

LEEDS TRINITY UNIVERSITY

Annual Report and Financial Statements

For the year ended

31 July 2018

**Registered Company Number
06305220**

**Deloitte LLP
Leeds**

ANNUAL REPORT AND FINANCIAL STATEMENTS
For the year ended 31 July 2018

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DIRECTORS AND ADVISORS

Directors and Governing Body Members serving during the year and up to the date of approval of the annual report and financial statements were:

Dr Jason Aldiss (appointed 1 August 2018)

Ms Justine Andrew (Senior Independent Governor, also Chair of Remuneration Committee from 1 August 2018)

Mr Mark Brockbank

Mr Ian Burrell (Chair, also Chair of Governance and Nominations Committee, retired 31 July 2018)

Ms Roohi Collins

Mr Andrew Gilliland

Mr Aidan Grills

Mr Jamie Hanley (appointed 1 August 2018)

Mr Martin Holden (appointed 1 August 2018)

Mr David Haslam

Prof Margaret House OBE (Vice-Chancellor)

Mr Charles Isherwood

Prof Vivien Jones

Ms Carolyn Lord (retired 31 July 2018)

Mr Richard Marchant (Chair of Audit Committee to 31 July 2018 and Chair of Finance and Resources Committee from 1 August 2018)

Mr Andrew Micklethwaite (Chair of Finance and Resources Committee to 31 July 2018)

Mr James Poskitt

Ms Elizabeth Richards (Chair of Audit Committee from 1 August 2018)

Ms Susan Rix

Mr Cameron Robson (appointed 10 October 2018)

Mr Paul Rogerson CBE DL (Vice Chair, also Chair of Remuneration Committee to 31 July 2018 and Chair of Governance and Nominations Committee from 1 August 2018)

Rt Reverend Marcus Stock (Chair from 1 August 2018)

Mr John Taylor

Clerk to the Board and Company Secretary

Ms Gillian Winward (resigned 3 April 2018)

Mr Craig Williams (appointed 9 April 2018)

Chancellor

Ms Deborah McAndrew

Pro Chancellors

Mr Ed Anderson

Rt Hon John Battle

Auditor

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Company and Charity Numbers

Registered Company Number 6305220
Registered Charity Number 1120102

INTRODUCTION, STRUCTURE AND NATURE OF THE UNIVERSITY

Introduction

The Governors present their annual report, including the Strategic Report and the Directors' Report, and the audited financial statements for the year ended 31 July 2018. The financial statements comprise the results for the year for the University.

The Strategic Report has been prepared solely to provide additional information to funders, financial supporters and other stakeholders to assess the University's strategies and the potential for those strategies to succeed, and should not be used for any other purpose. The Strategic Report contains forward looking statements. These statements are based on the information available to the Governors up to the time of their approval of this report.

Structure of the University

The University is a company limited by guarantee and was incorporated in 2007 under the Companies Act. It is registered in England and Wales. It has no subsidiaries. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation.

The University is also a registered charity under the Charities Act 2011 and is regulated by the Charity Commission.

Each Governor is both a director of the Company and also a trustee of the Charity.

The names of the persons who were Governors during the year are given in the directors and advisors section on page 1 of the annual report.

The Governors deem the principal activity of the University, in both the current and prior year, to be the advancement of education.

Nature of the University

Leeds Trinity University ("Leeds Trinity" or the "University") is an autonomous, teaching-led and research-informed higher education institution, inspired by Catholic values and based in Horsforth, Leeds.

The origins of Leeds Trinity can be traced back to two Catholic teacher training colleges, Trinity College and All Saints College, founded by the Passionist Sisters and the Catholic Education Service in 1966. Their mission was to provide the best educational opportunities possible for the children of the poor and to actively support social justice – aspirations that Leeds Trinity still maintains.

Over the last 50 years, the institution has evolved and developed, culminating in the award of university title in December 2012, but its Catholic faith foundation remains central to its activities and is enshrined within its legal objects which 'shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefit of the public'.

Leeds Trinity is relatively small compared with other higher education institutions in the region and is located on a single campus site, giving it a strong community identity and spirit. This makes it attractive to students who wish to study in a more personal and supportive environment. The majority of the academic portfolio is professionally focussed and vocationally orientated with all courses providing professional placements. As a result Leeds Trinity has a history of high levels of employability for its graduates.

CHARITABLE PURPOSE AND PUBLIC BENEFIT

Charitable Purpose and Public Benefit

The University's charitable purpose is 'the advancement of education for the benefit of the public' as set out in its Articles of Association. It does this through the teaching of a diverse curriculum and by educating a broad range of students. Its students and potential students are the principal beneficiaries.

The Board of Governors has complied with its duty to have due regard to the Charity Commission's public benefit guidance when exercising any powers or duties to which the guidance is relevant. A principle of public benefit is that benefits must be balanced against any detriment or harm. The Governors consider that none of the University's activities causes detriment or harm.

The University has a successful history and strong track record in the recruitment of students from under-represented groups. The Catholic social mission of the University is played out in our desire to empower individuals, regardless of their background or route into higher education, to achieve their true potential and reach the highest standards possible. It is important to Leeds Trinity that access to education is offered in an open and affordable way to all who may benefit.

Widening access and improving participation to higher education is actively promoted and this is reflected in the student profile, with 98% of students coming from state schools and 23% from low participation neighbourhoods (POLAR 2). All of these figures consistently exceed the relevant benchmarks from the Higher Education Statistics Agency (HESA).

Outreach

Leeds Trinity has an excellent track record in terms of the extent and success of its outreach work, with a dedicated Student Recruitment and Outreach team supporting teachers, advisors and young people by raising aspirations regarding progression to higher education. Notable investment, activities and interventions include:

- Extensive reach with schools and colleges in West Yorkshire, with relationships with over 190 institutions, together with a highly-targeted approach to prioritise schools with high ratios of under-represented pupils.
- An intensive and structured school partnership programme, including formalised partnership agreements with over 40 schools and colleges.
- A comprehensive menu of activity including pupil talks and workshops on topics such as "why go to university", "making the most of your personal statement", "student finance", and "preparing for your interview", with over 300 events held every year.
- A structured programme of academic HE "subject focus days" and a number of residential summer schools.
- Effective use of current students acting as Student Ambassadors and mentors to under-represented pupils in schools and colleges.
- Coordination of the Leeds Children's University in collaboration with the Children's University Trust, offering exciting and innovative learning activities and experiences for 7 to 14 year olds outside normal school hours. Research shows that engagement with the Children's University has a measurable, positive impact in a range of key areas including attendance, attitudes and attainment.
- Care Leavers are offered an enhanced package of advice and guidance in both the pre and post application process and once they arrive. This includes a single point of contact. Adult learners are also offered a dedicated package of advice and guidance, as well as tailored financial advice and a dedicated 'return to learn' programme prior to induction.

CHARITABLE PURPOSE AND PUBLIC BENEFIT

Leeds Trinity is committed to the Go Higher West Yorkshire (GHWY) partnership established by twelve providers of higher education in West Yorkshire. It is also committed to the National Collaborative Outreach Programme (NCOP) secured by Go Higher West Yorkshire which operates in the first instance to December 2018. Go Higher West Yorkshire's mission is to work in partnership to act as a single point of contact for information on its HE provider partners, improving access to, and achievement in, Higher Education to enhance individual and economic development.

GHWY's activities are directed through two operational groups. The Business Engagement Planning Group has a remit to work in partnership to open up higher education options to underrepresented groups, with a particular focus on employers and their employees, including prospective mature and part-time students. Its partners have worked together to develop higher and degree apprenticeships which aim to appeal to a wide range of students, and seek to investigate the social mobility potential of this emerging area of work. The Widening Participation Planning Group has a focus on working with specific target groups which have been identified using national data, and contributes towards the meeting of its collaborative access and participation plan targets. The work covers: looked-after young people and care leavers, estranged students, former National Networks for Collaborative Outreach (NNCO) schools (which do not form part of NCOP) in HE cold-spot areas, and current students from non-traditional backgrounds.

GHWY are proud that their partnership has worked together to develop and sign the first collaborative Care Leaver Covenant, showcasing the commitment across the partnership to this group of students. GHWY's work in this area covers the student lifecycle and includes access work such as collaborative Foster Family Fun Days and engagement with foster carer networks/Children in Care and Care Leaver Councils, as well as progression work such as a pilot Professional Mentoring project it is developing to support care leavers currently in higher education to progress into graduate-level employment.

GHWY partnership is also working towards the development of a collaborative Stand Alone pledge, to showcase the commitment it has towards this equally vulnerable group of students. Other activities include NCOP collaborative Y10 summer school, where young people from low-participation neighbourhoods gain exposure to multiple HE providers to aid informed choices, and a series of workshops to share good practice across the partnership in areas such as supporting current students from non-traditional backgrounds.

Student Success

Leeds Trinity is committed to enabling all students to reach their full potential and succeed. Our model for widening participation is based upon the student's decision line through from thinking, applying, starting, progressing and succeeding. Notable investment, activities and interventions in place to support student success include:

- Student Support Centre – This brings together a range of support services with a central Student Information Desk. Students benefit from a Student Health Centre, Dyslexia and Disability Support Services, Counselling Service and Student Advisors.
- Learning Support – The dedicated Learning Hub offers personalised, one-to-one academic skills support to all students, including help with time management, essay writing, revision strategies, critical thinking, note-taking, and the research process. The Student Achievement Advisors who work in the Learning Hub work closely with academic departments to support and assist students who have been identified by progress and module tutors as being in danger of withdrawing or failing. Students are contacted and offered regular tutorial appointments. The Learning Hub was commended by the QAA as an area of good practice in its most recent review.
- Personal Tutors – When students enrol on their course, a member of the lecturing staff will become their development tutor, offering students personalised academic support. Students have the same development tutor throughout the whole of their programme of study.
- Resident Mentors – Experienced and trained students live in all of our halls of residence on campus as Resident Mentors. They are available to support students as they make the transition to student life, they also play a crucial role in maintaining the community feel that the University is renowned for.

CHARITABLE PURPOSE AND PUBLIC BENEFIT

- Peer Learning Mentors (PLMs) – PLMs are level 5 and 6 students on track to achieve a first or upper second class degree in each academic department and offer students advice on all aspects of academic work through one-to-one or group sessions.
- Employability Focus – The University is proud of its employability focus which includes a blend of support and guidance that gives our graduates a head start in getting their first graduate job. Innovations include:
 - Employers are involved in the development of our degrees through involvement on approval panels and through tutor consultancy with a range of employers.
 - A focus on recruiting teaching staff with extensive professional experience in relevant areas.
 - A dedicated Enterprise Centre to support enterprising students, with over 280 students undertaking accredited enterprise modules, extra curricula enterprise activity or accessing support in creating a new business.
 - A Jobshop to help students find part-time work.
 - Embedded employability skills and two credit-bearing placement modules in all our degree courses.
 - The opportunity to undertake a final-year consultancy-style project with an employer.
 - Career support through dedicated advisors who offer valuable, impartial and confidential advice to prepare students for the world of work and life after University and match them to high quality graduate roles.
 - Opportunities for students to have direct contact with employers throughout their degree at events such as Professional Development Week, In-Leeds Days, Employer Challenge Days, and student-employer networking events
- Professional Work Placements – Every degree course at Leeds Trinity includes two professional work placements. This helps students to gain degree-relevant employment experience and gain contacts and future work opportunities that often lead to further placements or on-going opportunities. Data shows that 63% of our students gain further work opportunities (paid and unpaid) through their credit-bearing placement.
- Volunteering Opportunities – Students are encouraged to volunteer with a range of organisations to enhance their employability skills. The University is proud to be a validated ‘vinspired’ award validator which means student commitment to volunteering is recognised by the UK’s leading youth volunteering charity.

The latest outcomes for student success across achievement, satisfaction and employability are covered in the Highlights and Achievements in the Year section of the Strategic Report.

Financial Support

The University’s access agreement, approved by the Office for Students, covers its outreach and student success activities and also contains a range of financial support arrangements to help ensure that the opportunity to benefit from higher education is not restricted by the ability to afford fees or living costs. These arrangements are intended to complement the government’s provision of loans and maintenance grants and are targeted at those identified as being most in need.

STRATEGIC REPORT

Strategy and Priorities

The strategic plan in place during the year was the plan for 2014-19. Reflecting the speed of change in the Higher Education sector, the strategy review was brought forward and a new strategic plan was approved in June 2018 for the period 2018-21.

The existing plan and progress against it during the year is discussed below in the sections Strategic Plan 2014-19 and Progress against the Strategic Plan.

The new plan is discussed below in the section Strategic Plan 2018-21.

Strategic Plan 2014-19

The strategic plan for the period 2014 – 2019 was aspirational and forward looking, building upon the University's successes, the awarding of University Title in December 2012 and looking forward to opportunities for future growth.

The University's aspirations were to:

- Distinguish ourselves in the market and demonstrate that we are providing first class education and career opportunities
- Cultivate our reputation as a university by exceeding our benchmarks for student satisfaction, attainment, progression, completion and employability, while enhancing our international, research and knowledge transfer activities, in order to achieve our research and enterprise ambitions
- Continue to develop sustainable partnerships with strategic providers in the UK and overseas, work even more closely with businesses and the voluntary sector to develop additional opportunities for our staff and students, develop additional income streams to ensure financial sustainability and take opportunities for growth where this is sustainable

The University's strategic goals for 2014-19 were to:

- Consolidate its position as a provider of outstanding education, developed and delivered in partnership with our students, business and industry, led by research and advanced practice
- Lead, through strategic partnerships with schools, colleges, businesses and voluntary organisations, the raising of educational aspirations in the region and provide a variety of routes to, and modes of accessing, higher education
- Create a strong, vibrant and sustainable research culture that guides our teaching, enables research excellence and enhances our academic reputation and credibility
- Establish business partnerships and collaborations for the delivery of knowledge exchange, consultancy and professional services to drive economic growth in the region
- Internationalise the campus, curriculum, outlook and experience of our students and staff

Each of these goals was underpinned by a set of priorities, action plans and performance indicators.

Progress against the Strategic Plan

Progress against the strategic plan has been measured against a Key Performance Indicator (KPI) suite mapped against each goal and with targets for each KPI over the period of the plan. Progress has been monitored by the Board of Governors at each meeting and strategies put in place to address areas where progress is not in line with targets.

A summary of these indicators is provided below together with an overview of performance in 2017/18:

- **Student Numbers:** This indicator measures the growth in student numbers (expressed as FTEs) over the period of the strategic plan and against the growth path set out as the University seeks to grow. Student numbers fell back by 140 FTEs in the year from their peak of 3,300+ FTEs in 2016/17 and were behind the targeted growth path.
- **Student Satisfaction:** Two indicators measure performance in the National Student Survey (NSS) where the University aspired to be in the top quartile for teaching excellence by 2017 and in the top quartile for overall satisfaction by 2018. Performance in 2018 was top quartile for both with 86% for teaching excellence and 89% for overall satisfaction.
- **Achievement:** This indicator measures the proportion of First Class and Upper Second Class degrees out of all undergraduate degrees awarded, with a target of year on year improvement. The original target for the end of the plan period had already been achieved in 2015 and there was a further increase to 79% in 2018.
- **Employability:** Two indicators measure employability of graduates six months after graduation as reported in the DLHE survey from HESA. The overall employability figure for 2018 of 95% was down on the previous year and slightly below the HESA benchmark target. Graduate level employability was 63% and was short of the sector average target of 67% (as adjusted for subject mix).
- **Widening Participation:** This indicator reflects Leeds Trinity's long history of commitment to widening access to higher education and seeks to ensure that the % of students from low participation neighbourhoods continues to exceed the HESA benchmark (in line with target at 20%).
- **Research:** Two indicators measure the creation of a vibrant and sustainable research culture as the University seeks to build on the award of university status. Both target year on year increases and both REFable research outputs and the value of research grant funding achieved were in line with this.
- **Knowledge Exchange:** This indicator measures year on year increases in income in this area (achieved in 2017/18) as the University seeks to diversify its sources of income and improve the historically relatively low activity in this area.
- **Internationalisation:** Two indicators measure the internationalisation of the campus, curriculum and experience of students and staff at Leeds Trinity. Just as important as increases in the relatively small number of international students over the period of the plan (target not achieved in year) are year on year increases in the number of staff and students participating in study abroad or exchange activities (target achieved).
- **Financial Sustainability:** Three indicators are used to assess financial sustainability. Historic surplus as a % of income and staff costs as a % of income both missed target in 2017/18, due partly to higher than usual non-cash pension actuarial adjustments, but underlying cash generation as measured by EBITDA was in line with target.

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Strategic Plan 2018-21

As the University embarks on the next phase of its journey, the new Strategic Plan sets out its ambitions and intentions for the next three years against the backdrop of the evolving climate in higher education. Despite the many challenges and pressures, the University is well placed to compete and move forward and the strategy is designed to ensure that its strengths are capitalised on.

Our Distinctiveness

We believe that we are a truly distinctive university and we must continue to ensure that we protect our distinctiveness and that we become more widely known and respected for what we offer and the way we operate. Care for our students, our staff, our partners and the wider community lies at the heart of our culture and is the embodiment of our values in action.

- Students at Leeds Trinity have a sense of belonging. All of our students are known personally and valued individually. They study in a genuinely supportive environment with a firm sense of community.
- Underpinned by the values of our Catholic foundation, graduates from Leeds Trinity take with them the Leeds Trinity experience, and our values of caring for others, collaboration, integrity, inclusivity and excellence in all that they do.
- Our unique and innovative approach to placements ensures that all students leave Leeds Trinity with not only a degree but also market relevant work experience.
- Leeds Trinity is also a socially engaged university. We encourage students to be active citizens in a range of ways including volunteering in the local community.

Our Mission

Leeds Trinity University transforms lives by providing a unique and rich combination of academic, professional and personal development in an inclusive and nurturing university community. The University is here to make a difference to the people, the professions and the places that we serve. We provide unique educational experiences that are focussed on the individual and informed by our Catholic faith foundation. We actively promote the principles of dignity, respect, social justice, equality and inclusion to support the social and economic health and wellbeing of each and every person in our University community.

Our Vision

By 2021 we will be renowned for developing well-rounded and experienced graduates equipped to build fulfilling futures and as a leading university for student, staff, partner and community engagement.

Our Values

Our actions and behaviours are guided by our values of Care, Collaboration, Integrity, Excellence and Inclusivity.

Strategic Themes

There are three broad strategic themes for the period to 2021:

Building Community and Inclusivity

- Strengthen our community and our approach to inclusivity so that we have even more productive partnerships and an exceptionally attractive culture that acts as a powerful magnet drawing people to ‘experience’ more from our University.

Ensuring Sustainability

- Deepen foundations for our long term success and sustainability so that we continue to be financially robust, provide education programmes and other services that offer the best value, channel our resources to

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ensure that they are effective and efficient and invest wisely in our campus and new areas of activity. Part of this objective is also to ensure that we act as a responsible organisation for the benefit of our community, for society and for the environment.

Delivering Quality and Impact

- Focus in the quality of our work, continually raising standards and exceeding expectations, while making a greater difference to (and having a significant impact on) all those that we serve and the community of which we are a part.

Each of these themes is supported by a set of priorities which are positioned alongside how they will impact on our three experiences: the academic, the professional and the personal. Progress will be assessed by reference to a set of performance indicators.

Operating Environment

The current higher education landscape is a challenging one and has changed significantly over recent years as the new funding regime substantially shifted public funding from funding council grants to loan-funded student tuition fees. The government's abolition of student number controls has allowed more scope for growth but unleashed a much more competitive recruitment market than previously, with increasingly aggressive competitive behaviour around the use of unconditional offers and more institutions entering clearing. Brexit is also playing a role with institutions keen to recoup any falls in EU students. In addition, the demographic dip means that the number of 18 year olds is declining and will continue to do so for another couple of years.

The Higher Education and Research Act 2017 introduced significant changes to the sector's regulatory architecture including the creation of a new regulator in the form of the Office for Students. As the name implies, its remit is very different to that of HEFCE and there are likely to be evolving regulatory changes as the new regulatory framework is fully implemented from 2019. The funding environment is also increasingly uncertain with the future of tuition fees subject to the government's current review of post 18 education.

Initial teacher training continues to be a significant part of the University's portfolio. Whilst university providers continue to play a significant role, more schools are being encouraged to take the lead in teacher training via the School Direct route and Leeds Trinity is deploying its extensive partnering links to build up a significant portfolio of partnerships in this area.

Highlights and Achievements in the Year

Following the award of university title in December 2012, Leeds Trinity's profile and reputation in the higher education sector has continued to increase. In the most recent figures, Leeds Trinity again showed a strong performance for student satisfaction and attainment.

Student Recruitment

This increased profile had contributed to increases in recruitment in recent years, with the highest ever enrolment levels in 2015 and 2016 before a tough recruitment environment led to enrolments falling back in September 2017. Recruitment for 2018 entry saw a bounce back with increased enrolments recovering around half of the previous year's fall.

Student Experience

The attractiveness of Leeds Trinity to potential students is enhanced by its reputation for high quality learning and teaching, which is the product of a commitment to providing personalised, one-to-one support for students. This is reflected in traditionally high levels of student satisfaction, with the 2018 NSS placing Leeds Trinity 23rd of all HE institutions and the Sunday Times Good University Guide 2019 placing Leeds Trinity 13th nationally for student experience.

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Student Attainment

Attainment continues to show year on year improvement with 79% of graduates in 2018 achieving a first or upper second class. When combined with an entry tariff profile that reflects the University's commitment to widening participation, this reflects the University's success in enabling students to achieve their potential and the Guardian University Guide 2018 ranked Leeds Trinity 4th for its 'value-added' score – which compares student's individual degree results with their entry qualifications to show how effective the teaching and support at an institution is.

Student Employability

Leeds Trinity has also long been attractive for its employability record and the latest figures from the Higher Education Statistics Agency (HESA) showed 95% of graduates in work or further study six months after graduation. Leeds Trinity was one of the first universities to include compulsory professional placements with every degree and now has a business network of over 3,000 businesses across all sectors who offer students placements that are relevant to their degrees.

Learning and Teaching

The University also remains true to its foundations by remaining a teaching focussed institution and Sunday Times Good University Guide 2019 placed Leeds Trinity 12th nationally for teaching quality.

Research and Knowledge Exchange

Following the award of university status in 2012, the University is pursuing an ambitious research strategy laying out a development path towards Research Degree Awarding Powers (RDAP). From a minimal base in 2012, the University now has a thriving PhD and Masters by Research population. This year saw the University secure its largest research grant of £230,000 from the Wellcome Trust.

The University sees the government's push for more apprenticeships as an opportunity for those institutions which can respond quickly and is bringing its traditionally strong employer links to bear in this area. Following success in the previous year in securing funding from HEFCE's Degree Apprenticeship Development Fund, the University secured its first degree apprenticeship starts in the year with contracts secured with both public and private sector employers for increased numbers in 2018-19.

Widening Participation

The University runs the Leeds Children's University in collaboration with the Children's University Trust. The aim is to promote social mobility by offering exciting and innovative learning activities and experiences outside normal school hours to children aged 7 to 14 in order to raise aspirations at a young age. The graduation ceremony held during the year at the same venue and with the same formality as the University's own graduation ceremonies, presided over by the University's Vice-Chancellor and the Leeds Children's University Chancellor, the England footballer James Milner.

Partnerships

The University has begun to make progress in developing partnerships both regionally and internationally that help it reach its aim of providing wider access to higher education. Developments with FE colleges include the delivery of top up programmes at FE colleges to meet the needs of students who want to stay in that environment to further their study, the validation of provision and the development of joint provision.

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Financial Overview

Financial performance for the year ended 31 July 2018, together with the corresponding figures for the previous year, is summarised in the financial highlights shown below.

	2018 £000s	2017 £000s	Change %
Funding body grants	1,671	1,552	7.7
Tuition fees and education contracts	26,746	26,495	0.9
Other income	4,295	4,611	(6.8)
Total income	32,712	32,658	-
Total expenditure	31,761	32,021	(0.8)
Surplus for the year	952	637	49.5
EBITDA for the year	4,975	4,663	6.7
Capital expenditure	1,100	8,740	(87.4)
Operating cash flow	4,553	5,413	(15.9)
Cash and short term investments	14,814	3,580	314
Borrowings	(11,200)	(3,400)	(229)
Net funds	3,614	180	1,908
Net assets including pension liability	27,661	25,104	10.2

Total income was relatively static with tuition fee income increasing slightly under the effect of an increase in the fee cap to £9,250 partly offset by a fall in student numbers of around 4%. Tuition fee income represents 82% of income.

Expenditure declined slightly by 0.8%, with reductions of 1.9% on staff costs, 0.5% on other operating costs and 13.3% on interest and financing costs offset by a 9.1% increase on depreciation. Within staff costs, a 5.6% decrease in staff numbers was mostly offset by the effect of the nationally negotiated pay rise and impact from incremental grade progression. The increase in depreciation arose from the opening of an extension to the learning centre (capital expenditure incurred primarily in 16/17) to provide additional modern teaching and learning space.

Capital expenditure dropped significantly from last year as no major projects were underway during the year and cash and short term investment balances increased leading to an increase in net funds of £3.4m. Within net funds, cash and short term investment balances increased further due to new borrowings. The £8m facility put in place in June 2015 came to the end of the 3 year revolving credit period and the full £8m was drawn down into a 7 year term loan.

Net assets increased by £2.6m, largely due to a £1.6m actuarial gain on the defined benefit pension scheme.

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Financial Sustainability

The key financial indicator suite was formally revised during the year. Previously, Leeds Trinity had been using three of the key HEFCE financial metrics as its main financial indicators with targets based on sector comparisons. The continuing usefulness of these metrics had been under review since the first reporting under the new SORP and two of the measures had been dropped by HEFCE from its key financial indicator suite.

The three main financial indicators in the new suite are shown below with performance for 17/18, prior year and target. The indicators have targets generated internally rather than as sector comparisons. Any published OfS metric suite will be reviewed when comparisons are available to assess performance against the sector but they will not form part of the formal indicator set.

	Target	Actual 16/17	Actual 17/18
EBITDA	£5.0m	£4.7m	£5.0m
Operating Surplus (exc pension actuarial adjustments)	£2.0m	£1.9m	£2.0m
Staff costs as a % of income (exc pension adjustments)	55%	57.1%	56.3%

Earnings before Interest Tax Depreciation and Amortisation (EBITDA) is included as a proxy for cash generation. The targets are derived from the strategic plans of the University, the investment associated with this and the cash generation required to fund it.

The target for this is expressed as a monetary amount rather than as a % and the £5m target was met in the year and was up on last year.

Operating surplus excluding pension actuarial adjustments has a relatively close relationship to EBITDA but measures the same performance in a perhaps easier to understand concept. It is also the key loan covenant in terms of headroom and therefore provides a clear focus on that headroom.

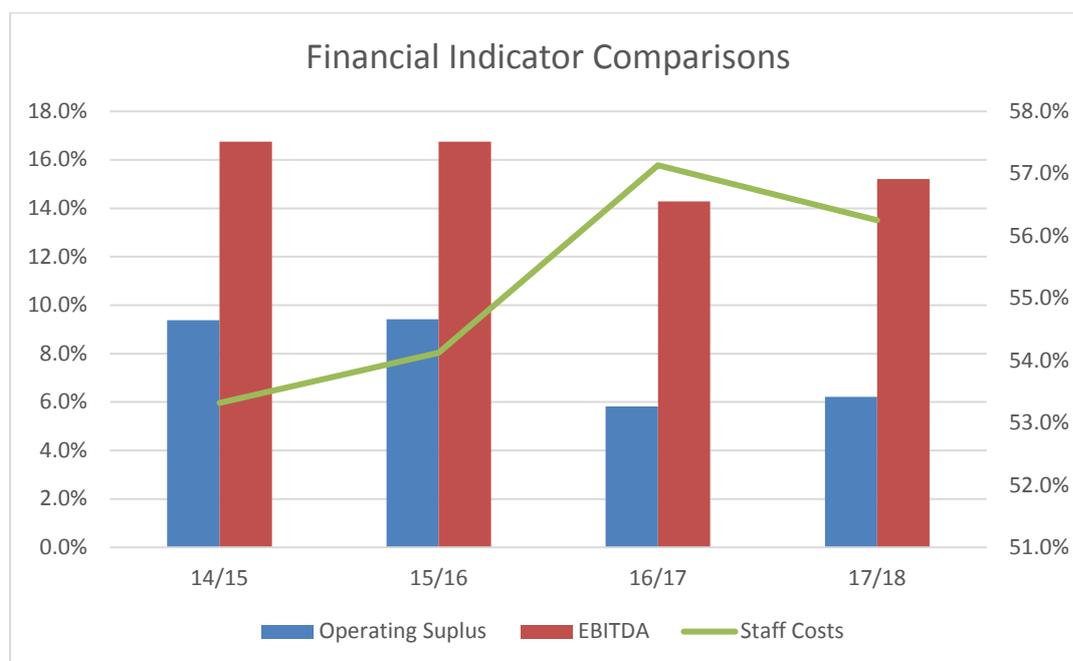
The target for this is also expressed as a monetary amount rather than as a % and the £2m target was met in the year and was slightly up on last year.

Staff costs as a % of income has been retained as a key indicator (excluding pension adjustments as with the operating surplus measure) reflecting the importance of staff costs to the University's financial health given that as a people business staff costs necessarily form by far the most significant part of the cost base.

The target for this is 55% and is the most challenging target of the three and was missed in the year although an improvement on last year.

The graph below shows performance against the new indicators over the last few years with EBITDA and operating surplus expressed as a % rather than a monetary amount. It can clearly be seen that the fall in EBITDA and surplus in 16/17 was associated with a significant increase in the staff cost %. The fall in the staff cost % in 17/18 was offset within the surplus by the rise in depreciation but can be seen to be associated with the increase in EBITDA.

STRATEGIC REPORT



Left hand scale – Operating Surplus and EBITDA
 Right hand scale – Staff Costs

Principal Risks and Uncertainties

The major strategic and financial risks facing the University and its response to those risks are:

Student Recruitment, Experience and Progression:

As a teaching focussed University which derives the majority of its income from tuition fees, the ability to recruit and retain planned student numbers in an increasingly competitive market is fundamental to the University's success. The introduction of the Teaching Excellence Framework (TEF) and the impact of Brexit are likely to further intensify competitive pressures. The University is managing these risks by ensuring the continued attractiveness of its portfolio through regular planning and review, including extension into new areas; by continuing and evolving the marketing approach of recent years; by close attention to our management of the recruitment process; and by an enhanced focus on improvements in retention and progression.

Teacher Education:

Given its continuing significance within the portfolio, the potential for continuing changes in government policy towards teacher education has led the University to regard this area as a specific and significant area of risk and uncertainty beyond the wider student recruitment risk. The University is managing this risk by developing new school-partnered business models for both initial teacher training and for continuing professional development for teachers, by actively and successfully increasing the number of school partnerships delivering these models, and by exploring new ways of closer working with schools.

Financial Environment and Sustainability:

Failure to adequately address the changeable environment brought about by the risks and uncertainties around student recruitment and teacher education, together with uncertain political environment around fees and funding and increasing pressures from pension costs, would mean the ability to respond to changes is restricted and financial sustainability is threatened. The University is managing these risks by careful management of the cost base to ensure value for money and to retain flexibility, by a financial strategy prioritising levels of surplus which would provide a contingency reserve and by robust scenario planning and consideration of available options.

STRATEGIC REPORT

Plans for Future Periods

The outlook over the next few years will remain a challenging one as outlined in the Operating Environment and Principal Risks & Uncertainties sections. The new strategic plan for 2018-21 sets out how Leeds Trinity will distinguish itself in the market and the Governors believe that this will enable Leeds Trinity to be able to compete successfully and thrive in this more uncertain higher education environment.

Over the coming years, we will address how we will further strengthen our partnership working (and collaborate to develop new types of programmes together), how we will ensure that students are presented with a wider range of experiences (in volunteering, use of technology, enhanced employer placements and continuing professional development), and how we will further exploit our academic expertise to help to address the problem that our external partners (schools, employers and public organisations) face.

Undergraduate recruitment will continue to be central to the success of the University and we will seek to build on the momentum of the increase in enrolments for 2018 following the previous year's fall. Our refreshed approach to personalising the experience for applicants, such as bespoke campus visits rather than generic applicant days, are designed to improve the conversion of applications to enrolments.

Leeds Trinity is also targeting growth in degree apprenticeships by leveraging its outstanding employer links. The academic portfolio will continue to grow into new areas where evidence suggests that demand exists whilst existing areas and services will continue to evolve to meet changing student demands and needs.

Approval

The Strategic Report has been approved by the Board and is signed below on its behalf.

Mr Paul Rogerson CBE DL
On behalf of the Board of Governors and Board of Directors
22 November 2018

DIRECTORS' REPORT

Risk Management

The Accounts Direction from the Office for Students (and formerly HEFCE) requires that the University embeds risk management within the organisation. The Board of Governors and its Audit Committee have carefully considered the risk management process within the institution and are of the opinion that this requirement has been met.

The University reviews its risks and updates its corporate risk register on a regular basis. Key risk indicators and early warning mechanisms are highlighted and control arrangements established. If necessary, action plans to reduce the major risks are designed and implemented. The most significant risks are outlined in the Principal Risks and Uncertainties section of the Strategic Report.

Going Concern

The University's activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Operating Environment, Principal Risks and Uncertainties, and Plan for Future Periods sections of the Strategic Report. The financial position of the University is described in the Financial Overview and Financial Sustainability sections of the Strategic Report and in more detail within the financial statements and accompanying notes.

As a consequence, the Board of Governors believes that the University is well placed to manage its risks successfully. Consideration has been given to government policies and their potential impact. The current forecasts and projections, including reasonable downside sensitivities, show that the University should be able to operate within its current facilities and available headroom and maintain compliance with covenants. The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

Employment Policy

The University is committed to ensuring that its workplaces are free from discrimination of any kind. Recruitment and employment decisions are made on the basis of fair and objective criteria. Pay and grading structures operate within a national pay framework designed to support the recruitment and retention of staff and to ensure equal pay for work of equal value, and equality impact assessments are conducted as appropriate.

Remuneration Committee and Policy

The aim of the remuneration policy is to attract, retain and continue to motivate talented Executives within an overall remuneration strategy for the Institution that supports the achievement of the Strategic Plan. The Board has an established Remuneration Committee which comprises five independent members of the Board. The Vice-Chancellor and HR Director attend meetings to provide advice to the Committee and the Clerk to the Board also attends the meetings. Executives are not in attendance when their own remuneration is being considered. The Committee operates under Terms of Reference agreed by the Board. An annual report is made to the Board and a readily accessible annual statement is published based on this.

Staff and Student Involvement

Leeds Trinity believes good communication with staff and students to be very important. There is an effective communication strategy which includes staff newsletters, meetings and regular updates. Staff are encouraged to participate through formal and informal consultations at various levels and through membership of formal committees. There is also a bi-annual staff perceptions survey that is considered by senior management, governors and the Joint Consultative Committee.

The President of the Students' Union is a member of the Board of Governors and the Academic Board. Students are represented on departmental committees and their views are sought through various means including student surveys and at least one annual student forum. The deliberative structures allow for both academic and support staff and for students to be represented throughout. Staff, students and governors were involved in the strategic plan consultation process.

DIRECTORS' REPORT

Equal Opportunities

The University is an equal opportunities organisation and is committed to an environment that is free from any form of discrimination on the grounds of colour, race, ethnicity, religion, sex, sexual orientation or disability. The University operates an Equal Opportunities Policy and is committed to equal opportunities for both staff and students, ensuring that all individuals are treated with respect at all times and are given equality of opportunity in all activities.

The policy of the University is that applications from disabled persons should receive equal consideration for posts for which they are suitable applicants. Where an existing employee becomes disabled they will be retained in employment wherever reasonably possible and will be given help with any necessary rehabilitation and training. Disabled employees are provided with the same opportunities as other employees.

Strategic Report

Further information on the University and its activities can be found in the Strategic Report, including its strategy and progress against the strategy, its operating environment and principal risks, likely future plans and developments and significant research and development activities.

Conclusion

The Governors believe that the University has a sound base from which to meet the likely challenges that will face the higher education sector over the short to medium term. The Governors are confident that the University, through sustainable investment in the future and very careful management of the risks, has the necessary plans and strategies in place to help ensure that the targets set for the coming years can be achieved.

Directors

The Directors who served in the period and up to the date of approval of the financial statements are set out on page 1 of these financial statements. Attendance at Board and committee meetings during 2017-18 was 89% of possible attendance. A demographic survey was completed by members in summer 2018 with a view to informing future board recruitment activity.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of s418 of the Companies Act 2006.

Approval

The Directors' Report has been approved by the Board and is signed below on its behalf.

Mr Paul Rogerson CBE DL
On behalf of the Board of Governors and Board of Directors
22 November 2018

CORPORATE GOVERNANCE

Responsibilities of the Board of Governors

In accordance with the Articles of Association, the Board of Governors of Leeds Trinity University is responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board of Governors is responsible for keeping adequate accounting records that are sufficient to show and explain the University's transactions and disclose with reasonable accuracy at any time, the financial position of the University and to enable it to ensure that the financial report and accounts are prepared in accordance with the Instrument of Government, the Statement of Recommended Practice on Accounting for Further and Higher Education Institutions, United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) and the Companies Act 2006.

In addition, within the Terms and Conditions of Funding from the Office for Students (OfS), and previously the Memorandum of Assurance and Accountability from the Higher Education Funding Council for England (HEFCE), the Board of Governors, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and of the surplus or deficit and cash flows for that year. The Board of Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the University and of the surplus or deficit of the University for the year.

In causing the financial statements to be prepared, the Board of Governors has ensured that:

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

The Board of Governors has taken reasonable steps to:

- ensure that funds from the Office for Students and from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Terms and Conditions of Funding and the Memorandum of Assurance and Accountability and any other conditions which may be from time to time prescribed;
- ensure that funds from the National College for Teaching and Leadership (NCTL) are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the NCTL and any other conditions which the NCTL may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud; and
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of departments;
- a comprehensive short and medium-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and timely reviews of financial results involving variance reporting and updates of forecast outturns;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to formal detailed appraisal and review according to approval levels set by the Board of Governors;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance and Resources Committee and Board of Governors; and

CORPORATE GOVERNANCE

- a professional Internal Audit process with an annual programme approved by the Audit Committee and whose head provides the Board of Governors, through the Audit Committee, with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, control, governance processes and the arrangements in place to secure economy, efficiency, and effectiveness.

Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

Statement on Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the Articles of Association and the Terms and Conditions of Funding from the Office for Students (OfS) and formerly the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England (HEFCE). The system of internal control covers business, operational and compliance risks as well as financial risks.

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 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. The Board of Governors is of the opinion that this process has been in place for the year ended 31 July 2018 and up to the date of approval of the financial statements, and accords with OfS and HEFCE guidance.

The Board of Governors has responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board receives periodic reports from the Chair of the Audit Committee concerning internal control and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- The Board of Governors formally approves the risk register at least annually.
- The Executive acts as the Risk Management Group. The Risk Management Co-ordinator reports regularly, on behalf of the group, to the Audit Committee who oversees the risk management process on behalf of the Board of Governors.
- Risk management training has been held throughout the University.
- A robust risk prioritisation methodology based on likelihood and significance has been established.
- An organisation wide risk register is maintained and reviewed regularly.

The University has an internal audit service which operates to standards defined in Accountability and Audit: HEFCE Code of Practice. The internal auditors submit regular reports which include the head of internal audit's independent opinion on the adequacy and effectiveness of the system of internal control, together with recommendations for improvement.

The review of the effectiveness of the system of internal control by the Board of Governors is informed by the work of the internal auditors and the executive managers within the University who have responsibility for the development and maintenance of the internal control framework and by comments made by the external auditors in their management letter and by other reports.

CORPORATE GOVERNANCE

Governors' Statement on Corporate Governance

The following statement is provided to enable readers of the annual report and financial statements to obtain a better understanding of the governance and legal structure of Leeds Trinity University.

Leeds Trinity University is a company limited by guarantee, formally established in 2007 as an incorporated body. It is a registered charity. Its objects, powers and framework of governance are set out in its Memorandum and Articles of Association. Members of the Board of Governors are Directors of the Company and Trustees of the Charity. As a Catholic foundation established in 1966, the institution operated under a Trust Deed until its incorporation in 2007. The current Memorandum and Articles of Association of Leeds Trinity University state: 'The objects of Leeds Trinity University shall be the establishment, conduct and development of a Roman Catholic institution for the advancement of education for the benefits of the public.' The Board of Governors approves the Strategic Plan of the institution. The Articles of Association require the University to have a governing body and an academic board, each with clearly defined functions and responsibilities, to oversee its activities.

The Board of Governors

The Board of Governors is the governing body and comprises external independent members, together with staff and student members, appointed in accordance with the Articles of Association. There is a majority of independent, non-executive members.

The Board of Governors is responsible for the overall direction of Leeds Trinity University; its specific powers and responsibilities are set out in the Articles of Association and in the Terms and Conditions of Funding of the Office for Students (OfS) and formerly the Memorandum of Assurance and Accountability with the Higher Education Funding Council for England (HEFCE). The Chair of the Board of Governors is separate from the role of the Vice-Chancellor and Chief Executive. The Catholic Bishop of Leeds is ex-officio Chair of the Board of Governors, but the Articles of Association contain provision for another member to act as nominated Chair of the Board and this arrangement has been in operation since incorporation in 2007. The nominated Chair retired from the Board on 31 July 2018 with the chair-ship reverting to the ex-officio Chair in the interim period whilst the process to select a new nominated Chair takes place.

The Academic Board

The Board of Governors has established an Academic Board, which is responsible for the oversight of the academic work and activities of the institution, and for safeguarding and enhancing academic standards and which plays a significant leadership role in the strategic academic development of the University. The Vice-Chancellor chairs the Academic Board, which comprises ex-officio and elected staff and students. The Board of Governors receives reports from Academic Board.

The Vice-Chancellor

The Vice-Chancellor is Chief Executive of the institution and has general responsibility for the organisation and management of Leeds Trinity University. Under the terms of the Terms and Conditions of Funding of the Office for Students (OfS) and formerly the Memorandum of Assurance and Accountability with HEFCE, the Vice-Chancellor is the designated officer and, in that capacity, can be summoned to appear before the Public Accounts Committee of the House of Commons. The Vice-Chancellor makes reports to Board of Governors meetings on developments in the higher education sector and their potential impact on Leeds Trinity University.

The Clerk to the Board

The Secretary is appointed by the Board of Governors under the Articles of Association to act as Clerk to the Board and its committees. All Governors have access to the advice and services of the Clerk to the Governors and may seek independent advice if they wish. Some company secretarial work is undertaken for the Directors by an external firm.

CORPORATE GOVERNANCE

The Structure of Governance

Leeds Trinity University endeavours to conduct its business in accordance with the seven principles identified by the Committee on Standards in Public Life and with best practice derived from advice from the Committee of University Chairs (CUC) and from the corporate sector. The University complies in all material respects with the CUC Governance Code of Practice. The exception to this is the role of the Chair, which is ex-officio rather than appointed by the governing body from amongst its independent members. However as noted above, the Articles of Association contain provision for another member to act as nominated Chair of the Board and this arrangement has been in operation since incorporation in 2007. The Board has in place a Statement of Primary Responsibilities. The University maintains a Register of Interests of members of the Board and senior officers which is updated annually and whenever new interests occur. The Register of Interests may be consulted by arrangement with the Clerk.

The Articles of Association do not permit the Board of Governors to delegate any matter relating to:

- The determination of the educational and Catholic character and objects of the University;
- The approval of annual estimates of income and expenditure;
- Ensuring the solvency of the University, and ensuring the safeguarding of its assets;
- The appointment of senior post-holders, including the Vice-Chancellor; and
- The termination of the membership of any Governor.

The Board receives regular reports from the Vice-Chancellor and other senior officers on the work of the University. In line with good practice and CUC guidance, the Board conducts rigorous reviews of its effectiveness, and of the effectiveness of the University's structure of corporate and academic governance. These reviews include the use of independent external expertise. The most recent such review took place during 2013/14.

The Board of Governors meets six times each year with an away day meeting to consider strategy. The Board has established committees to support its work. All of these committees are formally constituted with terms of reference and membership approved by the Board. Their membership comprises independent members of the Board and in some cases staff and students. The standing committees are:

- Audit Committee
- Finance and Resources Committee
- Governance and Nominations Committee
- Remuneration Committee

All of these committees, together with the Academic Board, report and make recommendations to the Board of Governors, either in the form of a written report or their approved minutes.

Statement of Primary Responsibilities

The Board of Governors adopts the following Statement of Primary Responsibilities, which are based upon the Memorandum and Articles of Association and recommended good practice. This statement is based on the Model Statement contained in the Governance Code of Practice published by the Committee of University Chairmen, adapted to reflect the powers and responsibilities that the Board of Governors of Leeds Trinity University has that derives from the University Statutes.

The Board of Governors is the governing body of the University. The Board of Governors has ultimate responsibility for the affairs of the University. It is responsible for reviewing the work of the University and taking such steps as it thinks proper for the purpose of advancing the interests of the University, maintaining its efficiency, encouraging teaching, the pursuit of learning and research and providing for the recreation and wellbeing of students.

CORPORATE GOVERNANCE

Consistent with the University's constitution, the primary responsibilities of the Board of Governors are:

- a) The determination of the educational and Catholic character and objectives of Leeds Trinity and for the supervision of its activities. This is achieved by the approval of the University's mission, values and vision as part of the approval and ongoing monitoring of the strategic plan;
- b) To approve the mission and strategic vision of the institution, long-term academic and business plans and key performance indicators, and to monitor these on an ongoing basis to ensure that these meet the interests of stakeholders;
- c) To delegate authority to the head of the institution as Chief Executive for the academic, corporate, financial, estate and personnel management of the institution. And to establish and keep under regular review the policies, procedures and limits within such management functions as shall be undertaken by and under the authority of the head of the institution;
- d) 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;
- e) To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the institution against the plans and approved key performance indicators, which should be – where possible and appropriate – benchmarked against other comparable institutions;
- f) To establish processes to monitor and evaluate the performance and effectiveness of the governing body itself;
- g) 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;
- h) To safeguard the good name and values of the institution;
- i) To appoint the head of the institution as Vice-Chancellor and Chief Executive, and to put in place suitable arrangements for monitoring her/his performance;
- j) To appoint a secretary to the governing body and to ensure that, if the person appointed has managerial responsibilities in the institution, there is an appropriate separation in the lines of accountability;
- k) To ensure that appropriate systems are in place with regards to the employment of staff;
- l) To be the principal financial and business authority of the institution, to ensure that proper books of account are kept, to approve the annual budget and financial statements, and to have overall responsibility for the institution's assets, property and estate;
- m) To ensure that appropriate systems are in place for meeting all the institution's legal obligations;
- n) To make such provision as it thinks fit for the general welfare of students, in consultation with the academic board;
- o) To act as trustee for any property, legacy, endowment, bequest or gift in support of the work and welfare of the institution; and
- p) To ensure that the institution's constitution is followed at all times and that appropriate advice is available to enable this to happen.

This Statement shall be published widely, including on the internet and in the annual report, along with identification of key individuals (that is, Chair, Vice Chair, Senior Independent Governor, Vice-Chancellor, and Chairs of key committees).

The description of the responsibilities that the governing body delegates to the Vice-Chancellor is that outlined in Article 14 of the Articles of Association.

Independent auditor’s report to the members of Leeds Trinity University

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Leeds Trinity University:

- give a true and fair view of the state of the university’s affairs as at 31 July 2018 and of its income and expenditure, gains and losses and changes in reserves and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” and the Statement of Recommended Practice: Accounting for Further and Higher Education; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income and expenditure;
- the balance sheet;
- the statement of changes in reserves;
- the cash flow statement;
- the statement of principal accounting policies; and
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the university in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council’s (the ‘FRC’s’) Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors’ use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the university’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the university's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the university or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the university and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Opinions on other matters prescribed by the Office for Students (OfS) “Regulatory Advice 9: Accounts Direction”

In our opinion, in all material respects:

- funds administered by the university for specific purposes during the year ended 31 July 2018 have been applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the OfS and Research England have been applied in accordance with the terms and conditions of the Accounts Direction and any other terms and conditions attached to them during the year ended 31 July 2018; and
- the requirements of the OfS’s accounts direction have been met.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the university’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the university’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the university and the university’s members as a body, for our audit work, for this report, or for the opinions we have formed.

Paul Hewitson FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Leeds, UK

November 2018

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

1. Basis of preparation

These financial statements have been prepared in accordance with both the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with applicable United Kingdom laws and Accounting Standards. The financial statements are prepared in accordance with the historical cost convention, as modified by the revaluation of certain land and buildings for which a cost is not readily ascertainable.

The financial statements have been prepared on the going concern basis.

The principal accounting policies are summarised below. They have been applied consistently throughout the current and prior years.

2. Going concern

The University's academic activities, together with the uncertainties arising and the factors likely to affect its future developments, performance and position are set out in the Strategic Report. The financial position of the University, its cash flows, liquidity position and borrowing facilities are described in the Strategic Report and in more detail within the Statement of Principal Accounting Policies and Notes to the Financial Statements.

As a consequence, the Board of Governors believes that the University is well placed to manage its risks successfully. Consideration has been given to government policies and their potential impact. The current forecasts and projections, including reasonable downside sensitivities, show that the University should be able to operate within its current facilities and available headroom and maintain compliance with covenants.

The Board of Governors considers that the University has adequate resources to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the Annual Report and Financial Statements.

3. Basis of consolidation

The financial statements do not include those of Leeds Trinity Students' Union as it is a separate organisation over which the University does not have control or significant influence.

The University holds a £1 guarantee in respect of YHUA Ltd ("Yorkshire Universities"), a company limited by guarantee. As the University does not have control or significant influence and holds less than 10% of the total guarantee the results have not been included in these financial statements.

4. Recognition of income

Funding Council block grants are accounted for in the period to which they relate.

Fee income is credited to the statement of comprehensive income and expenditure over the period in which students are studying. Fee remissions are deducted from income. Bursaries and scholarships are accounted for as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned; any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

4. Recognition of income (continued)

Non-recurrent grants from the Higher Education Funding Council for England, the National College for Teaching and Leadership or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. Such grants are credited to deferred capital grants and an annual transfer made to the income and expenditure account over the useful economic life of the asset, at the same rate as the depreciation charge on the asset for which the grant was awarded.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

5. Agency arrangements

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

6. Accounting for retirement benefits

The University contributes to the Teachers' Pension Scheme (TPS) for academic staff (lecturing staff and holders of some senior posts) and to the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for other staff. Both schemes are defined benefit schemes.

The TPS is a multi employer scheme and it is not possible to identify the assets of the scheme which are attributable to the University. In accordance with FRS102, this scheme is accounted for on a defined contribution basis and contributions to the scheme are included as expenditure in the period in which they are payable.

For WYPF the University is able to identify its share of assets and liabilities and thus the University fully adopts the recognition and disclosure requirements of FRS102 "Retirement Benefits".

For WYPF the cost of providing benefits is determined using the projected unit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognised in full in the period in which they occur. They are recognised in the Statement of Comprehensive Income and Expenditure.

Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

The pensions deficit / surplus recognised in the Balance Sheet represents the present value of the defined benefit obligation adjusted for unrecognised past service cost, and the pension asset represents the fair value of the scheme assets.

7. Land and buildings

Land and buildings are stated at valuation or cost; the basis of valuation is depreciated replacement cost. Valuations are carried out by independent Chartered Surveyors.

On adoption of FRS15, the Institution followed the transitional provision to retain the book value of land and buildings, which were valued on 31 July 1995 by Gerald Eve, Chartered Surveyors, but not to adopt a policy of revaluations of these properties in the future. On transition to FRS102, these values were retained and the policy continued of non-valuation of these properties.

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the institution from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements are added to the gross carrying amount of the tangible fixed asset concerned.

Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful life of 50 years and extensions to buildings over 20-30 years on the amount at which the tangible fixed asset is included in the balance sheet. Depreciation is on a straight line basis. Where an asset is held at valuation, a transfer is made annually from the revaluation reserve to the income and expenditure reserve for an amount equal to the additional depreciation arising from the revalued asset.

Where buildings are acquired with the aid of specific grants they are capitalised and depreciated. 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 buildings on a basis consistent with the depreciation policy.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

8. Equipment, furniture, vehicles, fixtures and fittings

Equipment, including computers, software and furniture costing less than £5,000 per individual item or group of related items is written off to the income and expenditure account in the year of acquisition. All other tangible assets are capitalised at cost.

All assets are depreciated on a straight line basis over their useful economic life as follows:

Equipment, furniture and fittings	3-10 years
Motor vehicles	4-6 years

Assets under construction are not depreciated until completed and brought into use.

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

9. Cash and cash equivalents / Investments

Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Term deposits held as cash but not available within 24 hours without penalty are shown as investments. Other current asset investments, which may include listed investments, are shown at the lower of cost and net realisable value.

10. Stock

Stock represents goods held for resale and is stated at the lower of purchase cost and net realisable value as valued by an independent stock-taker and is measured using an average cost formula.

11. Operating Leases

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

12. Taxation status

The University is registered under the Charities Act 2011 and as such is a charity within the meaning of section 506(1) of the Income and Corporation Taxes Act 1988 (ICTA 1988). Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

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

13. Financial Instruments

Financial assets and financial liabilities are recognised when the University becomes a party to the contractual provisions of the instrument. Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs). Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment. Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 July 2018

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

14. Provisions

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

15. Cash flows and liquid resources

Cash flows comprise increases or decreases in cash. Cash includes cash in hand, cash at bank, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid, are included as cash.

Liquid resources comprise assets held as readily disposable store of value. They include term deposits, government securities and loan stock held as part of the University's treasury management activities. They exclude any such assets held as endowment asset investments.

16. Accounting for charitable donations

Charitable donations are recognised in the financial statements when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

Where charitable donations are to be retained for the benefit of the University as specified by the donors, these are accounted for as endowments. The University's endowments are restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University can convert the donated sum into income.

17. Significant accounting estimates and judgements

Preparation of the financial statements requires management to make significant estimates and judgements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Estimates in pension costs

The University has obligations to pay pension benefits to certain employees who are members of the West Yorkshire Pension Fund (WYPF), a scheme accounted for as a defined benefit plan. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations, the duration of liabilities and the discount rate on corporate bonds. Management estimates these factors, using external professional advice, in determining the net pension obligation in the balance sheet. The assumptions reflect historical experience and current trends.

b. Judgements in fixed assets and depreciation

Costs incurred in relation to a tangible fixed asset, after its initial purchase or production, are capitalised to the extent that they increase the expected future benefits to the University from the asset beyond its previously assessed standard of performance. The assessment of these factors requires management's judgement.

The annual depreciation charge for fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. Depreciation methods, useful economic lives and residual values are reviewed by management at the date of preparation of each Balance Sheet and amended where necessary. The assessment of these factors requires management's judgement.

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 July 2018

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
INCOME			
Tuition fees and education contracts	1	26,746,073	26,494,949
Funding body grants	2	1,670,987	1,551,597
Research grants and contracts	3	16,312	66,031
Other income	4	4,216,951	4,538,627
Investment income	5	25,651	6,183
Donations and Endowments	6	36,181	600
Total income		<u>32,712,155</u>	<u>32,657,987</u>
EXPENDITURE			
Staff costs	7,8	19,223,228	19,594,228
Other operating expenses	8	9,101,829	9,146,673
Depreciation	8,9	2,881,232	2,640,837
Interest and other finance costs	8	554,355	639,559
Total expenditure	8	<u>31,760,644</u>	<u>32,021,297</u>
Surplus for the year		<u>951,511</u>	<u>636,690</u>
Actuarial gain in respect of pension schemes	14	1,606,000	4,983,000
Total Comprehensive income for the year		<u>2,557,511</u>	<u>5,619,690</u>
Represented by:			
Endowment comprehensive income / (expense) for the year		-	-
Restricted comprehensive income / (expense) for the year		-	-
Unrestricted comprehensive income for the year		2,557,511	5,619,690
		<u>2,557,511</u>	<u>5,619,690</u>

The Statement of Comprehensive Income and Expenditure is in respect of continuing operations.

STATEMENT OF CHANGES IN RESERVES

For the year ended 31 July 2018

	Income and Expenditure Account			Revaluation Reserve	Total
	Endowment	Restricted	Unrestricted		
	£	£	£		
Balance at 1 August 2016	6,272	318	13,636,953	5,840,791	19,484,334
Surplus from income and expenditure statement (restated)	-	-	636,690	-	636,690
Other comprehensive expense	-	-	4,983,000	-	4,983,000
Transfer between revaluation and income and expenditure reserve	-	-	224,363	(224,363)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income / (expense) for the year	-	-	5,844,053	(224,363)	5,619,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 1 August 2017	6,272	318	19,481,006	5,616,428	25,104,024
Surplus from income and expenditure statement	-	-	951,511	-	951,511
Other comprehensive income	-	-	1,606,000	-	1,606,000
Transfer between revaluation and income and expenditure reserve	-	-	224,363	(224,363)	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income / (expense) for the year	-	-	2,781,874	(224,363)	2,557,511
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Balance at 31 July 2018	6,272	318	22,262,880	5,392,065	27,661,535
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

BALANCE SHEET

As at 31 July 2018

	Note	31 July 2018 £	31 July 2017 £
NON CURRENT ASSETS			
Fixed assets	9	40,785,217	42,609,430
CURRENT ASSETS			
Stock		12,758	5,812
Trade and other receivables	10	1,458,310	1,481,139
Investments	11	7,006,453	824
Cash and cash equivalents		7,807,763	3,579,391
Less:		16,285,284	5,067,166
Creditors: amounts falling due within one year	12	(4,895,892)	(4,807,802)
NET CURRENT ASSETS		11,389,392	259,364
Total assets less current liabilities		52,174,609	42,868,794
Creditors: amounts falling due after more than one year	13	(14,093,880)	(6,714,237)
Provisions for pensions	14	(10,419,194)	(11,050,533)
TOTAL NET ASSETS		<u>27,661,535</u>	<u>25,104,024</u>
Restricted Reserves			
Income and expenditure reserve – endowment reserve	15	6,272	6,272
Income and expenditure reserve – restricted reserve	15	318	318
Unrestricted Reserves			
Income and expenditure reserve		22,262,880	19,481,006
Revaluation reserve	16	5,392,065	5,616,428
TOTAL RESERVES		<u>27,661,535</u>	<u>25,104,024</u>

The financial statements of the University (registered company number 6305220) on pages 25 to 48 were approved by the Board of Governors on 22 November 2018 and were signed on its behalf by:

Mr Paul Rogerson CBE DL
Vice Chair of the Board of Governors

Prof Margaret House OBE
Vice-Chancellor and Chief Executive

CASH FLOW STATEMENT

For the year ended 31 July 2018

	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Cash flow from operating activities		
Surplus for the year	951,511	636,690
Adjustment for non-cash items		
Depreciation (note 8)	2,881,232	2,640,837
Deferred capital grants released to income (note 2)	(233,475)	(190,298)
(Increase)/Decrease in stock	(6,946)	54
Increase/(Decrease) in debtors	22,828	(455,460)
(Decrease)/Increase in creditors	(351,738)	1,306,265
Decrease in provisions	(32,339)	(31,807)
Current service cost in excess of contributions (note 8)	822,300	935,000
Adjustment for investing or financing activities		
Investment income (note 5)	(25,651)	(6,183)
Interest and other finance costs (note 8)	554,355	639,559
Additional capital pension contribution	(72,300)	(70,000)
Loss on write-off and disposal of fixed assets	43,104	23,244
Net cash inflow from operating activities	<u>4,552,882</u>	<u>5,427,901</u>
Cash flows from investing activities		
Payments made to acquire fixed assets	(1,147,219)	(8,818,585)
Movement on deposits	(7,005,629)	4,511,768
Other interest received	15,214	6,183
	<u>(8,137,634)</u>	<u>(4,300,634)</u>
Cash flows from financing activities		
Interest paid	(285,275)	(311,928)
Deferred capital grant received	298,399	255,231
New term loan borrowings	8,000,000	-
Repayment of previous loan borrowings	(200,000)	(200,000)
Amounts draw down from revolving credit facility	3,000,000	3,000,000
Amounts repaid to revolving credit facility	(3,000,000)	(3,000,000)
	<u>7,813,124</u>	<u>(256,697)</u>
Increase in cash in the year (note 17)	<u>4,228,372</u>	<u>870,570</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

1. TUITION FEES AND EDUCATION CONTRACTS

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Full-time home and EU students	26,041,317	25,789,622
Full-time international students	147,500	119,300
Part-time home and EU students	557,256	586,027
	<u>26,746,073</u>	<u>26,494,949</u>

2. FUNDING BODY GRANTS

	HEFCE	OfS	UKRI	Year ended 31 July 2018	Year ended 31 July 2017
	£	£	£	Total	Total
				£	£
Recurrent grant	801,543	230,768	45,328	1,077,639	1,276,646
Specific grants	352,514	6,754	605	359,873	84,653
Releases of deferred capital grants, Buildings	233,475	-	-	233,475	190,298
Total	<u>1,387,532</u>	<u>237,522</u>	<u>45,933</u>	<u>1,670,987</u>	<u>1,551,597</u>

3. RESEARCH GRANTS AND CONTRACTS

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Research councils and charities	9,116	18,990
Government	11,163	39,192
Other	(3,967)	7,849
	<u>16,312</u>	<u>66,031</u>

4. OTHER INCOME

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Residences, catering and conferences	3,084,063	3,461,314
Other income	1,132,888	1,077,313
	<u>4,216,951</u>	<u>4,538,627</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2018

5. INVESTMENT INCOME

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Income from short term investments		25,651	6,183

6. DONATIONS AND ENDOWMENTS

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Unrestricted donations		36,181	600

7. STAFF COSTS

	Note	Year ended 31 July 2018 No	Year ended 31 July 2017 No
The average number of persons (including senior post-holders) employed by the University during the year, expressed as full-time equivalents, was:			
Lecturing staff, holders of senior posts, staff paid on academic scales and part-time lecturers		162	167
Administrative, professional and technical staff		182	186
Other		59	74
		<u>403</u>	<u>427</u>

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Staff costs for the above persons:			
Wages and salaries		14,493,782	14,480,534
Social security costs		1,446,672	1,425,894
Contributions to pension schemes	20	2,305,359	2,250,157
Pension enhancement costs	20	34,593	35,722
Restructuring costs		120,522	466,921
Service cost in excess of contributions	20	822,300	935,000
Total		<u>19,223,228</u>	<u>19,594,228</u>

	Note	Year ended 31 July 2018 £	Year ended 31 July 2017 £
Severance payments included within staff costs:			
Total severance and other compensation paid		120,522	466,921
		<u>120,522</u>	<u>466,921</u>
		No	No
The number of people that this relates to		10	24
		<u>10</u>	<u>24</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

7. STAFF COSTS (CONTINUED)

The numbers of staff, including the Vice-Chancellor and other key management personnel, who received emoluments (excluding pension contributions) in the following ranges were:

	Year ended 31 July 2018	Year ended 31 July 2017
	No	No
£100,001 to £105,000	1	-
£110,001 to £115,000	-	1
£115,001 to £120,000	1	-
£175,001 to £180,000	-	1
£185,001 to £190,000	1	-
	<u>1</u>	<u>2</u>

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Directors' remuneration		
Emoluments	263,882	251,375
Pension contributions	12,819	30,678
	<u>276,701</u>	<u>282,053</u>

The number of directors who:	Year ended 31 July 2018	Year ended 31 July 2017
	No	No
Are members of a defined benefit pension scheme	<u>2</u>	<u>4</u>

The amount shown for Directors' remuneration represents amounts paid to two (2016/17: four) directors in respect of their employment by the University (two elected staff governors (2016/17: the Vice Chancellor and three elected staff governors)) and not in respect of any duties for acting as directors. In 2016/17 at any one point in time there were only three directors who were members of a defined benefit scheme, but due to a change of staff governor there were four individuals who this applied to over the course of the year. In 2017/8 only two staff were members of a defined benefit scheme.

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Key Management Personnel		
Emoluments	535,266	460,392
	<u>535,266</u>	<u>460,392</u>

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University, here defined as the University's Executive Team. Emoluments includes compensation paid to key management personnel, excluding any employer's pension contribution.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2018

7. STAFF COSTS (CONTINUED)

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Remuneration of Vice Chancellor (being the highest paid director)		
Salary	169,651	166,815
Bonus	3,336	3,300
Supplement in lieu of pension contributions	14,907	4,886
	<hr/>	<hr/>
	187,894	175,001
Pension contributions	-	18,327
	<hr/>	<hr/>
	<u>187,894</u>	<u>193,328</u>

The Vice Chancellor was a member of a defined benefit pension scheme until part way through 2016/7 when they opted out of the scheme. The Vice Chancellor now receives a salary supplement in lieu of pension contributions. The cost of the supplement to the University is less than the employer pension contributions would be. The Vice Chancellor had accrued entitlements (including service from employment prior to Leeds Trinity University) of £56,294 under the scheme at the point of opting out.

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Ratio of the remuneration of the Vice Chancellor to the median for the whole workforce		
Basic Salary	5.4:1	5.9:1
Total Remuneration	5.5:1	6.0:1

The remuneration package of the Vice-Chancellor is reviewed and benchmarked by the Remuneration Committee on a 3 year cycle. This is done independently of the Vice-Chancellor who is not a member of the committee. The review takes place using external advice and benchmarking data against a comparator group comprising of other HE institutions of an appropriate size and scale. The basic salary is set by reference to the median for the comparator group with clear expectations of the level of performance to be delivered. Performance is judged against annual objectives agreed by the Remuneration Committee.

Following a review and re-setting in 2015, basic salary only increased through to 2017/18 by the nationally agreed pay rise. The remuneration package also included a bonus assessed against set criteria and the payments in 2017/18 and 2016/17 reflect bonus payments made in those years in respect of performance in the prior year. During 2016/17, a salary supplement was agreed in lieu of pension contributions and the cost of the supplement to the University is less than the employer pension contributions would be.

The latest 3 yearly review took place during 2018 to inform the remuneration package as from 1 August 2018.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2018

8. ANALYSIS OF 2017/2018 EXPENDITURE BY ACTIVITY

	Staff costs	Depreciation	Other operating expenses	Interest and other finance costs	Total Year ended 31 July 2018	Total Year ended 31 July 2017
	£	£	£	£	£	£
Academic departments	9,923,103	162,207	2,092,765	-	12,178,075	12,591,694
Academic services	1,976,180	773,241	1,083,782	654	3,833,857	3,847,449
Residences and catering	588,991	466,098	867,368	1,399	1,923,856	2,087,294
Research grants and contracts	4,507	-	13,741	-	18,248	31,501
Premises	574,309	1,435,155	998,250	-	3,007,714	2,721,996
Administration and other	5,213,316	44,531	4,002,818	295,302	9,555,967	8,998,906
Exceptional restructuring cost	120,522	-	-	-	120,522	466,921
Loss on w/off of fixed assets	-	-	43,105	-	43,105	10,536
Current service cost in excess of contributions	822,300	-	-	-	822,300	935,000
Net interest on pension liabilities	-	-	-	257,000	257,000	330,000
Total per income and expenditure account	19,223,228	2,881,232	9,101,829	554,355	31,760,644	32,021,297

Other operating expenses include:

	Year ended 31 July 2018	Year ended 31 July 2017
External auditor's remuneration for auditing of the financial statements	24,642	23,466
External auditor's remuneration for other assurance services	3,000	2,334
External auditor's remuneration for taxation compliance services	8,700	30,180
Payments under operating leases in respect of equipment	138,546	199,818

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

9. TANGIBLE FIXED ASSETS

	Assets in the course of construction	Freehold land and buildings	Furniture, equipment, fixtures and fittings	Motor vehicles	Total
	£	£	£	£	£
Cost/valuation					
At 1 August 2017 at cost	5,183,926	40,932,224	8,031,816	46,116	54,194,082
At 1 August 2017 at valuation	-	12,355,612	-	-	12,355,612
Additions during the year	32,124	607,767	449,853	10,380	1,100,124
Completed during the year	(5,183,926)	5,183,926	-	-	-
Disposals during the year	-	-	(464,265)	(8,946)	(473,211)
	<u>32,124</u>	<u>59,079,529</u>	<u>8,017,404</u>	<u>47,550</u>	<u>67,176,607</u>
At 31 July 2018	32,124	59,079,529	8,017,404	47,550	67,176,607
At cost	32,124	46,723,917	8,017,404	47,550	54,820,995
At valuation	-	12,355,612	-	-	12,355,612
	<u>32,124</u>	<u>59,079,529</u>	<u>8,017,404</u>	<u>47,550</u>	<u>67,176,607</u>
At 31 July 2018	32,124	59,079,529	8,017,404	47,550	67,176,607
Accumulated depreciation					
At 1 August 2017	-	18,897,543	5,004,147	38,574	23,940,264
Charge for the year	-	1,825,930	1,045,164	10,138	2,881,232
Disposals	-	-	(421,160)	(8,946)	(430,106)
	<u>-</u>	<u>-</u>	<u>(421,160)</u>	<u>(8,946)</u>	<u>(430,106)</u>
At 31 July 2018	-	20,723,473	5,628,151	39,766	26,391,390
	<u>-</u>	<u>20,723,473</u>	<u>5,628,151</u>	<u>39,766</u>	<u>26,391,390</u>
Net book value					
At 31 July 2018	<u>32,124</u>	<u>38,356,056</u>	<u>2,389,253</u>	<u>7,784</u>	<u>40,785,217</u>
At 31 July 2017	<u>5,183,926</u>	<u>34,390,293</u>	<u>3,027,669</u>	<u>7,542</u>	<u>42,609,430</u>

Land and Buildings

The transitional rules set out in FRS 15 Tangible Fixed Assets were applied on implementing FRS 15. Accordingly, the book values at implementation were retained. Land and buildings were last valued in 1995 at depreciated replacement cost by a firm of independent chartered surveyors at the valuation as shown above. This treatment has been continued during the transition to FRS 102.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2018

10. TRADE AND OTHER RECEIVABLES

	31 July 2018	31 July 2017
	£	£
Amounts falling due within one year:		
Trade debtors	459,358	449,343
Prepayments and accrued income	998,952	1,031,796
	<u>1,458,310</u>	<u>1,481,139</u>

11. INVESTMENTS

	31 July 2018	31 July 2017
	£	£
Deposits maturing:		
In one year or less	7,006,453	824
	<u>7,006,453</u>	<u>824</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2018	31 July 2017
	£	£
Trade creditors	1,169,122	1,408,324
Bank loan repayable in less than one year	670,588	200,000
Payments received in advance	2,280	12,342
Social security and other taxation payable	407,009	440,868
Pensions and similar obligations	292,967	303,904
Deferred capital grants	233,475	218,781
Accruals and other deferred income	1,858,820	1,818,352
Amounts owing to funding councils	261,631	405,231
	<u>4,895,892</u>	<u>4,807,802</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 July 2018	31 July 2017
	£	£
Bank loan	10,529,412	3,200,000
Deferred capital grants	3,514,468	3,464,237
Revolving Green Fund long term loan	50,000	50,000
	<u>14,093,880</u>	<u>6,714,237</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The bank loans are repayable as follows:	31 July 2018	31 July 2017
	£	£
Due within one year	670,588	200,000
Due between one and two years	670,588	200,000
Due between two and five years	2,011,765	600,000
Due in five years or more	7,847,059	2,400,000
	<u>10,529,412</u>	<u>3,200,000</u>
Due after more than one year	<u>10,529,412</u>	<u>3,200,000</u>
	<u>11,200,000</u>	<u>3,400,000</u>
Total bank loans	<u>11,200,000</u>	<u>3,400,000</u>

All bank loans are unsecured.

One bank loan (£3.2m as at 31 July 2018) is a 25 year term loan split into four equal portions, each with a fixed interest rate period of between 5 years and 20 years before reverting to a floating rate. Repayments are by quarterly instalments which commenced August 2014. A quarter of the loan has now reverted to the floating rate of 1.7% above LIBOR, with three quarters of the loan remaining on the fixed interest rate of 7.27%. Interest is payable on a quarterly basis.

Following a 3 year revolving credit period, a term loan of £8m was drawn down in June 2018 for a 7 year period with quarterly repayments over a 17 year profile and a residual balance remaining at the refinancing point. The loan is split into a £6m floating portion at 1.1% above LIBOR and a fixed portion of £2m at 3.92%. Interest is payable on a quarterly basis.

The Revolving Green Fund loan is a long term grant from HEFCE / Salix Finance to invest in energy efficiency and carbon management projects. Savings generated from these projects are reinvested back into this ring fenced fund to help resource other projects. It is repayable only once reinvestment ceases. It is considered that there are sufficient projects in which to reinvest the funds for at least one year from the balance sheet date.

14. PROVISIONS FOR PENSIONS

	Defined benefit provision under FRS102	Pension enhancement	Total
	£	£	£
At 1 August 2017	10,526,000	524,533	11,050,533
Utilised in year	-	(47,026)	(47,026)
Transfer from income and expenditure account	-	14,687	14,687
Current service cost in excess of contributions	822,300	-	822,300
Additional capital contribution	(72,300)	-	(72,300)
Net interest on liabilities	257,000	-	257,000
Actuarial gain	(1,606,000)	-	(1,606,000)
	<u>9,927,000</u>	<u>492,194</u>	<u>10,419,194</u>
At 31 July 2018	<u>9,927,000</u>	<u>492,194</u>	<u>10,419,194</u>

The pension enhancement provision relates to pension enhancements which the University has awarded to former staff members. The provision will be utilised over the period to which these individuals are entitled to their pensions, which is estimated to be over the next 25 years.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 July 2018**15. ENDOWMENT RESERVES**

	Restricted permanent endowments	Expendable Endowments	2018 Total	2017 Total
	£	£	£	£
Balances at 1 August				
Capital	318	6,272	6,590	6,590
New endowments	-	-	-	-
Investment income	-	-	-	-
Expenditure	-	-	-	-
	-	-	-	-
At 31 July	318	6,272	6,590	6,590
Represented by				
Cash	318	6,272	6,590	6,590
Analysis by type of purpose				
Scholarships and bursaries	318	4,965	5,283	5,283
Prize funds	-	1,307	1,307	1,307
	318	6,272	6,590	6,590

16. REVALUATION RESERVE

	2018	2017
	£	£
At 1 August	5,616,428	5,840,791
Transfer from revaluation reserve to general reserve in respect of: Depreciation on revalued assets	(224,363)	(224,363)
At 31 July	5,392,065	5,616,428

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

17. ANALYSIS OF CHANGES IN NET FUNDS AND RECONCILIATION OF CASH FLOW TO STATEMENT OF FINANCIAL POSITION

	At 31 July 2017 £	Cash flows £	At 31 July 2018 £
Cash at bank and in hand	3,579,391	4,228,372	7,807,763
Current asset investments	824	7,005,629	7,006,453
	<u>3,580,215</u>	<u>11,234,001</u>	<u>14,814,216</u>
Total short term funds			
Debts due within one year	(200,000)	(470,588)	(670,588)
Debts due after one year	(3,200,000)	(7,329,412)	(10,529,412)
	<u>(3,400,000)</u>	<u>(7,800,000)</u>	<u>(11,200,000)</u>
Total	<u>180,215</u>	<u>3,434,001</u>	<u>3,614,216</u>

18. LEASE OBLIGATIONS

	31 July 2018 £	31 July 2017 £
Rentals payable under operating leases		
Future minimum lease payments due:		
Due within one year	87,317	87,317
Due between two and five years	174,634	174,634
Due in five years or more	-	-
	<u>261,951</u>	<u>261,951</u>
Total lease payments due	<u>261,951</u>	<u>261,951</u>

19. CAPITAL COMMITMENTS

Provision has not been made for the following capital commitments:

	31 July 2018 £	31 July 2017 £
Commitments contracted for	<u>202,891</u>	<u>37,427</u>

This represents commitments entered into by 31 July for expenditure as part of the following year's capital programme.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

20. PENSION SCHEMES

The two pension schemes for the University's staff are the Teachers' Pension Scheme (TPS) for academic staff and the Local Government Pension Scheme administered by the West Yorkshire Pension Fund (WYPF) for support staff.

The total pension cost for the University was:

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Contributions to TPS	1,122,188	1,166,995
Contributions to WYPF	1,183,171	1,083,162
	<u>2,305,359</u>	<u>2,250,157</u>
Pension enhancements costs	34,593	35,722
Service cost in excess of contributions	822,300	935,000
Net interest on pension liabilities	257,000	330,000
	<u>3,419,252</u>	<u>3,550,879</u>

Teachers' Pension Scheme

TPS is valued not less than every four 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 is currently 16.4% of pensionable salaries.

Under the definitions set out in Financial Reporting Standard 102 (FRS 102), the TPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme due to the nature of the scheme. Accordingly, the University has taken advantage of the exemption in FRS 102 and has accounted for its contributions as if it were a defined contribution scheme. The University is not liable for any obligations other than the regular contributions.

The estimate for the contribution to the TPS for the 2018/19 year is c.£1.1m.

West Yorkshire Pension Fund

WYPF 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 WYPF actuary reviews the progress of the WYPF scheme.

For WYPF, the actuary has indicated 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 WYPF Regulations. Following the most recent valuation in 2016, the contribution payable by the employer from April 2017 increased from 15.7% to 17.7% of pensionable salaries. As from April 2017, the University also started paying an additional capital contribution in the amount of £70k per annum.

Under the definitions set out in FRS 102, the WYPF is a multi-employer defined benefit pension scheme. In the case of the WYPF, the actuary of the scheme has identified the University's share of its assets and liabilities as at 31 July 2017.

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.

The FRS102 disclosures below relate only to the University's pension costs in respect of the WYPF.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

20. PENSION SCHEMES (continued)

The material assumptions used by the actuary for FRS102 at 31 July 2018 were:

	31 July 2018	31 July 2017
Rate of increase in salaries	3.35%	3.25%
Liability discount rate	2.8%	2.6%
Inflation assumption	2.1%	2.0%

The assumed life expectations on retirement at age 65 are:

	31 July 2018	31 July 2017
<i>Retiring today</i>		
Males	22.1	22.1
Females	25.3	25.2
<i>Retiring in 20 years</i>		
Males	23.1	23.0
Females	27.1	27.0

The asset allocation of the defined benefit scheme is shown below:

Value	31 July 2018 £'000	31 July 2017 £'000
Equities	27,636	26,055
Property	1,556	1,491
Government Bonds	4,001	3,287
Other Bonds	1,297	1,321
Cash/liquidity	815	576
Other	1,741	1,152
Total	<u>37,046</u>	<u>33,882</u>

The following amounts at 31 July 2018 were measured in accordance with the requirements of FRS102.

Analysis of the amount shown in the balance sheet	31 July 2018 £'000	31 July 2017 £'000
The University's estimated asset share	37,046	33,882
Present value of the University's Scheme liabilities	(46,973)	(44,408)
Deficit in the Scheme - Net pension liability	<u>(9,927)</u>	<u>(10,526)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

20. PENSION SCHEMES (continued)

Analysis of the amount charged to staff costs within operating surplus	2018	2017
	£'000	£'000
Current service cost	(2,001)	(2,001)
Past service cost	(38)	-
Total operating charge	<u>(2,039)</u>	<u>(2,001)</u>
Analysis of amount that is charged to other finance costs	2018	2017
	£'000	£'000
Interest income on pension scheme assets	899	725
Interest on pension scheme liabilities	(1,156)	(1,055)
Net charge	<u>(257)</u>	<u>(330)</u>
Analysis of the amount recognisable in the Statement of Comprehensive Income and Expenditure (SOCl)	2018	2017
	£'000	£'000
Actuarial gain / (loss) recognised in SOCl	1,606	4,983
Net gain / (loss)	<u>1,606</u>	<u>4,983</u>
Analysis of the movement in the present value of the scheme liabilities	2018	2017
	£'000	£'000
At beginning of year	44,408	44,256
Current service cost	2,001	2,001
Interest cost	1,156	1,055
Contributions by scheme participants	450	447
Actuarial (gains) / losses	(699)	(2,344)
Benefits paid	(381)	(1,007)
Past service cost	38	-
At end of year	<u>46,973</u>	<u>44,408</u>
Analysis of the movement in the market value of the scheme assets	2018	2017
	£'000	£'000
At beginning of year	33,882	29,942
Expected rate of return on scheme assets	899	725
Actuarial gains	907	2,639
Contribution by employer	1,289	1,136
Contribution by scheme participants	450	447
Benefits paid	(381)	(1,007)
At end of year	<u>37,046</u>	<u>33,882</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

20. PENSION SCHEMES (continued)**History of experience gains and losses:**

	Year ended 31 July				
	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Funded	(46,901)	(44,329)	(44,198)	(34,929)	(30,251)
Unfunded	(72)	(79)	(58)	(62)	(66)
Fair value of scheme assets	37,046	33,882	29,942	26,426	23,571
Deficit in the scheme	(9,927)	(10,526)	(14,314)	(8,565)	(6,746)
Actuarial gain on scheme assets					
Amount (£'000)	907	2,639	2,098	(1,247)	1,509
Percentage of Scheme assets	2.4%	7.8%	7.0%	4.7%	6.4%
Total amount recognised in statement of comprehensive income					
Amount (£'000)	(1,606)	(4,983)	(4,952)	(1,227)	781
Percentage of present value of scheme liabilities	3.4%	11.2%	11.2%	3.5%	2.6%

The expected return on assets is determined with regard to various factors impacting each class of asset. The bond return is based on the prevailing return available on bonds. The return on equities, property and other assets is based on a number of factors including the income yield at the measurement date, the long term growth prospects for the economy in general, the long term relationship between each asset class and the bond returns and the movement in the market indices since the previous measurement date.

The actual return on scheme assets in the year was £1,806,000 (2017: £3,361,000).

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 the year 2018/19 is c.£1.1m.

Guaranteed Minimum Pension

Defined benefit pension schemes will potentially be affected by the ultimate resolution of the equalisation of benefits for men and women in relation to Guaranteed Minimum Pension provisions. The method of equalisation may ultimately increase the University's pension liabilities in respect of the West Yorkshire Pension Fund and in so doing increase the pension deficit carried on the balance sheet. As both the final legal position and the method of equalisation are still unclear it is not possible to estimate the amount of any potential increase in pension liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

21. RELATED PARTY TRANSACTIONS

During the year the University's transactions with Yorkshire Universities, a company limited by guarantee in which the University holds a £1 guarantee were as summarised below:

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Purchases from Yorkshire Universities	5,810	11,413
	<u>5,810</u>	<u>11,413</u>

The above transactions were undertaken on normal trading terms. At 31 July 2018 the amount owed to Yorkshire Universities was £Nil (2017: £Nil). The results of Yorkshire Universities have not been included in the results of the University.

During the year the University's transactions with Leeds Trinity Students' Union (LTSU) were as summarised below:

	Year ended 31 July 2018	Year ended 31 July 2017
	£	£
Subvention paid to LTSU	192,000	186,840
Supply of casual staff by LTSU	-	1,772
Other payments to LTSU	9,276	18,530
	<u>192,000</u>	<u>186,840</u>
	<u>201,276</u>	<u>207,142</u>

At 31 July 2018 the amount owed to LTSU was £Nil (2017: £100). The results of Leeds Trinity Students' Union have not been included in the results of the University.

Due to the nature of the University's operations and the composition of the Board of Governors (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures. An annual declaration of interests is made by members of the Board of Governors enabling any transactions to be identified and there were no related party transactions of a material nature during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 July 2018

22. SIGNIFICANT ACCOUNTING ESTIMATES / JUDGEMENTS

There are no significant accounting estimates or judgements to disclose with the exception of the actuarial pension assumptions disclosed in note 20 and the judgements in fixed assets and depreciation referred to in accounting policies point 17.

23. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period which would require disclosing.

24. AMOUNTS DISBURSED AS AGENT OF THE NATIONAL COLLEGE FOR TEACHING AND LEADERSHIP (NCTL)

	31 July 2018	31 July 2017
	£	£
Funds received	2,482,000	2,564,000
Disbursed to students	2,323,100	2,261,500
	<u> </u>	<u> </u>
Balance unspent at 31 July	<u> 158,900</u>	<u> 302,500</u>

These funds are available solely for students, with the University acting only as a paying agent. The income and related disbursements are therefore excluded from the Income and Expenditure Account. Within the cash flow they appear within the movement on creditors/debtors.