1,291	1,204
Actuarial losses	10,114	26,030
Past service costs	0	0
Losses on curtailments	4	29
Liabilities extinguished on settlements	0	0
Estimated benefits paid	(4,828)	(4,800)
At end of the year	<u>179,356</u>	<u>160,973</u>

Analysis of movement in the fair value of scheme assets	2014/15	2013/14
	£'000	£'000
At beginning of the year	96,870	82,989
Expected return on assets	5,667	4,552
Contributions by members	1,291	1,204
Contributions by the employer	4,275	3,246
Actuarial gains	3,915	9,679
Estimated benefits paid	(4,828)	(4,800)
At end of the year	<u>107,190</u>	<u>96,870</u>

History of experience gains and losses	2014/15	2013/14	2012/13	2011/12	2010/11
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(179,356)	(160,973)	(128,176)	(119,388)	(100,111)
Fair value of scheme assets	107,190	96,870	82,989	71,770	71,209
(Deficit) in the scheme	<u>(72,166)</u>	<u>(64,103)</u>	<u>(45,187)</u>	<u>(47,618)</u>	<u>(28,902)</u>
Experience adjustments on scheme liabilities	1,141	(10,230)	0	(1,211)	6,873
Percentage of scheme liabilities %	1.06	(10.56)	0.00	(1.69)	9.65
Experience adjustments on scheme assets	3,915	9,679	7,065	(4,041)	(349)
Percentage of scheme assets %	3.65	9.99	8.51	(5.63)	(0.49)

Defined benefit scheme assets do not include any of the University's own financial instruments, or any property occupied by the University. The estimate for the contribution for the defined benefit scheme for 2015/16 is £4,171,000.

The actual gain on scheme assets in the year 2014/15 was £9,582,000 and for 2013/14 was £14,231,000.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

35 DISCLOSURE OF RELATED PARTY TRANSACTIONS

Due to the nature of the University's operations and the composition of the Council being drawn from local public and private sector organisations, it is inevitable that transactions will take place between the University and 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 below, are conducted at arms' length and in accordance with the University's Financial Regulations and usual procurement procedures.

	Income £'000	Expenditure £'000	Balances as at 31 July 2015 due to the University £'000
Members of Council			
Loughborough College - (Esme Winch - Chief Executive Officer)	293	(134)	9
Loughborough Students Union - (Dan Thomas - LSU Executive and Rob Whittaker - Students Union President)	361	(1,511)	47
CSM Sports & Entertainment LLP - (Sebastian Coe - Executive Chairman)	251	0	191
Senior Members of the University			
Manufacturing Technology Centre - (Professor Steve Rothberg - Pro Vice Chancellor Research)	47	(6)	201

During the financial year 2014/15 £8,050 (2013/14 - £3,000) of expenses were paid to or on behalf of the trustees (being members of council) as a whole.

The expenses included hotel, travel and subsistence costs. There were 9 trustees involved (2013/14 - 8).

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

The University Officers and Members of Council have used the catering, sporting and other facilities of the University on terms which are available to all members of University staff.

Related party transactions with University spinout companies have not been disclosed as they are not material.

Notes to the Financial Statements (continued)

Year Ended 31 July 2015

36 SUBSIDIARY COMPANIES

The subsidiary companies (all of which are registered in England & Wales), wholly-owned by the University, are as follows:

Company	Principal Activity
Loughborough University Enterprises Ltd	Marketing of the expertise and facilities of the University in applicable specialist areas.
CASCAiD Ltd	Production and sale of computer-aided careers guidance software
Imago @ Loughborough Ltd	Management of conference and related commercial facilities
Loughborough Sport Ltd	Management of sports facilities
Loughborough University Services Ltd	Provision of utility and other services
Loughborough University Development Trust	Promotion of the charitable purposes of the University

Endowments and linked (paragraph (W)) charities

	Balance 1 August 2014	Additions and transfers	Change in the market value of investments	Income	Expenditure	Balance 31 July 2015
	£'000	£'000	£'000	£'000	£'000	£'000
Loughborough University Development Trust	1,457	-	20	1,175	(873)	1,779

Consolidated Five Year Results

The following data is presented for information and does not form part of the audited financial statements.

INCOME AND EXPENDITURE ACCOUNT

	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000
Income	271,099	260,507	244,940	237,757	239,868
Expenditure	(261,584)	(244,952)	(236,831)	(231,952)	(227,993)
Exceptional income not included above	0	0	0	0	2,128
Other	(471)	137	200	52	15
Surplus For The Year Retained Within Reserves	9,044	15,692	8,309	5,857	14,018

BALANCE SHEET

	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000
Fixed Assets and Investments	325,221	318,185	300,718	298,298	283,250
Endowment Assets	3,126	2,718	2,803	2,687	1,305
Net Current Assets/(Liabilities)	26,623	24,435	20,780	(5,003)	(2,214)
Less Amounts Due After More Than One Year:					
Creditors Due After More Than One Year	(66,639)	(68,847)	(70,953)	(53,072)	(44,714)
Provisions	(2,245)	(1,614)	(1,922)	(1,964)	(2,101)
Pension liability	(72,166)	(64,103)	(45,187)	(47,618)	(28,902)
Total Net Assets	213,920	210,774	206,239	193,328	206,624
Represented by:					
Deferred Capital Grants	107,117	107,224	101,932	102,134	105,048
Specific Endowments	3,126	2,718	2,803	2,687	1,305
Reserves	175,843	164,935	146,691	136,125	129,173
Pension reserve	(72,166)	(64,103)	(45,187)	(47,618)	(28,902)
Total	213,920	210,774	206,239	193,328	206,624

CASH FLOW STATEMENT

	2014/15 £'000	2013/14 £'000	2012/13 £'000	2011/12 £'000	2010/11 £'000
Net Cash Inflow from Operating Activities	29,515	32,092	27,460	20,016	13,240
Returns on Investment and Servicing of Finance	(392)	260	(448)	(108)	(1,083)
Taxation	0	0	0	0	0
Capital Expenditure and Financial Investment	(22,018)	(26,252)	(15,530)	(29,364)	(25,410)
Management of Liquid Resources	(4,000)	(1,500)	(2,000)	6,500	14,050
Financing	(2,108)	(2,016)	18,356	8,634	(1,210)
Increase/(decrease) In Cash Balances	997	2,584	27,838	5,678	(413)