



# Financial Statements

# 2010/11



# University of Surrey

## Financial Statements for the year ended 31 July 2011

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## Operating and financial review

### Introduction

The Financial Statements comprise the consolidated results of the University (including its Foundation Fund) and its subsidiary companies, notably The Guildford School of Acting Conservatoire and Surrey Sports Park Limited.

This review has been prepared in accordance with the Accounting Standard Board's Reporting Statement 'The Operating and Financial Review' and seeks to set the financial results in the context of the University's strategy and operations.

### Constitution

In 2011, the University is celebrating 120 years since its beginnings as the Battersea Polytechnic Institute in 1891. The move to Guildford took place in the 1960s with the University receiving its Royal Charter in 1966. Although founded as a science and engineering focused institution, it now offers a broad range of courses, research programmes and enterprise activity across the sciences, engineering, arts, humanities, law and business. The University is a member of the 1994 Group of research intensive universities.

In addition to its core academic activities, the University owns and manages the Surrey Research Park which is one of only a few research parks owned and managed by its host university alone and one of the most successful research parks in Europe.

### Operating environment

2010/11 has seen the start of a period of unprecedented change in UK higher education. Publication of the White Paper in June 2011 heralded a fundamental shift in funding from the state to the individual student which will lead to high expectations and an even greater focus on the student experience. There will be increased competition as current undergraduate quotas are reduced to allow universities to recruit as many students with grades AAB and above as they want (currently 65,000 students in the system) and 20,000 places, removed from the remaining quota for universities, become available to institutions who charge average fees (after fee waivers) of £7,500 or less. These 85,000 places represent approximately 25% of total admissions.

The White Paper also includes proposals to open up the market to new entrants, for example by making it simpler and quicker for institutions, including overseas and private institutions, to obtain degree awarding powers. At the same time, the White Paper proposes changes to the regulatory system with a refocusing of HEFCE's powers as lead regulator and the potential for OFFA to play a much more powerful role in setting requirements and applying sanctions.

Consultation is expected later in 2011 on proposals for more fundamental changes to HEFCE's approach, for 2013/14 onwards, towards the allocation of funding for undergraduate teaching and the control of undergraduate student numbers, and on proposals for

the funding of postgraduate teaching from 2012/13. Meanwhile, the University is preparing for the introduction of Key Information Sets from September 2012 which will provide a wide range of information to students in respect of all UK undergraduate courses, covering topics such as the time spent on various teaching and learning activities, assessment methods, fees, accommodation costs, financial support available from the institution and graduate employment history.

The market for international students was impacted in 2010/11 by the changes in visa requirements introduced by the Government. This has meant that international students, who previously could count on working for up to two years after their degree using the student entry visa before returning to their home country, can no longer count on postgraduate work. This has meant a dramatic reduction in high quality applicants from India and Pakistan in particular, who greatly valued this element of the previous UK system. These students have moved their interest to the USA, which allows them to fulfil their university and postgraduate work interests. The market for postgraduate research and, in most areas, Masters students has remained buoyant.

The effects of Government spending cuts are being felt not only in terms of teaching provision but also research. Recurrent research funding is being frozen at current cash levels which equates to a real terms cut of approximately 10% over the next three years. A Research and Innovation White Paper is expected in late 2011.

### Vision, mission and strategy

In 2007, the University published a new 10 year strategy, setting out its vision to become a leading national and international institution by 2017.

By the start of 2011, considerable progress had been made against this goal with a 25% increase in entry standards and a 75% increase in successful research bids as well as major strides in building the University's international position whilst retaining its pre-eminent position as the UK university with the highest graduate employment.

Following the announcement of fundamental changes in government funding for higher education, it was considered appropriate to review the strategy and fine tune it to allow the University to build on its successes and continue to meet the new challenges facing higher education. The University also reviewed its mission and distilled the objects of the University, as defined in its charter, into a new Mission Statement as set out below:-

*"The University is a research-led institution pursuing learning, scholarship and research, and advancing and disseminating knowledge. The University is committed to working closely with its students, business, government and civil society to transition knowledge to the benefit of humanity".*

The updated strategy retains the six existing imperatives of quality, international impact, sustainability, distinctiveness, collegiality and professionalism which confirm the core values of the University, whilst

## Operating and financial review (continued)

redefining the key strategic objectives for the next six years in respect of the following:-

- Research and enterprise
- Students
- International competitiveness
- Staff
- Finances
- Operational effectiveness
- The environment

The University uses a Balanced Scorecard to monitor current performance and progress towards achievement of its strategy. This comprises a number of key performance indicators (KPIs) relating to students, research and enterprise, staff and sustainability. Relevant indicators are included below.

### Public benefit statement

The University is an exempt charity under the terms of the Charities Act 1993. In determining the University's strategic, operational and financial objectives, the members of Council, as trustees, have had regard to the Charity Commission's guidance on public benefit, including the specific guidance in respect of the advancement of education, research and fee charging.

In this Operating and Financial Review, the University describes how it has met the two key principles of public benefit, namely that:

- there must be an identifiable benefit or benefits
- the benefit must be to the public or a section of the public

In terms of identifiable benefits, the University's objects are defined in its Charter as the pursuit of learning and the advancement and dissemination of knowledge. In terms of delivering benefit to the public or a section of the public, the primary beneficiaries are current and potential students engaged in learning at the University and the general public who benefit from the University's research activities.

To demonstrate the benefits, examples are given in this review of how the University has continued to advance the breadth and depth of its educational activities and the strength of its research activities. Examples are also given of the external recognition that the University has received for the quality of its teaching and research.

In addition to the advancement of education, the University makes a significant contribution via its research, teaching and other activities, to a number of the other categories of charitable purposes set out in the Charities Act 2006. Of particular significance are the following, examples of which are given later in this review:-

- The advancement of health or the saving of lives
- The advancement of the arts, culture, heritage or science
- The advancement of amateur sport
- The advancement of citizenship or community development

- The relief of those in need, by reason of youth, age, ill-health, disability, financial hardship

#### *Widening participation and student support*

The University acknowledges the educational benefits that flow from a diverse student body. It recognises the need to increase and widen participation in higher education so that able students from any background are able to access the institution and enjoy the best possible student experience in order to succeed in graduate employment. In accordance with the principles of public benefit that the opportunity to benefit should not be unreasonably restricted by the ability to pay fees and that people in poverty should not be excluded from the opportunity to benefit, the University offers a package of financial support to assist with both fees and living costs.

The University continues to monitor its commitment to widening participation through the inclusion of a Widening Participation KPI on the University's balanced scorecard. The 2010/11 data shows a continuing upward trend in enrolments from low participation neighbourhoods, lower socio-economic backgrounds and state schools.

A major new initiative to widen participation is the In2Surrey Scheme, which is targeted at state-funded schools and further education colleges selected on the basis of their low participation rates in higher education and indicators of socio-economic deprivation. The scheme provides a range of support to the students and allows the use of contextual information in the admissions process. The first students from the scheme are expected to apply for entry in 2012.

In terms of financial support, the University has in place a generous bursary scheme which has been approved by the Office for Fair Access and offers a tiered level of support based on household income. A total of £4.8m was distributed to 1820 students in 2010/11 compared with £4.3m to 1741 students in the previous financial year.

The University also provides hardship loans and grants to students who face financial difficulties, from HEFCE funds, the University's own Annual Fund, and a number of charitable funds.

The University offers a wide range of support to students with disabilities or specific learning difficulties to enable them to participate fully in University life and employs a number of disability advisors who can offer information to both current and prospective students and liaise with University departments, Students Finance England and external agencies for students.

Alongside the introduction of the £9,000 Home/EU undergraduate fee in 2012/13, the University will be introducing a generous financial support package to support students from low income households. All first year full-time undergraduates with a household income of £25,000 or less will receive an award worth £3,000 in line with the requirements of the National Scholarship Programme, membership of which is obligatory for all universities charging a fee of more than £6,000. In the

## Operating and financial review (continued)

case of Surrey, students will have the option of either a £3,000 discount on the cost of accommodation or a £1,000 cash bursary and £2,000 fee waiver. In addition, the University will run the Surrey Bursary scheme. Under this scheme, students with a household income of £25,000 or less will receive a package worth £3,000 a year for all future years of study and students with a household of between £25,001 and £30,000 will receive a package worth £1,500 for all years of study (in each case, the professional training year is excluded).

In addition to the financial support packages described above, from 2012/13 the University will be offering Chancellor's Scholarships worth £3,000 in the first year of study to candidates achieving the equivalent of A\*AA (or AAA from the In2Surrey widening participation scheme). While these scholarships will be available to all students, regardless of household income, they do provide another means of helping talented students from low income households to attend the University. Holders of Chancellors Scholarships will receive free membership to the Sports Park during their undergraduate period of study while a new range of Sports Scholarships has also been introduced for talented students.

### Review of operations

#### Academic development and the student experience

##### *Senior appointments*

2010/11 saw further change at Executive Board level with the appointment of Professor Jonathan Seville as Dean of the Faculty of Engineering and Physical Sciences and Dr David Ashton as University Registrar. Dr Ashton, who succeeded Mr Philip Henry, joined the University in February 2011 from Kingston University, while Professor Seville, joining Surrey from his post as Dean of Engineering at Warwick, took up his appointment on 1 October 2011. Professor Seville succeeds Professor Michael Kearney who, after a period of sabbatical leave, will take on the new role of Pro-Vice-Chancellor for REF (Research Excellence Framework).

The University has also welcomed Ms Sarah Litchfield who took up the new post of University Secretary and Legal Advisor on 1 August 2011. Ms Litchfield joined the University from NHS Innovations South East where she held the post of Council and Company Secretary.

##### *Learning and teaching*

2010/11 saw further progress against the University's Learning and Teaching strategy 2010-17.

The University has simplified and standardised the structure of its undergraduate curriculum to make it more straightforward for students, to facilitate the design of new programmes, and to give more efficient use of space and other resources. The revised structure will be fully implemented for the 2012/13 academic year.

In 2009/10 the University identified a relatively high non-completion rate for its undergraduate programmes (defined as non-continuation following year of entry). The University responded by implementing an action plan to

address the underlying issues and monitor progress. New academic regulations were approved in 2010/11 and these, together with other measures such as a better understanding of non-completion rules among staff and the introduction of departmental KPIs, contributed to an improvement in the non-completion rate from 9.4% in HESES 09 to 5.4% in HESES10.

As described below, the University's overall score in the National Student Survey improved substantially in 2011. However, in common with many universities, assessment and feedback remains an area of relative weakness. In its efforts to address this, the University carried out a review of external examiners, Boards of Studies and assessment procedures during 2010/11 and will be implementing the recommendations during 2011/12. Also planned for 2011/12 is a fundamental review of the postgraduate taught portfolio to ensure it continues to be based on the research strengths of the University and enables students to contribute successfully to the world of work or to transition successfully to doctoral study.

##### *Student experience*

As the student population has grown, one of the challenges the University has faced has been to ensure that it has the appropriate numbers of highly professional academic staff. The University's average student to staff ratio is one of the highest in the 1994 Group and the University recognises the need to reduce the ratio both to continue to improve the academic experience and to create time for research, grant applications and publications, all critical elements in the lead up to REF. Following the 2009/10 search for new Chairs in strategically important areas of research, the University launched a major campaign in Spring 2011 to increase the number of academic posts at all levels to improve the student experience. This resulted in the appointment of 28 staff and is being followed up in the Autumn of 2011 with a further academic recruitment campaign, with a third campaign planned for January 2012.

July 2011 saw the conclusion of the two year Surrey Student Experience Project which has formed a major part of the University's overall student experience improvement programme. It has resulted in notable demonstrable successes including:-

- Top ratings in the i-grad survey for the University's Student Welcome – 1<sup>st</sup> nationally by home students and 5<sup>th</sup> nationally by overseas students (2010)
- Shortlisting for Times Higher Education's Most Improved Student Experience award (2011)
- Shortlisting for Times Higher Education's Outstanding Student Services Leadership & Management award (2011)
- Excellent approval rating for the online induction with 97.9% of students reporting it as useful
- Successive staff surveys showing gains in staff engagement with student experience agendas

##### *Student satisfaction*

Measures described above, together with other action taken to improve both the academic and non-academic student experience, contributed to an improvement in the

## Operating and financial review (continued)

University's overall satisfaction rating in the 2011 National Student Survey from 82% to 87%. This marked a rise from joint 64<sup>th</sup> to joint 32<sup>nd</sup> place among the 129 higher education institutions that participated, more than reversing the previous year's decline. This performance was the result of effective teamwork involving academic staff and support staff across the University.

*Chart 1 National student survey*

	2011	2010	2009
Overall Satisfaction	87%	82%	85%
Postgraduate Research	=32nd	=64th	=39th

Improvements were seen in all sections, with 13 of the 25 subject areas ranked in the top 20 nationally and 10 in the top quartile for overall satisfaction.

### Student numbers

#### *Applications*

Undergraduate applications to the University increased by 7.6% for 2010/11 entry compared with 2009/10, reflecting the continuing increase in popularity of the University's programmes. At the same time, the average UCAS entrance tariff rose from 391 to 405, reflecting the University's continuing success in improving the quality of students accepted onto its programmes.

*Chart 2 Undergraduate applications (UCAS data)*

	2010/11 Entry	2009/10 Entry	2008/09 Entry
Applications	18,060	16,782	14,630
Acceptances	3,215	3,008	2,900
Applications to Acceptances	5.62:1	5.58:1	5.04:1
Average UCAS Entry Tariff	405	391	372

Data for the 2011/12 entry shows a further increase in the number of applications and continuing improvement in the quality of new students. Applications for 2011/12 entry totalled over 19,500 and the average entry tariff was 431 points.

#### *Student population*

*Chart 3 Student numbers (headcount)*

	2010/11	2009/10	2008/09
Undergraduate	10,411	9,996	9,652
Postgraduate Taught	3,099	3,991	3,707
Postgraduate Research	1,268	1,200	1,082
<b>Total</b>	<b>14,778</b>	<b>15,187</b>	<b>14,441</b>
Overseas Students included above	3,353	2,979	2,586

The University slightly exceeded its overall target for the 2010/11 recruitment of home/EU students but did not breach the maximum allowed under HEFCE rules. The fall

in Postgraduate Taught (PGT) student numbers in 2010/11 reflected a decrease in part time student numbers and a change in the basis for counting students taking continuing professional development modules. The number of full time equivalent PGTs fell by 185 which was broadly in line with plan.

### Research

Research income remained almost static in 2010/11, rising just £0.3m to £27.9m. Research contribution (i.e. income less direct costs) rose from £6.4m to £6.6m.

This was a disappointing result after the 9.1% increase in income in the previous financial year. Contributory factors included delays to the start of projects and the loss of grants which moved with the grant holders to other institutions, with the freeze on awards during the 2010 Comprehensive Spending Review contributing significantly to the delay in new awards. Nevertheless, the Faculty of Engineering and Physical Sciences, the most research intensive area of the University, delivered another strong performance with income rising by £1.5m (9.5%) in the year to £17.1m. This gave a cumulative increase for the Faculty of £4.0m (30.6%) over the past three years. The Faculty of Health and Medical Sciences has had a number of notable successes in awards from BBSRC.

During 2010/11 the University was elevated to Managed Partner status by EPSRC in recognition of its high level of grant awards over the previous three years. This put it amongst a small group of research leading universities.

The value of research bids rose in 2010/11 from £106m to £118m, reversing the previous year's decline. Underlying these numbers was a marked shift away from the UK Research Councils towards the EU Commission with the value of EU Commission bids (£52m) exceeding UK Research Council bids (£41m) for the first time. This move reflected both the reduced funding – in real terms – available from UK Research Councils, and the opportunities for gaining research funding from the EU, where the University already has a strong track record. As EU funding generally provides a smaller contribution to indirect costs than is the case with the UK Research Councils, this implies a reduced contribution from research to core costs in coming years.

In contrast to the rise in bids, the value of new research awards and extensions fell significantly in 2010/11 to £23m (-40%). This is partly mitigated by a £7.5m growth in the value of the "pipeline" (i.e. awards notified but not finalised) with both the UK Research Councils and the EU taking longer to finalise awards. However, success rates have also fallen, and with new awards translating into income in subsequent years, this will inevitably have some impact on future income. Efforts are being made to increase the quantity and quality of bids and to engage with Research Councils and EU partners. The University is also exploiting its existing internal interdisciplinary research networks to increase funding.

## Operating and financial review (continued)

Chart 4 Research bids, awards & extensions

	2010/11	2009/10	2008/09
	£m	£m	£m
Research Bids	118	106	117
Research Awards and Extensions	23	39	30

In addition to its research efforts in engineering and physical sciences, the University has specific expertise in various fields of medical research, including cancer research. One of the most significant recent research developments has been the development by University scientists of a simple urine test (the EN2 test) for the early detection of prostate cancer. The results of a three year study, published in the US journal *Clinical Cancer Research* in March 2011, showed that the EN2 test was both more reliable and significantly simpler than existing tests. Further studies are now taking place in the UK and the US.

Another area of research expertise is water. In 2010/11, the University was re-designated as a World Health Organisation (WHO) Collaborating Centre for Protection of Water Quality & Human Health, one of only two UK institutions and 10 global bodies designated as Collaborative Centres by the WHO in the water sector and sanitation sector.

The University recognises the need to ensure that the results of its research are publicly available. In 2010/11, it brought together its publications database (Symplectic) and the open access website (Surrey Research Insight), providing University research staff with a fast, easy and economical way of managing and communicating their publications. Papers openly available on the SRI Open Access website rank highly on search engine results, attract a wide audience and are frequently downloaded.

### Enterprise and innovation

The University continued its chairmanship of the highly successful SETsquared partnership in 2010/11. This was a year which saw further expansion of the partnership with the University of Exeter joining the four founding universities - Bath, Bristol, Southampton and Surrey. One of the key events of the year was the very successful 'Changing Worlds' event which showcased the positive impact that research of the individual partner universities has had on the UK economy and society in the last 25 years. David Willetts, Minister for Universities and Science, personally attended this event to give the keynote speech and his presence was considered an influential factor in helping consolidate his view on the real value of university research.

In terms of Surrey-specific activities, 2010/11 saw a doubling in size of the University's incubation facilities from 25 to 50 companies with the launch of the Surrey International Space Innovation Centre (ISIC-Surrey). ISIC-Surrey is a specialist support unit for the development of emerging companies working in both the upstream and downstream satellite enabled technologies and services and represents the first UK university spoke into the national space centre hub situated at Harwell in

Oxfordshire. It is anticipated that ISIC-Surrey will be a major focus for new company development in the coming years, under the iconic leadership of Surrey Satellite Technology Limited, the University's former subsidiary company, which is situated in close proximity on the Surrey Research Park. The UK space centre is expected to grow to £40bn by 2030 and 75% of current activity is based in South East England. The University of Surrey and the surrounding Guildford region therefore have the opportunity to capitalise significantly on their involvement in this very exciting sector.

### Internationalisation

The University's international strategy is core to all activities. It embraces the promotion of research collaboration, the facilitation of staff and student mobility, the raising of cultural awareness, and the development and delivery of a curriculum responsive to the needs of a global society.

Central to the international strategy is the University Global Partnership Network (UGPN) which was formally launched in August 2011. Its core funding partners are the University of Surrey, North Carolina State University (USA) and the Universidade de São Paulo (Brazil). There are additional partnership relationships with Seoul National University, Banco Santander through the Santander Universities Network and Fapesp (the São Paulo State Research Funding Council). The UGPN provides a new learning and research partnership enabling academics and students from some of the world's top universities to work together on issues of global importance.

2010/11 was the fourth year of operations for the Surrey International Institute (SII), the University's joint venture with Dongbei University of Finance and Economics (DUFE) in China. This meant that the summer of 2011 saw the graduation of the first 93 students from the four year undergraduate programme with a dual DUFE/Surrey degree. By 2010/11, the total student population had grown to nearly 1500. Of these, 335 were studying the Surrey phase of the programme, 79 of them at the Guildford campus and the remainder in China.

During 2010/11, the University further consolidated its relationship with Study Group when Study Group was awarded the tender to run the Surrey International Study Centre (SISC) for a further 10 years. Having exceeded the original planned intake for each of the first three years (2007/08 to 2009/10), the September 2010 intake was substantially lower than expected (96 compared with the previous year's intake of 151), due to a temporary problem in students obtaining visas when SISC failed to be awarded highly trusted sponsor status. This problem was overcome when the University validated the Foundation programme and a further 51 students joined the programme in January 2011. The 80% conversion rate to undergraduate degrees for 2010/11 was slightly lower than the previous year (90%), but still exceeded the 75% target rate. SISC has ambitious plans for growth and a capital project to convert existing rooms to provide teaching space for a total of 330 students was completed in time for the September 2011 intake.

## Operating and financial review (continued)

### Stakeholder relationships

The University engages with a wide range of stakeholders including its students, staff, funding bodies, other educational institutions, industry and commerce, government bodies, the local community and the NHS.

#### Staff engagement

High performing staff remain central to the delivery of the University strategy.

The University's 2011 staff satisfaction survey reflected improvements in a number of areas and the University performed above the comparable benchmark on a number of questions relating to engagement. Action is being taken to respond to issues raised in the survey with the establishment of action groups at both local and institutional level.

In October 2010, the University went live with 'SurreyNet', its new online communications hub providing a more flexible messaging, news and information system.

Staff are encouraged to participate in formal and informal consultations at University, Faculty and Departmental level, often through membership of formal committees. Members of senior management meet regularly with representatives of trade unions who represent the interests of staff through consultative committees and staff are advised in accordance with the University's agreed employment policies when matters affect their employment directly. A comprehensive training and development programme is available to staff covering a range of technical, managerial and interpersonal skills.

The University is committed to promoting equality of opportunity across all areas of the campus. The University gives full consideration to applications for employment from disabled persons where the candidate's aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled persons for training, career development and promotion. Where existing employees become disabled, it is the University's policy to provide continuing employment where practicable in the same or an alternative position and to provide training to achieve this aim.

#### Student engagement

The University recognises the importance of involving students in the general management of the University and in key decisions regarding its future development. Regular meetings are held with Students Union representatives and management. The President of the Students Union is a member of the University's Council and the Senate. The Student Union's Vice-President (Education) is also a member of the Senate. The Students Union has an active representation programme and students are encouraged to participate in formal and informal discussions throughout the University, often through the membership of formal committees. The University senior management, including the Vice-Chancellor and Deputy Vice-Chancellor (Academic Development) regularly attend the students' Academic

Assembly which is a forum of the student representatives drawn from courses across the University. In addition, the Vice-Chancellor meets regularly with undergraduate and postgraduate student groups throughout the academic year.

#### Social responsibility and local community engagement

The University continues to have a significant involvement in its local community. The Annual Music and Book Festivals, run jointly with Guildford Borough Council, are now well established as is the programme of evening language classes open to students, staff and the general public. More recent initiatives have included the 'In Conversation' events presented by Jim Al-Khalili, Professor of Public Engagement in Science at the University, which continued in 2010/11 with events with Sir David Attenborough and Professor Brian Cox.

Surrey Sports Park celebrated its first full year of operations in 2010/11 and welcomed its one millionth visitor. In addition to providing first class sporting facilities for students and staff and a training base for a number of professional sports teams, it has become firmly established as a hub of sport for the local community. Over 80 local primary and secondary schools, as well as local clubs, teams and youth groups, have used the facilities and the park's contribution to the local community was recognised when it won the category award for Community Benefit at the Royal Institution of Chartered Surveyors regional award finals. It was also named overall runner-up across all categories.

The University senior management meet regularly with representatives from local communities and associations. Topics encompass regional engagement with University activities and areas of common interest.

### Environmental sustainability

In 2000, the University of Surrey was the first university in the UK to appoint a Chair of Sustainable Development. Today, the University advances the sustainability agenda both through its research and through its own sustainability strategy.

Compliance with the Carbon Reduction Commitment is one of the major challenges facing the University and recent expansion of the estate makes the targets set by the Government and HEFCE even more challenging. An active carbon management plan is underway. During 2010/11, the University successfully completed 83 carbon reduction projects funded through loans from HEFCE under the banner of the Revolving Green Fund (RGF) and the Salix Energy Efficiency Loan Scheme (SEELS). From August 2010, energy use in all buildings on campus is metered every half an hour and this information is used to target specific high users and focus on improvement measures. While managing cultural change and access will help reduce the carbon load significantly, other potential projects require significant capital investment which is made all the more challenging by recent swingeing cuts in HEFCE capital grant funding.

## Operating and financial review (continued)

In February 2011, the Vice Chancellor signed a new Sustainable Procurement Policy which aims to engage with the University's suppliers to help deliver a more robust sustainability agenda.

### Financial review

For many years the University has depended on the considerable endowment of its Foundation Fund to compensate for financial deficits on core University activities. 2010/11 saw the University achieving its stated aim of breaking even on core University activities (which include the activities of the Guildford School of Acting and Surrey Sports Park) one year ahead of plan.

#### Income and expenditure

##### *Consolidated results*

The University achieved a consolidated surplus for 2010/11 of £10.9m. This represented a significant improvement on the previous year's figure of £4.0m and positions the University well as it prepares to enter a very different funding environment.

Consolidated income rose by £17.8m (9.2%) to £211.6m. Income remained well diversified with income from Funding Council grants, at 22%, remaining below the national average.

##### *Core University activities*

The University achieved a surplus on its core activities of £5.4m (2009/10 deficit £1.4m).

Income from core activities grew by £12.9m (7.0%) to £197.2m. Tuition fee and educational grant income rose by £7.8m (11.1%) to £77.9m while research income, as described earlier in this report, rose by a disappointing £0.3m (1.1%) to £27.9m.

The increase in tuition fees reflected both a rise in student numbers and an increase in overseas tuition fees. Income from overseas students increased by £6.0m (23.2%) to £31.9m. This gave a cumulative increase of £13.8m (76%) in the past three years.

As was the case the previous year, the University continued to benefit from low interest rates and expenditure in other areas, especially staffing costs, remained tightly controlled.

##### *Foundation Fund*

The Foundation Fund's main asset, the Surrey Research Park, continued to generate a strong income stream, despite the continuing weakness in the commercial property market. 2010/11 saw the completion of a new facility for Surrey Satellite Technology Limited (SSTL) and the inclusion of tenants fit out costs in the Income and Expenditure account boosted total income for the year by £4.2m to £13.5m. The underlying increase in income was a more modest £0.3m (3.1%) and the 2010/11 surplus of £5.5m was £0.1m up on the previous financial year.

#### Balance sheet

Consolidated net assets rose in 2010/11 by £21.8m (12.1%) to £201.8m as shown below:-

*Chart 5 Movement in consolidated net assets 2010/11*

	£m
Consolidated Net Assets at 31 July 2010	180.0
Surplus for the Year	10.9
Actuarial Gains on Pension Schemes	8.5
Investment Property Revaluation	(2.3)
Increase in Funding Allocated to Deferred Capital Grants	4.5
Other Movements	0.2
Consolidated Net Assets at 31 July 2011	201.8

Actuarial gains on the pension schemes reflected mainly an experience gain on the liability. The overall net reduction in the pension liability, including actuarial gains, was £7.7m. This comprised a reduction of £7.9m in the liability on the Surrey County Council Local Government Pension Scheme which covers c. 26% of the workforce and a £0.2m increase in the liability on the London Pensions Fund Authority Local Government Pension Scheme which covers a small number of former employees. The liability in respect of the Universities Superannuation Scheme, which covers the majority of employees, including academic staff, remains off balance sheet as the University cannot separately identify its share of the underlying assets or liabilities.

The recent trend in the pension liability is shown below:-

*Chart 6 Net pension liability at 31 July*

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Net Pension Liability	21	29	34	18	12

The value of completed investment properties on the Research Park rose by £4.3m in 2010/11, due to the inclusion for the first time of the new SSTL building. The underlying value of investment properties fell by 6% in 2010/11, which reflected an increasing number of leases expiring over the short to medium term placing downward pressure on values.

The Research Park management team continues to adopt a pro-active approach to flexible letting arrangements and has succeeded in maintaining high occupancy rates. Nevertheless, the value of the Research Park continues to be significantly below its 2007 peak, reflecting the depressed commercial property market.

*Chart 7 Completed investment properties at 31 July*

	2011	2010	2009	2008	2007
	£m	£m	£m	£m	£m
Completed Investment Properties	81	76	75	87	101

## Operating and financial review (continued)

### Cashflow

The Consolidated Cashflow Statement on page 17 shows a net increase in cash in the year of £14.4m (2009/10: £18.3m decrease). This was mainly attributable to the year end drawdown of a £15m revolving credit facility. Net debt fell in the year from £107.9m to £98.5m. As shown on page 47 of the financial statements, this represented a reduction in net debt from 59.9% to 48.8% of total funds, reflecting both an increase in cash and short term investments and a general strengthening of the balance sheet.

The underlying cash movement is more clearly explained by looking at 'available cash' (defined as cash plus short term investments plus unutilised revolving credit facilities). Available cash increased by £4.4m in the year to £64.2m as shown below:-

*Chart 8 Movement in consolidated available cash*

	£m
Available Cash at 31 July 2010	59.8
Net Cash Inflow from Operating Activities	31.5
Foundation Fund Surplus	5.5
Capital Expenditure - University	(23.1)
Capital Expenditure – Research Park	(4.7)
HEFCE Capital Grants Received	2.4
Financing (Net Interest and Capital Repayments)	(10.9)
Other	3.7
Available Cash at 31 July 2011	64.2

### Capital investment

2010/11 saw further significant capital investment with additions to fixed assets totalling £21.7m.

The conversion of the former sports hall to a new performing arts centre (the Ivy Arts Centre) was completed in April 2011 at a cost of £4.3m. This development provides a modern and flexible facility for the Guildford School Acting and the University's Departments of Dance, Film & Theatre and Music. It includes dance studios and workshops in addition to a 200 seat theatre.

A major and complex project to provide extended library facilities began on site in September 2009 and was completed in time for the start of the 2011/12 academic year at a cost of £13.2m. The new Learning Centre, which was part funded by HEFCE's Teaching Capital Infrastructure Fund, increases the space available for students by 50%. It provides a range of different zones differentiated by design to provide informal group rooms where students can work together on projects as well as space for individual study. The building also includes new retail outlets and refreshment areas.

### Consolidated trends

Pages 46 and 47 of the accounts show the progress made in the last five years in strengthening the University's financial position.

Despite the sale of Surrey Satellite Technology Limited in December 2008, income has risen by £29.9m (16.5%) over this period. The underlying increase, without SSTL, is £53.8m (34%). Net assets rose by £21.8m (12.1%) over the same period.

The surplus as a percentage of income has risen from 1.6% (negative) in 2006/07 to 5.1% (positive) in 2010/11, with the operating cashflow as a percentage of income rising from a positive 1.0% to 14.9% over the same period. Borrowings as a percentage of income have risen from 67% in 2006/07 to 75.9% in 2010/11. This reflects additional investment in student residences, the Surrey Sports Park and the Research Park, with the additional borrowings largely secured against strong income streams as explained below. Other key ratios provide further evidence of the steady improvement made in strengthening the University's financial position.

### Investments, liquidity and debt

The University's investment, borrowing and hedging strategies continue to be determined by its Finance Committee.

As at 31 July 2011, the University had outstanding bank borrowings and finance lease obligations totalling £160.5m. This included £12.0m in respect of finance lease obligations relating to student residences.

The University uses hedging instruments to limit the risk of interest rate rises. The University's policy is to hedge at least 70% of its term debt, which allows for its cash balances to act as a natural hedge against a portion of the debt. The fair value of interest rate swaps at 31 July 2011 was £17.7m in favour of the counterparty.

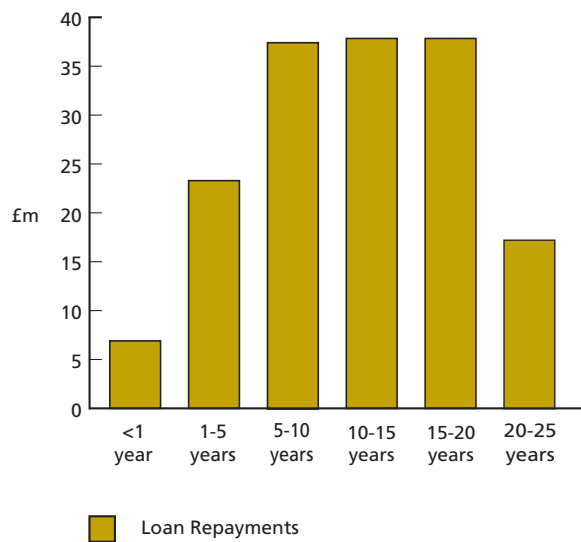
The University recognises that it has a relatively high gearing ratio, but this debt continues to be secured largely against strong revenue streams, primarily from student residences and the Research Park. The University also benefits from very competitive margins on its borrowings. In anticipation of continuing low interest rates, it delayed until 31 July 2011 the start of a £50m amortising swap entered into in March 2009. The weighted average cost of capital for 2010/11 was just under 3%.

The University's Financial Strategy states that it will consider extending its external borrowings to support further growth on the Research Park where there is strong potential for a beneficial commercial property return. In the absence of capital grants from HEFCE or other sources, all other capital expenditure will be funded from internally generated operating cashflows.

The loan repayment profile, assuming the remaining revolving credit facility is termed out as planned in April 2012, is shown below:-

## Operating and financial review (continued)

Chart 9 Loan repayment profile



The main objective in making investments is to achieve a reasonable rate of return whilst minimising risk. In view of ongoing uncertainty in the markets, the University has continued to adopt a prudent approach to its short term investments. In accordance with its agreed policy, it has invested only in financial institutions with strong credit ratings (a minimum of Standard and Poors AA- plus three named institutions with an A+ rating). The University places some deposits direct with its banking partners and others via its brokers and cash managers. The weighted average return on short term deposits for 2010/11 was 1.13% (2009/10: 0.93%), which compared favourably with the 3 month LIBOR rate of 0.78% (2009/10: 0.64%).

### Risks and uncertainties

The University's Executive Board closely monitors risk by maintaining a high level risk register that is regularly reviewed and updated. The risk process is overseen by the Audit Committee and the high level risk register forms the basis of the internal audit programme.

The current register comprises a total of 12 risks, closely aligned to the University's strategic objectives. Mitigating actions have been identified for all the risks and a traffic light system is used to monitor progress against the actions.

The following have been identified as the most significant areas of risk:-

- Research quality
- Student numbers / quality of students and access agreement targets
- Student experience
- Financial sustainability

#### Research quality

Improving the quality of the University's research is key to successful performance in the forthcoming REF and hence

to future HEFCE QR (research) funding. At the same time, recognition of the quality of the University's research, in the form of citations, is the major challenge facing the University in its bid to improve its position in the World League Tables. In addition to the on-going drive to recruit and develop excellent research staff, the University is implementing a targeted journal strategy with a strong emphasis on publication in highly cited journals.

#### Student numbers / quality of students and access agreement targets

The University is developing targeted marketing and recruitment strategies to compete for AAB+ students in 2012/13 onwards. It expects little if any impact from the quota cuts in 2012/13 as it had already planned to reduce its intake in 2012/13 to ensure that it did not exceed its contract range. However, the potential impact of the quota cuts will increase in future years.

During 2011/12, the University will be reviewing and updating its widening participation and outreach activities in line with its revised Widening Participation and Outreach Strategy 2011-14 and the Access Agreement it has agreed with the Office for Fair Access as a condition of charging home/EU undergraduate fees above £6,000 for 2012/13.

In terms of overseas student recruitment, the University's strong employment record is an attraction to overseas students. Nevertheless, the University continues to monitor and respond to changes in VISA regulations. Reference has been made above to the expansion of the Study Group Foundation Programme as a source of recruitment to the University's undergraduate programmes and the University will be working to strengthen relationships with key feeder language colleges.

#### Student experience

In addition to measures described earlier in this review to improve students' academic experience, the University is committed to delivering a range of improvements to the non-academic student experience. These include delivery of a new Virtual Learning Environment, a new Reception Building with catering facilities on the Manor Park campus, and further improvements in IT and student communications.

#### Financial sustainability

While the University delivered a strong financial performance in 2010/11, it is about to enter a very different funding environment.

Having achieved, in 2010/11, its stated aim of breaking even on core activities, the University has developed a new Financial Strategy which focuses on delivering the surpluses needed both to generate cash for investment in the absence of Government grants and, at the same time, to protect against the heightened risk environment in which the University will operate in the future.

The University's decision to set its Home/EU undergraduate tuition fee at £9,000 for 2012/13 reflects the need to compensate for Government cuts in the core

## Operating and financial review (continued)

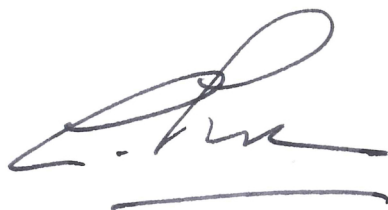
teaching grant and capital funding whilst safeguarding the student experience. In addition to known cuts in HEFCE funding, the University has taken into account uncertainties surrounding issues such as the potential impact on overseas student numbers of immigration policy changes, the future allocation of Home/EU student places, the level of funding for STEM subjects and further potential cuts in research funding.

Recent changes in the Universities Superannuation Scheme (USS) and planned changes in the Local Government Pension Scheme (LGPS) have reduced some of the risks of rising pension costs. However, the University still has a significant pension liability on its balance sheet in respect of the LGPS and there remains the threat of significant USS funding shortfalls which will need to be addressed. The balance sheet also remains exposed to the weakened commercial property market through the endowment asset – the Surrey Research Park.

The University is adopting a multi-faceted approach to maintain its financial sustainability, targeting areas for income growth whilst striving to control costs and achieve greater value for money. Process improvement programmes are underway in a number of support areas including finance, academic administration, admissions and human resources to improve efficiency and service levels.

### Summary

The University has continued to make good progress in the last 12 months towards achievement of its long term goals. Surrey rose in every national league table this year, rising a very creditable 20 places to 21<sup>st</sup> in the Sunday Times League Table and short-listed for the Sunday Times University of the Year. There are challenging times ahead, but the University continues to position itself well for the new funding environment. It enters the new academic year in a sound financial position, with a growing research base, a student population that continues to grow in size and quality, and a background of recent investment in facilities to support delivery of a first class student experience.



**Professor CM Snowden FRS FREng FIET FIEEE FCGI  
Vice-Chancellor & Chief Executive**

## Corporate governance

The University is committed to exhibiting best practice in all aspects of corporate governance and endeavours to conduct its business in accordance with the seven principles identified by the Nolan Committee on standards in public life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership). This summary describes the manner in which the University has applied the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange and in the Governance Code of Practice provided by the Committee of University Chairs (CUC) in its 'Guide for Members of Higher Education Governing Bodies in the UK.' Its purpose is to help the reader of the accounts understand how the principles have been applied.

### Statement of internal control

The University Council, as governing body, is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The University has an agreed Risk Management Policy which has been approved by Council, and its risk register is regularly reviewed and updated. The Executive Board is responsible for the consideration of issues relating to risk and this is a standing item on the Executive Board agenda. The status of the University's high level risks and actions taken to mitigate those risks are reported on regularly to Audit Committee, Finance Committee and Council. The University Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks, and that it has been in place for the year ended 31 July 2011 and up to the date of approval of the annual accounts. The process is regularly reviewed by the Council and accords with the internal control guidance for directors on the Combined Code as deemed appropriate for Higher Education.

### Summary of the University's structure of corporate governance

The University is an independent corporation, whose legal status derives from a royal charter originally granted in 1966. Its objects, powers and framework of governance are set out in the charter and its supporting statutes.

In accordance with the requirements of its Charter and Statutes, the University's Council comprises a number of ex officio, elected and co-opted external persons, the majority of whom are non-executive. The role of the Chairman of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor.

The powers of the Council are set out in the Statutes of the University. Under the Financial Memorandum with the Higher Education Funding Council for England, the Council is collectively responsible for overseeing the University's activities, determining its future direction and fostering an environment in which its mission is achieved.

The Council undertakes an annual review of its effectiveness. The initial results of the 2011 review give a clear indication that Council considers it continues to

operate effectively and move in the right direction, although with an awareness of the need to continue this development in light of the present uncertainties in the University's operating environment.

The Council meets four times a year and has several committees, all of which are formally constituted with appropriate terms of reference. These include a Finance Committee and an Audit Committee.

The Finance Committee, which comprises a majority of external members, meets six times a year. It advises Council on financial policy and strategy, reviews and recommends to Council the University's financial forecasts, and keeps the University's financial position under review. It ensures that the University's assets are well managed and that a reasonable return is achieved from them. The Committee has powers delegated by Council to authorise the borrowing and investment of money on behalf of the University.

The Audit Committee meets three times annually with the External and Internal Auditors in attendance. It considers detailed reports from the Auditors, which include recommendations for the improvement of the University's systems of internal control, together with management's responses and implementation plans. It also receives and considers reports from the Higher Education Funding Council for England as they affect the University's business, and monitors adherence with the regulatory requirements. It reviews the University's annual financial statements together with the accounting policies. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee, and the Committee may meet with the External and Internal Auditors on their own for independent discussions. The Chair of the Audit Committee has direct access to the Chair of Council.

The University has an Executive Board which is the senior management committee of the University and meets monthly under the chairmanship of the Vice-Chancellor as Chief Executive. The Executive Board has a number of supporting executive and advisory committees, all of which are formally constituted with appropriate terms of reference and a number of which include external members.

## Responsibilities of the Council of the University of Surrey

In accordance with the University's Charter and Statutes, the Council of the University is responsible for the management and administration of the affairs of the University and is required to present audited financial statements for each financial year.

The Council has adopted the following Statement of Primary Responsibilities which is published on the University website:-

The primary responsibilities of the Council are:

- to approve the mission and strategic vision of the University and long term academic business plans; to agree key performance indicators and annual budgets and to ensure that these meet the interests of stakeholders;
- 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;
- to ensure processes are in place to monitor and evaluate the performance and effectiveness of the University against its plans, previous performance and agreed key performance indicators which should be, where possible and appropriate, benchmarked against other comparable universities; and
- to appoint the Vice-Chancellor and Chief Executive and to put in place suitable arrangements for monitoring his/her performance.

The Council is responsible for ensuring the maintenance of proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and its subsidiaries and which enable it to ensure that the financial statements are prepared in accordance with the University's Charter and Statutes, the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between the Higher Education Funding Council for England and the Council of the University, the Council, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and its subsidiaries and of their surplus or deficit and cash flows for that year.

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

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

operation. The Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements.

The Council has taken reasonable steps:

- to ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- to ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- to safeguard the assets of the University and of the Group and to prevent and detect fraud and other irregularities; and
- to secure the economical, efficient and effective management of the University's resources and expenditure.

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

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic faculties and administrative departments;
- a comprehensive medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets;
- regular reviews of academic performance and monthly reviews of financial results involving variance reporting and updates of forecast 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 Council;
- comprehensive Financial Regulations, detailing financial controls and procedures, approved by the Finance Committee; and
- a professional Internal Audit team whose annual programme is approved by the Audit Committee.

The Audit Committee, on behalf of Council, has reviewed the effectiveness of the University's system of internal financial control in existence for the University for the year ended 31 July 2011. This review has been based on the risks identified and the work carried out by the Internal Audit Department taking into account matters arising from the external audit. The Committee considers that there were no weaknesses in the framework that led during the year to any material losses or contingencies. Any system of internal financial control can, however, only provide reasonable, but not absolute, assurance against material misstatement or loss.

## Independent auditor's report to the Council of the University of Surrey

We have audited the Group and University financial statements (the "financial statements") of the University of Surrey for the year ended 31<sup>st</sup> July 2011, which comprise the Consolidated Income and Expenditure Account, the Consolidated and University Balance Sheets, the Consolidated Cash Flow Statement, the Statement of Consolidated Total Recognised Gains and Losses, the Accounting Policies, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### Respective responsibilities of the Council and auditor

As explained more fully in the Statement of Responsibilities of the Council set out on page 12 the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion, on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

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

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31<sup>st</sup> July 2011 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

### Opinion on other matters prescribed in the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992

In our opinion, in all material respects:

- funds from whatever source administered by the University for specific purposes have been properly applied to those purposes;
- income has been applied in accordance with the University's Statutes; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matter where the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 requires us to report to you if, in our opinion:

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the University and Group.

Chris Wilson

For and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

1 Forest Gate,  
Brighton Road,  
Crawley,  
RH11 9PT

25 November 2011

## Consolidated income and expenditure account for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
<b>Income</b>			
Funding council grants	2	<b>47,781</b>	50,217
Tuition fees and education grants	3	<b>77,892</b>	70,056
Research grants and contracts	4	<b>27,926</b>	27,612
Other income	5	<b>44,022</b>	36,690
Endowment and investment income	6	<b>13,970</b>	9,252
<b>Total income</b>		<b><u>211,591</u></b>	<b><u>193,827</u></b>
<b>Expenditure</b>			
Staff costs - operational	7	<b>104,241</b>	101,476
Staff costs - restructuring	7	<b>1,320</b>	766
Other operating expenses	10	<b>73,500</b>	65,978
Depreciation	10 & 13	<b>15,797</b>	15,343
Interest and other finance costs	9	<b>5,961</b>	6,520
<b>Total expenditure</b>		<b><u>200,819</u></b>	<b><u>190,083</u></b>
<b>Surplus before taxation</b>		<b>10,772</b>	3,744
<b>Taxation</b>	11	<b><u>21</u></b>	<b><u>202</u></b>
<b>Surplus after taxation</b>	12	<b>10,793</b>	3,946
Transfer from accumulated income in endowment funds		<b>120</b>	109
<b>Surplus for the year retained within general reserves</b>		<b><u>10,913</u></b>	<b><u>4,055</u></b>

All income and expenditure relates to continuing operations.

## Statement of consolidated total recognised gains and losses for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Surplus for the year after taxation		<b>10,793</b>	3,946
New endowments	24	<b>143</b>	242
Revaluation of permanent endowment assets	24	<b>(2,307)</b>	1,466
Increase in value of expendable endowment assets	24	<b>193</b>	155
Unrealised surplus on revaluation of fixed asset investments	26	<b>96</b>	101
Write off of subsidiary revaluation reserve		<b>(282)</b>	-
Actuarial gains in respect of pension schemes	36	<b>8,541</b>	6,409
Total recognised gains relating to the year		<b><u>17,177</u></b>	<b><u>12,319</u></b>
<b>Reconciliation</b>			
Opening reserves and endowments		<b>126,124</b>	113,805
Total recognised gains for the year		<b><u>17,177</u></b>	<b><u>12,319</u></b>
Closing reserves and endowments		<b><u>143,301</u></b>	<b><u>126,124</u></b>

## Balance sheets as at 31 July 2011

	Note	Consolidated		University	
		2011 £000	2010 £000	2011 £000	2010 £000
<b>Fixed assets</b>					
Tangible assets	13	275,609	272,555	275,676	269,913
Investments	14	39,484	36,384	40,372	37,967
		<u>315,093</u>	<u>308,939</u>	<u>316,048</u>	<u>307,880</u>
<b>Endowment asset investments</b>	15	<u>48,448</u>	<u>50,539</u>	<u>48,091</u>	<u>50,190</u>
<b>Current assets</b>					
Stocks and stores in hand		520	463	492	331
Assets held for resale	16	1,450	-	-	-
Debtors	17	19,675	20,179	22,280	21,470
Investments	18	26,059	21,059	26,059	21,059
Cash at bank and in hand		38,151	23,810	37,241	21,788
		<u>85,855</u>	<u>65,511</u>	<u>86,072</u>	<u>64,648</u>
<b>Creditors : amounts falling due within one year</b>	19	<u>(68,379)</u>	<u>(67,544)</u>	<u>(68,660)</u>	<u>(66,367)</u>
<b>Net current assets/(liabilities)</b>		<u>17,476</u>	<u>(2,033)</u>	<u>17,412</u>	<u>(1,719)</u>
<b>Total assets less current liabilities</b>		<b>381,017</b>	<b>357,445</b>	<b>381,551</b>	<b>356,351</b>
<b>Creditors : amounts falling due after more than one year</b>	20	<b>(156,614)</b>	<b>(146,951)</b>	<b>(156,493)</b>	<b>(146,831)</b>
<b>Less: Provisions for liabilities and charges</b>	22	<b>(1,449)</b>	<b>(1,576)</b>	<b>(1,449)</b>	<b>(1,576)</b>
<b>Total net assets excluding pension liability</b>		<u>222,954</u>	<u>208,918</u>	<u>223,609</u>	<u>207,944</u>
<b>Pension liability</b>		<b>(21,195)</b>	<b>(28,873)</b>	<b>(21,226)</b>	<b>(28,853)</b>
<b>Total net assets including pension liability</b>		<u>201,759</u>	<u>180,045</u>	<u>202,383</u>	<u>179,091</u>
<b>Deferred capital grants</b>	23	<u>58,458</u>	<u>53,921</u>	<u>58,458</u>	<u>53,921</u>
<b>Endowments</b>					
Expendable	24	2,781	2,569	2,424	2,220
Permanent	24	45,667	47,970	45,667	47,970
		<u>48,448</u>	<u>50,539</u>	<u>48,091</u>	<u>50,190</u>
<b>Reserves</b>	26				
Income and expenditure account excluding pension reserve		115,777	104,283	116,789	103,658
Pension reserve		(21,195)	(28,873)	(21,226)	(28,853)
Income and expenditure account including pension reserve		94,582	75,410	95,563	74,805
Revaluation reserve		271	175	271	175
		<u>94,853</u>	<u>75,585</u>	<u>95,834</u>	<u>74,980</u>
<b>Total funds</b>		<u>201,759</u>	<u>180,045</u>	<u>202,383</u>	<u>179,091</u>

The financial statements and notes on pages 14 to 45 were approved by Council on 21 November 2011 and signed on its behalf by:



Professor CM Snowden FRS FREng FIET FIEEE FCGI  
Vice-Chancellor  
& Chief Executive



Max Taylor  
Chairman of Council

## Consolidated cash flow statement for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
<b>Net cash inflow from operating activities</b>	27	<b>31,470</b>	20,679
<b>Returns on investments and servicing of finance</b>	28	<b>1,393</b>	1,091
<b>Capital expenditure and financial investment</b>	29	<b>(23,412)</b>	(36,280)
<b>Management of liquid resources</b>	30	<b>(5,000)</b>	(21,000)
<b>Financing</b>	31	<b>9,917</b>	17,160
<b>Increase/(decrease) in cash in the year</b>	32	<b><u>14,368</u></b>	<b><u>(18,350)</u></b>
<hr/>			
<b>Reconciliation of net cash flow to movement in net debt</b>		<b>2010/11 £000</b>	2009/10 £000
Increase/(decrease) in cash in the year		<b>14,368</b>	(18,350)
Cash inflow from increase in loans		<b>(1,042)</b>	(33,575)
Repayment of long term loans		<b>5,285</b>	3,118
(Drawdown)/repayment of other loans		<b>(15,000)</b>	12,500
Capital element of finance lease payments		<b>840</b>	797
Cash outflow from decrease in liquid resources		<b><u>5,000</u></b>	<u>21,000</u>
<b>Change in net funds</b>		<b>9,451</b>	(14,510)
<b>Net debt at 1 August</b>		<b>(107,917)</b>	(93,407)
<b>Net debt at 31 July</b>	32	<b><u>(98,466)</u></b>	<b><u>(107,917)</u></b>

## Notes to the financial statements

### 1 Accounting Policies

#### Basis of preparation

The financial statements were approved for issue by the University Council on 21 November 2011. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): *Accounting for Further and Higher Education 2007* and in accordance with other applicable United Kingdom Law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The financial statements are prepared under the historical cost convention modified by the revaluation of endowment asset investments and listed fixed asset investments.

#### Basis of consolidation

The consolidated financial statements include the University, the Foundation Fund (an unrestricted permanent endowment fund) and the University's subsidiaries for the financial year to 31 July. Intra-group sales and profits are eliminated fully on consolidation.

The Foundation Fund was set up from the original national appeal for funds to establish the new University when it was founded in 1966. The University Council acts as trustees to the Foundation Fund with the power to act as trustees defined in the provision of the Royal Charter (Article 3 (20)). Foundation Fund surpluses are used to support specific new academic initiatives and projects.

The activities of the Students' Union are not consolidated because the University does not control those activities.

#### Recognition of income

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

Fee income is stated gross and credited to the income and expenditure account over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount for prompt payment, income receivable is shown net of the discount. Internally-funded bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Recurrent income from grants, contracts and other services rendered is 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.

Donations with restrictions are recognised when relevant conditions have been met; in many cases recognition is directly related to expenditure incurred on specific purposes. Donations which are to be retained for the benefit of the institution are recognised in the statement of total recognised gains and losses and in endowments; other donations are recognised by inclusion as other income in the income and expenditure account.

Non-recurrent grants 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. Any payments received in advance of the acquisition or construction of the fixed asset are recognised on the balance sheet as liabilities.

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.

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

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Recognition of income (continued)

Any increase in value arising on the revaluation of fixed asset investments is carried as a credit to the revaluation reserve, via the statement of total recognised gains and losses; a diminution in value is charged to the income and expenditure account, to the extent that it is not covered by a previous revaluation surplus.

Increases or decreases in value arising on the revaluation or disposal of endowment assets i.e. the appreciation or depreciation of endowment assets, is added to or subtracted from the funds concerned and accounted for through the balance sheet by debiting or crediting the endowment asset and crediting or debiting the endowment fund, and is reported in the statement of total recognised gains and losses.

#### Pension schemes

The two principal pension schemes are the Universities Superannuation Scheme (USS) and the Surrey County Council Local Government Pension Scheme (Surrey Pension Fund). The University also participates in the Pensioner Sub-fund of the London Pensions Fund Authority Local Government Pension Scheme (LPFA Pension Fund). All are defined benefit schemes and contracted out of the State Second Pension (S2P), with assets held in separate trustee administered funds.

Because of the mutual nature of the USS, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the USS on a consistent and reasonable basis and therefore, as required by FRS17 'Retirement Benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

The University is able to identify its share of the underlying assets and liabilities of the Surrey Pension Fund and the LPFA Pension Fund and thus the University fully adopts FRS17 'Retirement Benefits' in respect of these two schemes.

The group operates defined contribution pension schemes for employees of certain subsidiary companies. Contributions are charged in the income and expenditure account as they become payable in accordance with the scheme rules.

#### Agency arrangements

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

#### Tangible fixed assets

##### a. Land and buildings

Land and buildings are initially stated at cost and buildings are depreciated over their expected useful lives of 50 to 60 years. Freehold land is not depreciated. With effect from 1 August 1999, costs which meet the FRS15 criteria for capitalisation are accounted for as additions to buildings and written off over their expected useful lives (generally between 10 and 30 years). Finance costs which are directly attributable to the construction of buildings are capitalised as part of the cost of those assets.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July. They are not depreciated until they are brought into use.

Land and buildings anticipated to be sold within 12 months of the balance sheet date are reclassified as current assets under assets held for resale.

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### b. Equipment

Equipment costing less than £10,000 per individual item, or group of related items, is written off in the year of acquisition. All other equipment is capitalised. Capitalised equipment is stated at cost and depreciated over its useful life, as follows:

Motor vehicles	-	5 years
Computer software	-	5 to 7 years
Other computing equipment	-	3 years
Equipment acquired for specific research projects	-	project life
Other equipment	-	5 to 20 years
Furniture	-	10 years

Leasehold improvement costs incurred by subsidiary companies are capitalised and written off over the residual life of the lease.

#### Fixed asset impairments

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

#### Assets funded by specific grants

Where assets are acquired with the aid of specific grants they are capitalised and depreciated over their estimated useful lives. The related grants are credited to a deferred capital grant account and released to income over the expected useful lives of the corresponding assets.

#### Leased assets

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

Leasing agreements that transfer to the University substantially all of the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful economic lives of equivalent owned assets.

#### Maintenance of premises

The University has a five year rolling long term maintenance plan which forms the basis of the ongoing maintenance of the estate. Expenditure on long term maintenance which does not meet the FRS 15 criteria for capitalisation, and expenditure on all routine corrective maintenance, is charged to the income and expenditure account as incurred.

#### Investments

Listed fixed asset investments held as fixed assets or endowment assets are included in the balance sheet at market value. Fixed asset investments that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment. Current asset investments are included at the lower of cost and net realisable value.

Freehold investment properties held as part of the general endowment are accounted for in accordance with SSAP19 'Accounting for Investment Properties'. No depreciation is provided in respect of these properties and they are revalued annually by independent professional valuers.

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Stocks

Stocks are stated at the lower of cost and net realisable value. Where necessary, provision is made for obsolete, slow-moving and defective stocks.

#### Cash flows and liquid resources

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

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

#### Taxation status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of Paragraph 1 of Schedule 6 to the Finance Act 2010. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part II of the Corporation Tax Act 2010 (formerly enacted in Section 505 of the Income and Corporation Taxes Act 1988) or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes.

The University and its subsidiaries receive 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.

The University's subsidiary companies (with the exception of The Guildford School of Acting Conservatoire) are subject to corporation tax in the same way as any commercial organisation.

#### Deferred taxation

Deferred tax is provided in full on subsidiary company losses that are expected to be recovered in the future and on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent they are regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### Financial instruments

The institution uses derivative financial instruments (interest rate swaps) to reduce exposure to interest rate movements. Such derivative financial instruments are not held for speculative purposes and relate to actual assets or liabilities or to probable commitments, changing the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. In instances where the derivative financial instrument ceases to be a hedge for an actual asset or liability, then it is marked to market and any resulting profit or loss recognised at that time.

A financial asset and a financial liability are offset only when there is a legally enforceable right to set off the recognised amounts and an intention either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

#### Intra-group transactions

Gains or losses on any intra-group transactions are eliminated in full on consolidation. Amounts in relation to debts and claims between undertakings included in the consolidation are also eliminated.

#### Research and development

Expenditure on general research and development is written off against profits in the year in which it is incurred. Expenditure on new product development within University companies is capitalised as and when the company is confident that the investment will result in a viable marketable product.

## Notes to the financial statements (continued)

### 1 Accounting Policies (continued)

#### Research and development (continued)

Design and content costs relating to the development of websites to support specific teaching or training courses, or for specific research projects, are capitalised. These are amortised over the useful economic life of projects.

Where there is uncertainty over the life of the course or its viability such costs are written off as incurred as are design and content costs for websites that are for the general use of the institution and its staff.

#### Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are re-translated into sterling either at year end rates or, where there are related forward foreign exchange contracts, at contract rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

#### Accounting for charitable donations

##### a. Unrestricted donations

Charitable donations are recognised in the accounts 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.

##### b. Endowment funds

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

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

##### c. Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

##### d. Gifts in kind, including donated tangible fixed assets

Gifts in kind are included in 'other income' or 'deferred capital grants' as appropriate using a reasonable estimate of their gross value or the amount actually realised.

#### Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when the institution has a present obligation (legal or constructive) as a result of a past event, it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material. The discount rate used reflects current market assessments of the time value of money and reflects any risks specific to the liability.

Contingent liabilities are disclosed by way of a note when the definition of a provision is not met and includes three scenarios: a possible rather than a present obligation; a possible rather than a probable outflow of economic benefits; an inability to measure the economic outflow. Contingent assets are disclosed by way of a note, where there is a possible rather than a present asset arising from a past event.

## Notes to the financial statements (continued)

### 2 Funding Council Grants

	Consolidated	
	2010/11 £000	2009/10 £000
<b>Recurrent Grant</b>		
Teaching	23,784	24,032
Research	15,931	17,533
	<u>39,715</u>	<u>41,565</u>
<b>Specific Grants</b>		
Higher Education Innovation Fund	1,927	1,659
Other	2,125	2,300
<b>Deferred Capital Grants released in year (note 23)</b>		
Building	1,892	1,846
Equipment	2,122	2,847
Total grants from funding councils	<u>47,781</u>	<u>50,217</u>

### 3 Tuition Fees and Education Grants

	Consolidated	
	2010/11 £000	2009/10 £000
UK & EU undergraduates	18,755	18,287
UK & EU postgraduates	9,151	8,513
Non-EU students	31,888	25,898
Non-credit bearing courses	2,531	2,601
Nurse training contract	12,733	12,644
Research training support grants	2,834	2,113
	<u>77,892</u>	<u>70,056</u>

### 4 Research Grants and Contracts

	Consolidated	
	2010/11 £000	2009/10 £000
Research councils	11,192	10,560
UK based charities	1,382	1,194
UK government, health and hospital authorities	1,336	1,291
UK industry and commerce	3,166	4,110
EU bodies	10,305	9,309
Other grants and contracts	545	1,148
	<u>27,926</u>	<u>27,612</u>

**Notes to the financial statements (continued)****5 Other Income**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Residences, catering and conferences	<b>25,315</b>	22,139
Other services rendered	<b>3,965</b>	3,806
Released from deferred capital grants	<b>134</b>	194
Other income	<b>14,608</b>	10,551
	<b><u>44,022</u></b>	<u>36,690</u>

**6 Endowment and Investment Income**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Income from expendable endowments (note 24)	<b>39</b>	42
Income from permanent endowments (note 24)	<b>13,176</b>	8,948
Income from short and long term investments	<b>755</b>	262
	<b><u>13,970</u></b>	<u>9,252</u>

**7 Staff**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Staff costs - operational:		
Wages and salaries	<b>85,311</b>	83,409
Social security costs	<b>6,789</b>	6,551
Other pension costs (note 36)	<b>12,141</b>	11,516
	<b><u>104,241</u></b>	<u>101,476</u>
Staff costs - restructuring	<b>1,320</b>	766
	<b><u>105,561</u></b>	<u>102,242</u>

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>Number</b>	Number
Full time equivalent staff numbers:		
Research & teaching	<b>900</b>	899
Professional	<b>954</b>	909
Technical and experimental	<b>101</b>	96
Operational	<b>331</b>	312
Other	<b>11</b>	11
	<b><u>2,297</u></b>	<u>2,227</u>

**Notes to the financial statements (continued)****8 Emoluments of Higher Paid Staff**

		<b>2010/11</b>	2009/10
		<b>£000</b>	£000
Emoluments of Vice-Chancellor	Salary and benefits	<b>289</b>	313
	Pension contributions to USS	<b>45</b>	43
		<b><u>334</u></b>	<b><u>356</u></b>

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

<b>Remuneration Band</b>	<b>2010/11</b>	2009/10
	<b>Consolidated Number of Employees</b>	
£100,001- £110,000	<b>4</b>	8
£110,001- £120,000	<b>8</b>	8
£120,001- £130,000	<b>3</b>	2
£130,001- £140,000	<b>2</b>	4
£140,001- £150,000	<b>4</b>	2
£150,001- £160,000	<b>2</b>	5
£160,001- £170,000	<b>1</b>	1
	<b><u>24</u></b>	<b><u>30</u></b>

These bands include the annual emoluments of staff who joined the University during 2010/11 although actual payments were pro rata to the number of months employed.

Compensation for loss of office of £128,000 was paid or payable in respect of higher paid staff in 2010/11 (2009/10: £218,000).



**Notes to the financial statements (continued)****11a Taxation**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
UK corporation tax relief on the losses of certain subsidiary companies for the year	<b>(21)</b>	(202)

**11b Factors Affecting Current Tax Charge**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Surplus before taxation	<b>10,772</b>	3,744
Surplus multiplied by standard rate of corporation tax in the UK of 26% (2010: 28%)	<b>2,801</b>	1,048
Factors affecting charge:		
University surplus exempt from tax	<b>(3,160)</b>	(1,511)
Subsidiary loss not eligible for relief	<b>252</b>	253
Profits of subsidiary companies transferred to the University under Gift Aid	-	(15)
Subsidiary losses carried forward	<b>7</b>	7
Change to tax rate in year of 26%	-	-
Adjustment for small company rate (20.67%, 2010: 21%)	<b>73</b>	15
Other	<b>7</b>	1
Total current tax charge (note 11a)	<b>(21)</b>	(202)

**12 Surplus for the Year After Taxation**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
The surplus after taxation for the year is made up as follows:		
University surplus/(deficit) before Gift Aid	<b>6,644</b>	(4)
Surplus on Foundation Fund	<b>5,510</b>	5,401
Surpluses generated by subsidiary undertakings and transferred to the University as Gift Aid donations	-	55
University surplus after Gift Aid	<b>12,154</b>	5,452
Net deficits retained by subsidiary undertakings	<b>(2,093)</b>	(1,501)
Balances eliminated on consolidation	<b>732</b>	(5)
	<b>10,793</b>	3,946

## Notes to the financial statements (continued)

## 13 Tangible Fixed Assets

Consolidated	Land and Buildings		Assets under Construction £000	Equipment £000	Total £000
	Freehold £000	Leasehold £000			
<b>Cost</b>					
At 1 August 2010	283,854	15,441	18,606	74,289	392,190
Additions at cost	288	-	17,769	3,609	21,666
Transfers	19,919	-	(21,487)	1,568	-
Transfer to assets held for resale	(1,600)	(630)	-	-	(2,230)
Disposals at cost	(1,010)	-	-	(971)	(1,981)
At 31 July 2011	<u>301,451</u>	<u>14,811</u>	<u>14,888</u>	<u>78,495</u>	<u>409,645</u>
<b>Depreciation</b>					
At 1 August 2010	57,001	2,516	-	60,118	119,635
Charge for the year	9,922	303	-	5,541	15,766
Transfer to assets held for resale	(99)	(18)	-	-	(117)
Eliminated on disposal	(359)	-	-	(889)	(1,248)
At 31 July 2011	<u>66,465</u>	<u>2,801</u>	<u>-</u>	<u>64,770</u>	<u>134,036</u>
<b>Net Book Value</b>					
At 31 July 2011	<u>234,986</u>	<u>12,010</u>	<u>14,888</u>	<u>13,725</u>	<u>275,609</u>
At 31 July 2010	<u>226,853</u>	<u>12,925</u>	<u>18,606</u>	<u>14,171</u>	<u>272,555</u>
<b>University</b>					
	Freehold £000	Leasehold £000	Assets under Construction £000	Equipment £000	Total £000
<b>Cost</b>					
At 1 August 2010	281,810	14,811	18,605	73,974	389,200
Additions at cost	288	-	17,769	3,553	21,610
Transfers	19,919	-	(21,487)	1,568	-
Disposals at cost	(257)	-	-	(911)	(1,168)
At 31 July 2011	<u>301,760</u>	<u>14,811</u>	<u>14,887</u>	<u>78,184</u>	<u>409,642</u>
<b>Depreciation</b>					
At 1 August 2010	56,855	2,504	-	59,928	119,287
Charge for the year	9,881	297	-	5,506	15,684
Eliminated on disposal	(172)	-	-	(833)	(1,005)
At 31 July 2011	<u>66,564</u>	<u>2,801</u>	<u>-</u>	<u>64,601</u>	<u>133,966</u>
<b>Net Book Value</b>					
At 31 July 2011	<u>235,196</u>	<u>12,010</u>	<u>14,887</u>	<u>13,583</u>	<u>275,676</u>
At 31 July 2010	<u>224,955</u>	<u>12,307</u>	<u>18,605</u>	<u>14,046</u>	<u>269,913</u>

All leasehold land and buildings are long leases.

Included within the cost of land and buildings (Consolidated and University) is £1,828,000 (2010: £1,828,000) which represents interest charges on loans taken out to fund the cost of buildings and incurred before the buildings came into use.

The net book value of land and buildings and equipment (Consolidated and University) includes £12,010,000 (2010: £12,307,000) and £577,000 (2010: £922,000) respectively for assets held under a finance lease, and depreciation charged for the year of £297,000 (2010: £297,000) and £345,000 (2010: £345,000) respectively.

**Notes to the financial statements (continued)****14 Fixed Asset Investments**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>£000</b>	£000	<b>£000</b>	£000
Subsidiary companies	-	-	<b>1,345</b>	2,040
Investments in spinouts	<b>396</b>	396	<b>6</b>	6
Investment: Research Park	<b>37,039</b>	34,101	<b>37,039</b>	34,101
Listed investments	<b>1,654</b>	1,357	<b>1,654</b>	1,357
Cash held as part of investment portfolio	<b>18</b>	44	<b>18</b>	44
Other investments	<b>377</b>	486	<b>310</b>	419
	<b><u>39,484</u></b>	<u>36,384</u>	<b><u>40,372</u></b>	<u>37,967</u>

**Significant Shareholdings in Subsidiaries**

<b>Name</b>	<b>Nature of Business</b>	<b>Class of Share</b>	<b>% held</b>
Surrey University Press Limited	Book shop	Ordinary	100
Surrey Social and Market Research Limited	Market research	Ordinary	100
University of Surrey Seed Fund Limited	Technology investment	Ordinary	100
UniSGrist Limited	Grants to entrepreneurs	Ordinary	100
Surrey Sports Park Limited	Sports park	Ordinary	100
The Guildford School of Acting Conservatoire	Drama school	Limited by guarantee	100

All subsidiaries are incorporated in Great Britain and registered in England and Wales.

**Notes to the financial statements (continued)****15 Endowment Assets**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>£000</b>	£000	<b>£000</b>	£000
Balance at 1 August	<b>50,539</b>	48,785	<b>50,190</b>	48,607
Net (disposals)/additions	<b>(146)</b>	524	<b>(148)</b>	611
(Decrease)/increase in market value of investments	<b>(2,114)</b>	1,621	<b>(2,123)</b>	1,609
Increase/(decrease) in cash balances held for endowment funds	<b>169</b>	(391)	<b>172</b>	(637)
Balance at 31 July	<b>48,448</b>	50,539	<b>48,091</b>	50,190
Represented by:				
Foundation Fund land and buildings	<b>45,338</b>	47,685	<b>45,338</b>	47,685
Listed investments	<b>1,869</b>	1,696	<b>1,735</b>	1,571
Cash held as part of investment portfolio	<b>28</b>	56	<b>24</b>	46
Cash held at bank for endowment funds	<b>1,213</b>	1,102	<b>994</b>	801
Other	-	-	-	87
Total endowments	<b>48,448</b>	50,539	<b>48,091</b>	50,190

**16 Assets Held for Resale**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>£000</b>	£000	<b>£000</b>	£000
Freehold land and buildings	<b>1,050</b>	-	-	-
Leasehold land and buildings	<b>400</b>	-	-	-
	<b>1,450</b>	-	-	-

**17 Debtors**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>£000</b>	£000	<b>£000</b>	£000
Trade debtors	<b>7,628</b>	7,857	<b>7,504</b>	7,794
Amounts owed by subsidiary companies	-	-	<b>3,072</b>	1,882
Other debtors	<b>326</b>	593	<b>314</b>	516
Deferred tax	<b>222</b>	202	-	-
Prepayments and accrued income	<b>11,499</b>	11,527	<b>11,390</b>	11,278
	<b>19,675</b>	20,179	<b>22,280</b>	21,470

Other debtors in the Consolidated and University balance sheets include £197,000 which is due after more than one year (2010: £419,000).

Amounts owed by subsidiary companies in the University balance sheet includes £601,000 which is due after more than one year (2010: £667,000).

The deferred tax debtor relates to a deferred tax credit arising in one of the subsidiaries, Surrey Sports Park Limited, the recoverability of which is dependent on future trading surpluses.

## Notes to the financial statements (continued)

### 18 Current Asset Investments

	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Short term deposits (maturing within 1 year)	<b>26,000</b>	21,000	<b>26,000</b>	21,000
Other investments	<b>59</b>	59	<b>59</b>	59
	<b><u>26,059</u></b>	<u>21,059</u>	<b><u>26,059</u></b>	<u>21,059</u>

Short term deposits are held with banks and building societies operating in the London market and licensed by the Financial Services Authority with more than 24 hours maturity at the balance sheet date.

Other investments represents shares with a market value at the balance sheet date of £1,954,000 (2010: £3,062,000).

### 19 Creditors : amounts falling due within one year

	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans (note 21a)	<b>5,067</b>	5,085	<b>5,067</b>	5,085
Bank overdrafts	-	27	-	-
Obligations under finance leases (note 21b)	<b>819</b>	843	<b>819</b>	843
Other loans	<b>298</b>	150	<b>298</b>	150
Payments received on account	<b>5,687</b>	10,846	<b>5,565</b>	10,672
Trade creditors	<b>4,186</b>	2,837	<b>4,098</b>	2,765
Amounts owed to group companies	-	-	<b>809</b>	553
Other creditors including taxation and social security	<b>8,971</b>	8,802	<b>8,882</b>	8,377
Accruals and deferred income	<b>43,351</b>	38,954	<b>43,122</b>	37,922
	<b><u>68,379</u></b>	<u>67,544</u>	<b><u>68,660</u></b>	<u>66,367</u>

### 20 Creditors : amounts falling due after more than one year

	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans (note 21a)	<b>142,981</b>	133,048	<b>142,981</b>	133,048
Obligations under finance leases (note 21b)	<b>11,640</b>	12,456	<b>11,640</b>	12,456
Other loans	<b>1,871</b>	1,327	<b>1,872</b>	1,327
Other creditors	<b>122</b>	120	-	-
	<b><u>156,614</u></b>	<u>146,951</u>	<b><u>156,493</u></b>	<u>146,831</u>

## Notes to the financial statements (continued)

### 21 Borrowings

a. Bank loans	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
Bank loans are repayable as follows:				
In one year or on demand	5,067	5,085	5,067	5,085
Between one and two years	5,333	5,067	5,333	5,067
Between two and five years	15,861	14,748	15,861	14,748
In five years or more	121,787	113,233	121,787	113,233
	<b>148,048</b>	<b>138,133</b>	<b>148,048</b>	<b>138,133</b>
Due within one year or on demand	(5,067)	(5,085)	(5,067)	(5,085)
Due after more than one year	142,981	133,048	142,981	133,048
Unsecured loans repayable by 2035	<b>148,048</b>	<b>138,133</b>	<b>148,048</b>	<b>138,133</b>

Consolidated bank loans at 31 July were as follows:

Lender	Amount £000	Term	Interest Rate %	Borrower
Lloyds	29,521	2031	0.20 above base/LIBOR	University
Lloyds	30,247	2026	0.20 above base/LIBOR	University
National Westminster	2,140	2013	0.20 above base/LIBOR	University
National Westminster	18,903	2030	0.20 above base/LIBOR	University
National Westminster	3,199	2022	0.20 above base/LIBOR	University
National Westminster	15,000	2032	0.20 above base/LIBOR	University
Santander	49,038	2035	0.17 above LIBOR	University
	<b>148,048</b>			

b. Finance leases	Consolidated		University	
	2011 £000	2010 £000	2011 £000	2010 £000
The net finance lease obligations to which the University is committed are:				
In one year or less	819	843	819	843
Between two and five years	2,005	2,290	2,005	2,290
Over five years	9,635	10,166	9,635	10,166
	<b>12,459</b>	<b>13,299</b>	<b>12,459</b>	<b>13,299</b>

### 22 Provisions for Liabilities and Charges

	Consolidated 2011 £000	University 2011 £000
At 1 August 2010	1,576	1,576
Utilised in year	(113)	(113)
Transfer to income and expenditure account	(14)	(14)
At 31 July 2011	<b>1,449</b>	<b>1,449</b>

The provision relates to premature retirement compensation.

## Notes to the financial statements (continued)

## 23 Deferred Capital Grants

<b>Consolidated</b>	<b>Funding Council £000</b>	<b>Other Grants £000</b>	<b>Total £000</b>
At 1 August 2010			
Building	45,576	3,346	48,922
Equipment	4,958	41	4,999
Total	<u>50,534</u>	<u>3,387</u>	<u>53,921</u>
Grants received/receivable			
Building	5,030	931	5,961
Equipment	2,724	-	2,724
Total	<u>7,754</u>	<u>931</u>	<u>8,685</u>
Released to income and expenditure account			
Building	1,892	116	2,008
Equipment	2,122	18	2,140
Total	<u>4,014</u>	<u>134</u>	<u>4,148</u>
At 31 July 2011			
Building	48,714	4,161	52,875
Equipment	5,560	23	5,583
Total	<u>54,274</u>	<u>4,184</u>	<u>58,458</u>
<b>University</b>	<b>Funding Council £000</b>	<b>Other Grants £000</b>	<b>Total £000</b>
At 1 August 2010			
Building	45,576	3,346	48,922
Equipment	4,958	41	4,999
Total	<u>50,534</u>	<u>3,387</u>	<u>53,921</u>
Grants received/receivable			
Building	5,030	931	5,961
Equipment	2,724	-	2,724
Total	<u>7,754</u>	<u>931</u>	<u>8,685</u>
Released to income and expenditure account			
Building	1,892	116	2,008
Equipment	2,122	18	2,140
Total	<u>4,014</u>	<u>134</u>	<u>4,148</u>
At 31 July 2011			
Building	48,714	4,161	52,875
Equipment	5,560	23	5,583
Total	<u>54,274</u>	<u>4,184</u>	<u>58,458</u>

## Notes to the financial statements (continued)

## 24 Endowments

## Consolidated

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2011 Total £000	2010 Total £000
Balances at 1 August 2010						
Capital	47,685	244	47,929	2,340	50,269	48,590
Accumulated income	-	41	41	229	270	195
	<u>47,685</u>	<u>285</u>	<u>47,970</u>	<u>2,569</u>	<u>50,539</u>	<u>48,785</u>
New endowments	-	-	-	143	143	242
Investment income	13,170	6	13,176	39	13,215	8,990
Expenditure	(13,170)	(2)	(13,172)	(163)	(13,335)	(9,099)
	-	4	4	19	23	133
Increase/(decrease) in market value of investments	(2,347)	40	(2,307)	193	(2,114)	1,621
At 31 July 2011	<u>45,338</u>	<u>329</u>	<u>45,667</u>	<u>2,781</u>	<u>48,448</u>	<u>50,539</u>
Represented by:						
Capital	45,338	248	45,586	2,493	48,079	50,269
Income	-	81	81	288	369	270
	<u>45,338</u>	<u>329</u>	<u>45,667</u>	<u>2,781</u>	<u>48,448</u>	<u>50,539</u>

## University

	Unrestricted Permanent £000	Restricted Permanent £000	Total Permanent £000	Restricted Expendable £000	2011 Total £000	2010 Total £000
Balances at 1 August 2010						
Capital	47,685	244	47,929	2,016	49,945	48,429
Accumulated income	-	41	41	204	245	178
	<u>47,685</u>	<u>285</u>	<u>47,970</u>	<u>2,220</u>	<u>50,190</u>	<u>48,607</u>
New endowments	-	-	-	114	114	65
Investment income	13,170	6	13,176	34	13,210	8,987
Expenditure	(13,170)	(2)	(13,172)	(128)	(13,300)	(9,078)
	-	4	4	20	24	(26)
Increase/(decrease) in market value of investments	(2,347)	40	(2,307)	184	(2,123)	1,609
At 31 July 2011	<u>45,338</u>	<u>329</u>	<u>45,667</u>	<u>2,424</u>	<u>48,091</u>	<u>50,190</u>
Represented by:						
Capital	45,338	248	45,586	2,169	47,755	49,945
Income	-	81	81	255	336	245
	<u>45,338</u>	<u>329</u>	<u>45,667</u>	<u>2,424</u>	<u>48,091</u>	<u>50,190</u>

## Notes to the financial statements (continued)

### 25 Linked Charities

The following linked (paragraph w) charities are included within the consolidated financial statements:

#### Linked charities with income over £100,000

	At 1 August 2010 £000	Change in Market Value £000	Income £000	Expenditure £000	At 31 July 2011 £000
<b>Subsidiary company:</b>					
The Guildford School of Acting Conservatoire	<u>1,666</u>	<u>(245)</u>	<u>3,319</u>	<u>(4,569)</u>	<u>171</u>

The purpose of The Guildford School of Acting Conservatoire is to advance the education of students through the provision of a drama school.

#### Linked charities with income under £100,000

	At 1 August 2010 £000	Change in Market Value £000	Income £000	Expenditure £000	At 31 July 2011 £000
<b>Restricted expendable endowment funds:</b>					
Scholarship (1 fund)	523	75	11	(36)	573
Research (2 funds)	759	109	18	(39)	847
Other (1 fund)	75	-	-	-	75
	<u>1,357</u>	<u>184</u>	<u>29</u>	<u>(75)</u>	<u>1,495</u>

### 26 Reserves

	Consolidated 2011 £000	University 2011 £000
<b>Income and expenditure reserve</b>		
At 1 August 2010	104,283	103,658
Surplus for the year	10,913	12,244
Write off of subsidiary revaluation reserve	(282)	-
Add back pension deficit	863	887
At 31 July 2011	<u>115,777</u>	<u>116,789</u>
<b>Pension reserve</b>		
At 1 August 2010	(28,873)	(28,853)
Actuarial gains in respect of pension schemes (note 36)	8,541	8,514
Deficit retained within reserves	(863)	(887)
At 31 July 2011	<u>(21,195)</u>	<u>(21,226)</u>
<b>Revaluation reserve</b>		
At 1 August 2010	175	175
Revaluation of investments in year	96	96
At 31 July 2011	<u>271</u>	<u>271</u>

**Notes to the financial statements (continued)****27 Reconciliation of Surplus Before Taxation to Net Cash Inflow from Operating Activities**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Surplus before tax	<b>10,772</b>	3,744
Depreciation and amortisation	<b>15,797</b>	15,343
Deferred grants released (note 23)	<b>(4,148)</b>	(5,566)
Investment income	<b>(687)</b>	(261)
Interest payable (excluding net charge on pension scheme)	<b>4,792</b>	4,700
(Increase)/decrease in stocks	<b>(57)</b>	32
Decrease/(increase) in debtors	<b>737</b>	(1,973)
Increase in creditors and accruals	<b>8,332</b>	8,477
(Decrease) in provisions	<b>(127)</b>	(124)
Loss on disposal of property	<b>302</b>	148
Fixed asset impairment	<b>380</b>	-
Foundation Fund appropriation	<b>(5,510)</b>	(5,486)
Net expenditure relating to restricted endowments	<b>120</b>	109
Revaluation of investments	<b>17</b>	(11)
Profit on sale of fixed asset investments	<b>(113)</b>	(64)
Pension cost less contributions payable (note 36)	<b>863</b>	1,611
Net cash inflow from operating activities	<b><u>31,470</u></b>	<u>20,679</u>

**28 Returns on Investments and Servicing of Finance**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Foundation Fund appropriation received	<b>5,606</b>	5,444
Income from other endowments	<b>45</b>	42
Interest and dividends received	<b>519</b>	268
Interest element of finance lease rental payments	<b>(817)</b>	(844)
Interest paid	<b>(3,960)</b>	(3,819)
	<b><u>1,393</u></b>	<u>1,091</u>

## Notes to the financial statements (continued)

### 29 Capital Expenditure and Financial Investment

	Consolidated	
	2010/11 £000	2009/10 £000
Purchase of tangible fixed assets	(23,085)	(41,406)
Endowments invested	(143)	(242)
Purchase of long term investments	(82)	(53)
Proceeds from sale of fixed assets and investments	453	581
Increase in investment in Research Park	(3,064)	(1,013)
Deferred capital grants received	2,366	5,611
Endowments received (note 24)	143	242
	<b>(23,412)</b>	<b>(36,280)</b>

### 30 Management of Liquid Resources

	Consolidated	
	2010/11 £000	2009/10 £000
Cash invested in short term deposits	(5,000)	(21,000)
	<b>(5,000)</b>	<b>(21,000)</b>

### 31 Financing

	Consolidated	
	2010/11 £000	2009/10 £000
New long term loans	1,042	33,575
Repayment of long term loans	(5,285)	(3,118)
Movement on revolving credit facility	15,000	(12,500)
Capital element of finance lease payment	(840)	(797)
Net cash flow from financing	<b>9,917</b>	<b>17,160</b>

### 32 Analysis of Changes in Net Debt

Consolidated	At 1 August 2010 £000	Cash flows £000	Non-cash changes £000	At 31 July 2011 £000
Cash at bank and in hand	23,810	14,341	-	<b>38,151</b>
Short term deposits (note 18)	21,059	5,000	-	<b>26,059</b>
Overdraft (note 19)	(27)	27	-	-
Debts due within one year (note 19)	(5,085)	5,085	(5,365)	<b>(5,365)</b>
Debts due after one year (note 20)	(134,375)	(15,842)	5,365	<b>(144,852)</b>
Finance leases (note 21b)	(13,299)	840	-	<b>(12,459)</b>
	<b>(107,917)</b>	<b>9,451</b>	<b>-</b>	<b>(98,466)</b>

**Notes to the financial statements (continued)****33 Capital Commitments**

	<b>Consolidated</b>		<b>University</b>	
	<b>2011</b>	2010	<b>2011</b>	2010
	<b>£000</b>	£000	<b>£000</b>	£000
Commitments contracted at 31 July	<b>8,735</b>	20,135	<b>8,735</b>	20,135
Authorised but not contracted at 31 July	<b>9,239</b>	8,247	<b>9,239</b>	8,247
	<b><u>17,974</u></b>	<u>28,382</u>	<b><u>17,974</u></b>	<u>28,382</u>

**34 Lease Obligations**

Annual commitments under non-cancellable operating leases are as follows:

<b>Consolidated</b>	<b>2011</b>		2010	
	<b>Land &amp; Buildings</b>	<b>Plant &amp; Equipment</b>	Land & Buildings	Plant & Equipment
Expiry date:	<b>£000</b>	<b>£000</b>	£000	£000
Within one year	<b>902</b>	<b>78</b>	1,092	1
Between two and five years	<b>7</b>	<b>455</b>	7	399
Over five years	-	-	-	-
	<b><u>909</u></b>	<u>533</u>	<u>1,099</u>	<u>400</u>

<b>University</b>	<b>2011</b>		2010	
	<b>Land &amp; Buildings</b>	<b>Plant &amp; Equipment</b>	Land & Buildings	Plant & Equipment
Expiry date:	<b>£000</b>	<b>£000</b>	£000	£000
Within one year	<b>902</b>	<b>61</b>	1,057	1
Between two and five years	-	<b>448</b>	-	392
Over five years	-	-	-	-
	<b><u>902</u></b>	<u>509</u>	<u>1,057</u>	<u>393</u>

**35 Contingent Assets and Liabilities**

As part of the agreement for the sale of Surrey Satellite Technology Limited on 31 December 2008, the University gave certain standard warranties and indemnities. The warranties and indemnities remaining at the balance sheet date are as follows:

IPR indemnity	expires 31 December 2011
Tax warranties	expire 31 December 2015

There have been no claims to date in respect of these warranties and indemnities and the possibility of a future claim is considered unlikely.

There are no other known contingent assets or liabilities.

## Notes to the financial statements (continued)

### 36 Pension Schemes

The total pension cost for the University and its subsidiaries was:

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
USS contributions paid	<b>9,717</b>	9,128
Local Government Pension Scheme charge to the income and expenditure account	<b>2,258</b>	2,222
Contributions paid to other pension schemes	<b>166</b>	166
Total pension cost (note 7)	<b><u>12,141</u></b>	<u>11,516</u>

The following amounts were paid in respect of early retirements and are included in restructuring costs:

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
USS	<b>212</b>	401
Local Government Pension Scheme curtailments	<b>63</b>	53
Other	<b>129</b>	-
	<b><u>404</u></b>	<u>454</u>

#### a) Universities Superannuation Scheme (USS)

The latest triennial actuarial valuation of the scheme was at 31 March 2008. This was the first valuation for USS under the new scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2011 are also included in this note.

The triennial valuation was carried out using the projected unit method. The assumptions which have the most significant effect on the result of the valuation are those relating to the rate of return on investments (i.e. the valuation rate of interest), the rates of increase in salary and pensions and the assumed rates of mortality. The financial assumptions were derived from market yields prevailing at the valuation date. An "inflation risk premium" adjustment was also included by deducting 0.3% from the market-implied inflation on account of the historically high level of inflation implied by government bonds (particularly when compared to the Bank of England's target of 2% for CPI which corresponds broadly to 2.75% for RPI per annum).

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.4% per annum (which includes an additional assumed investment return over gilts of 2% per annum), salary increases would be 4.3% per annum, (plus an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.3% per annum.

Standard mortality tables were used as follows:

Male members mortality	PA92 MC YoB tables - rated down 1 year
Female members mortality	PA92 MC YoB tables - No age rating

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	22.8 (24.8) years
Males (females) currently aged 45	24.0 (25.9) years

## Notes to the financial statements (continued)

### 36 Pension Schemes (continued)

#### a) Universities Superannuation Scheme (USS) (continued)

The following amounts were measured at the valuation date: £000

Value of scheme assets	28,842,600
Value of the scheme's technical provisions	<u>(28,135,300)</u>
Surplus	<u>707,300</u>

The assets were therefore sufficient to cover 103% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 71%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 107% funded; on a buy-out basis (i.e. assuming the scheme had discontinued on the valuation date) the assets would have been approximately 79% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS17 formula as if USS was a single employer scheme, using a AA bond discount rate of 6.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2008 was 104%.

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions except that the valuation rate of interest assumed asset outperformance over gilts of 1.7% per annum (compared to 2% per annum for the technical provisions) giving a discount rate of 6.1% per annum; also the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

The scheme-wide contribution rate required for future service benefits alone at the date of the valuation was 16% of pensionable salaries and the trustee company, on the advice of the actuary, increased the institution contribution rate from 14% to 16% of pensionable salaries from 1 October 2009.

Since 31 March 2008 global investment markets have continued to fluctuate and as at 31 March 2011 the market's assessment of inflation has increased slightly. The government has also announced a change to the inflation measure used in determining the "Official Pensions Index" from the Retail Prices Index to the Consumer Prices Index. The actuary has taken this all into account in his funding level estimates at 31 March 2011 by reducing the assumption for pension increases from 3.3% p.a. to 2.9% p.a.. The actuary has estimated that the funding level as at 31 March 2011 under the scheme specific funding regime had fallen from 103% to 98% (a deficit of circa £700 million). Over the past twelve months, the funding level has improved from 91% as at 31 March 2010 to 98%. This estimate is based on the funding level at 31 March 2008, adjusted to reflect the fund's actual investment performance over three years and changes in market conditions (market conditions affect both the valuation rate of interest and also the inflation assumption which in turn impacts on the salary and pension increase assumptions). The next formal valuation is as at 31 March 2011 and this will incorporate updated assumptions agreed by the trustee company.

With effect from 1 October 2011, new joiners to the scheme will join the new revalued benefits section rather than the existing final salary section. This change will have an impact, expected to be positive, on the future funding levels.

On the FRS 17 basis, using a AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 86%. An estimate of the funding level measured on a buy-out basis at that date was approximately 54%.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements.

USS is a "last man standing" scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

At 31 March 2011, USS had over 142,000 active members and the University had 1,500 active members participating in the scheme.

## Notes to the financial statements (continued)

### 36 Pension Schemes (continued)

#### b) Surrey County Council Local Government Pension Scheme (Surrey Pension Fund)

The Surrey Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit method, the rates of contributions being determined by the trustees on the advice of the actuaries. In the intervening years, the actuary reviews the progress of the scheme.

The contribution payable by the employer, as a percentage of payroll, was reduced from 19.3% to 16.4% from 1 April 2011. This revised percentage reflects the future service contribution. The past service deficit will be met by the payment of monetary amounts with the increase phased in over three years. The amounts payable in respect of the past service deficit in the three years to 31 March 2014 are £492,000, £823,000 and £1,153,000 respectively.

Under the definitions set out in FRS17, the Surrey Pension Fund is a multi-employer defined benefit pension scheme. The actuary has identified the University's share of its assets and liabilities as at 31 July 2011.

The pension scheme assets are held in a separate trustee-administered fund to meet long term 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.

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2011 on an FRS17 basis by a qualified independent actuary. The material assumptions used by the actuary at 31 July 2011 were:

	<b>Consolidated</b>	
	<b>2011</b>	2010
Pension increase rate	<b>2.7%</b>	2.9%
Salary increase rate (see * below)	<b>5.0%</b>	4.9%
Discount rate	<b>5.3%</b>	5.4%

\* The salary increase assumptions are 1% per annum until 31 March 2012, reverting to 5% thereafter.

Life expectancy is based on the PMA92/PFA92 year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% underpin. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.9 years	24.0 years
Future pensioners (assumed age at 31 July 2010 is 45 years)	23.9 years	25.9 years

An allowance is included for future retirements to elect to take 25% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 63% of the maximum tax-free cash for post-April 2008 service.

The Group's estimated share of the assets in the scheme and the expected rates of return were:

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>£000 (%)</b>	£000 (%)
Equities	<b>40,605 (7.0%)</b>	38,931 (7.3%)
Bonds	<b>10,568 (4.6%)</b>	9,733 (4.8%)
Property	<b>3,338 (5.1%)</b>	3,244 (5.3%)
Cash	<b>1,113 (4.0%)</b>	2,163 (4.4%)
	<b><u>55,624 (6.4%)</u></b>	<u>54,071 (6.6%)</u>

The following amounts were measured in accordance with the requirements of FRS 17:

#### Analysis of the amounts shown in the balance sheet

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>£000</b>	£000
Fair value of employer assets	<b>55,624</b>	54,071
Present value of funded liabilities	<b>(75,974)</b>	(82,343)
Net underfunding in funded plans	<b>(20,350)</b>	(28,272)
Present value of unfunded liabilities	<b>(1,342)</b>	(1,467)
Net liability	<b><u>(21,692)</u></b>	<u>(29,739)</u>

**Notes to the financial statements** (continued)**36 Pension Schemes** (continued)**b) Surrey County Council Local Government Pension Scheme (Surrey Pension Fund)** (continued)**Analysis of amounts recognised in the income and expenditure account**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Current service cost	<b>2,258</b>	2,215
Interest cost	<b>4,529</b>	4,724
Expected return on employer assets	<b>(3,580)</b>	(2,991)
Losses on curtailments and settlements	<b>63</b>	60
	<b><u>3,270</u></b>	<u>4,008</u>

**Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL)**

	<b>Consolidated</b>	
	<b>2010/11</b>	2009/10
	<b>£000</b>	£000
Actuarial gain	<b><u>8,797</u></b>	<u>5,982</u>

**Changes in the present value of the defined benefit obligation**

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>£000</b>	£000
Opening defined benefit obligation	<b>83,810</b>	78,380
Current service cost	<b>2,258</b>	2,215
Interest cost	<b>4,529</b>	4,724
Contributions by members	<b>832</b>	830
Actuarial gain relating to FRS17 pensions indexation change	-	(5,793)
Other actuarial (gains)/losses	<b>(11,257)</b>	5,705
Losses on curtailments	<b>63</b>	53
Settlements	-	7
Estimated unfunded benefits paid	<b>(97)</b>	(96)
Estimated benefits paid	<b>(2,822)</b>	(2,215)
Closing defined benefit obligation	<b><u>77,316</u></b>	<u>83,810</u>

**Changes in the fair value of employer assets**

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>£000</b>	£000
Opening fair value of employer assets	<b>54,071</b>	44,109
Expected return on assets	<b>3,580</b>	2,991
Contributions by members	<b>832</b>	830
Contributions by the employer	<b>2,423</b>	2,462
Contributions in respect of unfunded benefits	<b>97</b>	96
Actuarial (losses)/gains	<b>(2,460)</b>	5,894
Unfunded benefits paid	<b>(97)</b>	(96)
Benefits paid	<b>(2,822)</b>	(2,215)
Closing fair value of employer assets	<b><u>55,624</u></b>	<u>54,071</u>
Actual return on plan assets	<b><u>7,417</u></b>	<u>8,886</u>

## Notes to the financial statements (continued)

### 36 Pension Schemes (continued)

#### b) Surrey County Council Local Government Pension Scheme (Surrey Pension Fund) (continued)

##### Consolidated amounts for the current and previous accounting periods

	<b>2011</b>	2010	2009	2008	2007
	<b>£000</b>	£000	£000	£000	£000
Fair value of employer assets	<b>55,624</b>	54,071	44,109	46,494	51,573
Present value of defined benefit obligation	<b>(77,316)</b>	(83,810)	(78,380)	(65,422)	(64,841)
Deficit	<b>(21,692)</b>	(29,739)	(34,271)	(18,928)	(13,268)
Experience (losses)/gains on assets:	<b>(2,460)</b>	5,894	(7,019)	(10,013)	1,866
Experience gains/(losses) on liabilities:	<b>8,128</b>	91	(67)	2,846	40
Actuarial gains/(losses)	<b>8,797</b>	5,982	(14,822)	(5,484)	6,809
Cumulative actuarial gains/(losses)	<b>4,418</b>	(4,379)	(10,361)	4,461	9,945

#### c) London Pensions Fund Authority Local Government Pension Scheme (LPFA Pension Fund)

The University participates in the Pensioner Sub-fund of the London Pensions Fund Authority LGPS. The LPFA Pension Fund is valued every three years by professionally qualified independent actuaries using the projected unit method. In the intervening years, the actuary reviews the progress of the scheme.

Under the definitions set out in FRS17, the London Pensions Fund Authority LGPS is a multi-employer defined benefit pension scheme. The actuary has identified the University's share of its assets and liabilities as at 31 July 2011. The pension scheme assets are held in a separate trustee-administered fund.

A full actuarial valuation was carried out at 31 March 2010 and updated to 31 July 2011 on an FRS17 basis by a qualified independent actuary. The material assumptions used by the actuary at 31 July 2011 were:

	<b>2011</b>	2010
Pension increase rate	<b>2.7%</b>	2.7%
Salary increase rate	<b>4.5%</b>	4.7%
Discount rate	<b>5.3%</b>	5.4%

The average future life expectancies at age 65 are summarised below:

	Males	Females
Retiring today	20.5 years	22.7 years
Retiring in 20 years	22.5 years	24.7 years

An allowance is included for 20% of future retirements to elect to take additional tax-free cash up to HMRC limits.

The University's estimated share of the assets in the scheme and the expected rates of return were:

	<b>2011</b>	2010
	<b>£000 (%)</b>	£000 (%)
Cashflow matching	<b>1,572 (4.0%)</b>	1,677 (4.3%)
Equities	<b>388 (7.0%)</b>	253 (7.3%)
Cash	<b>(19) (3.0%)</b>	19 (3.0%)
	<b>1,941 (4.6%)</b>	1,949 (4.7%)

**Notes to the financial statements (continued)****36 Pension Schemes (continued)****c) London Pensions Fund Authority Local Government Pension Scheme (LPFA Pension Fund) (continued)**

The following amounts at 31 July 2011 were measured in accordance with the requirements of FRS 17:

**Analysis of the amounts shown in the balance sheet**

	2011 £000	2010 £000
Fair value of employer assets	1,941	1,949
Present value of funded liabilities	<u>(2,786)</u>	<u>(2,550)</u>
Net underfunding in funded plans	(845)	(601)
Present value of unfunded liabilities	<u>(107)</u>	<u>(109)</u>
Net liability	<u>(952)</u>	<u>(710)</u>

**Analysis of amounts recognised in the income and expenditure account**

	2010/11 £000	2009/10 £000
Expected return on employer assets	(86)	(80)
Interest cost	<u>153</u>	<u>165</u>
Net charge	<u>67</u>	<u>85</u>
Actual return on plan assets	<u>(169)</u>	<u>(367)</u>

**Analysis of amounts recognised in the statement of total recognised gains and losses (STRGL)**

	2010/11 £000	2009/10 £000
Actual return less expected return on employer assets	84	287
Experience (losses)/gains	(505)	64
Changes in assumptions underlying the present value of the scheme liabilities	<u>165</u>	<u>78</u>
Actuarial (loss)/gain recognised in the STRGL	<u>(256)</u>	<u>429</u>

**Changes in the present value of the defined benefit obligation**

	2011 £000	2010 £000
Opening defined benefit obligation	2,659	2,872
Interest cost	153	165
Actuarial gains relating to the FRS17 pensions indexation change	-	(126)
Other actuarial losses/(gains)	310	(16)
Estimated unfunded benefits paid	(12)	(12)
Estimated benefits paid	<u>(217)</u>	<u>(224)</u>
Closing defined benefit obligation	<u>2,893</u>	<u>2,659</u>

**Changes in the fair value of employer assets**

	2011 £000	2010 £000
Opening fair value of employer assets	1,949	1,771
Expected return on assets	86	80
Contributions by the employer	69	35
Contributions in respect of unfunded benefits	12	12
Actuarial gains	54	287
Unfunded benefits paid	(12)	(12)
Benefits paid	<u>(217)</u>	<u>(224)</u>
Closing fair value of employer assets	<u>1,941</u>	<u>1,949</u>

## Notes to the financial statements (continued)

### 36 Pension Schemes (continued)

#### c) London Pensions Fund Authority Local Government Pension Scheme (LPFA Pension Fund) (continued)

##### Amounts for the current and previous accounting periods

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Fair value of employer assets	1,941	2,127	1,771	2,052	2,048
Present value of defined benefit obligation	(2,893)	(2,446)	(2,872)	(2,813)	(2,692)
Deficit	<u>(952)</u>	<u>(319)</u>	<u>(1,101)</u>	<u>(761)</u>	<u>(644)</u>
Experience gains/(losses) on assets:	<u>54</u>	<u>287</u>	<u>(182)</u>	<u>124</u>	<u>(32)</u>
Experience (losses)/gains on liabilities:	<u>(475)</u>	<u>64</u>	<u>-</u>	<u>(49)</u>	<u>(7)</u>
Actuarial (losses)/gains	<u>(256)</u>	<u>429</u>	<u>(303)</u>	<u>(117)</u>	<u>22</u>
Cumulative actuarial losses	<u>(546)</u>	<u>(290)</u>	<u>(719)</u>	<u>(416)</u>	<u>(299)</u>

### 37 Access Funds

	Consolidated and University	
	2010/11 £000	2009/10 £000
Balance at 1 August	(2)	-
Funding Council Access funds	<u>164</u>	<u>181</u>
	<b>162</b>	181
Disbursed to students	(156)	(178)
Administration costs	-	(5)
Balance unspent at 31 July	<u>6</u>	<u>(2)</u>

Funding Council Access funds are available solely for students. The University acts as paying agent only. The grants and related disbursements are therefore excluded from the Income and Expenditure account.

### 38 Related Party Transactions

Due to the nature of the University's operations and the composition of the Council (being drawn from local public and private sector organisations) it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest are conducted at arms' length and in accordance with the University's financial regulations and normal procurement procedures.

The University has taken advantage of the exemption under FRS 8 'Related party disclosures' not to disclose transactions with subsidiaries that are wholly owned.

In accordance with FRS 2, the activities of the University of Surrey Students Union have not been consolidated on the grounds that the University does not operate dominant influence over its activities. During the year ended 31 July 2011 transactions with the Students Union totalling £784,000 net were charged to the Income & Expenditure Account (2009/10: £1,098,000). As at 31 July 2011, the Students Union owed a net balance of £261,000 (2010: £131,000).

## Five year summary

### Summary Consolidated Income and Expenditure Account

	2010/11 £000	2009/10 £000	2008/09 £000	2007/08 £000	Restated 2006/07 (a) £000
Total income	211,591	193,827	191,296	201,504	181,663
Total expenditure	(200,819)	(190,083)	(191,300)	(197,637)	(184,318)
<b>Surplus/(deficit) before taxation</b>	<b>10,772</b>	<b>3,744</b>	<b>(4)</b>	<b>3,867</b>	<b>(2,655)</b>
Taxation, minority interest and transfers from/(to) endowments	141	311	158	(540)	(62)
<b>Surplus/(deficit) before exceptional items</b>	<b>10,913</b>	<b>4,055</b>	<b>154</b>	<b>3,327</b>	<b>(2,717)</b>
Exceptional items	-	-	33,894 (b)	-	-
<b>Retained surplus/(deficit) for the year</b>	<b>10,913</b>	<b>4,055</b>	<b>34,048</b>	<b>3,327</b>	<b>(2,717)</b>

### Summary Consolidated Balance Sheet

	2011 £000	2010 £000	2009 £000	2008 £000	Restated 2007 (a) £000
Fixed assets	315,093	308,939	285,080	243,797	235,827
Endowment asset investments	48,448	50,539	48,785	66,963	80,857
Current assets	85,855	65,511	60,697	58,894	64,675
Creditors: amounts falling due within one year	(68,379)	(67,544)	(59,759)	(61,395)	(65,968)
<b>Total assets less current liabilities</b>	<b>381,017</b>	<b>357,445</b>	<b>334,803</b>	<b>308,259</b>	<b>315,391</b>
Creditors: amounts falling due after more than one year	(156,614)	(146,951)	(131,750)	(123,369)	(121,515)
Provisions for liabilities and charges	(1,449)	(1,576)	(1,700)	(1,548)	(1,496)
Pension liability	(21,195)	(28,873)	(33,672)	(18,141)	(12,416)
<b>Total net assets</b>	<b>201,759</b>	<b>180,045</b>	<b>167,681</b>	<b>165,201</b>	<b>179,964</b>
Deferred capital grants	58,458	53,921	53,876	50,682	49,808
Endowments	48,448	50,539	48,785	66,963	80,857
Reserves	94,853	75,585	65,020	46,109	48,372
Minority interests	-	-	-	1,447	927
<b>Total funds</b>	<b>201,759</b>	<b>180,045</b>	<b>167,681</b>	<b>165,201</b>	<b>179,964</b>

a) The 2006/07 results were restated in 2007/08 to reflect the implementation of the Statement of Recommended Practice: Accounting for Further and Higher Education (2007).

b) 2008/09 Exceptional items comprised the profit on sale of Surrey Satellite Technology Ltd on 31 December 2008 and the write off of negative goodwill arising on the acquisition of The Guildford School of Acting Conservatoire on 1 August 2008.

**Five year summary (continued)****Key Ratios**

	<b>2010/11</b>	2009/10	2008/09	2007/08	Restated 2006/07
Surplus (calculated before transfer from/(to) endowments) as % of income	<b>5.1%</b>	2.0%	17.8%	1.6%	(1.6%)
Return on net assets (excluding pension liability)	<b>4.8%</b>	1.9%	16.9%	1.8%	(1.5%)
Staff costs as % of income	<b>49.9%</b>	52.7%	55.0%	51.7%	55.4%
Discretionary reserves (excluding pension reserve) as % of income	<b>56.2%</b>	55.2%	52.8%	36.5%	34.5%
Gross borrowing as % of income	<b>75.9%</b>	78.1%	70.4%	62.0%	67.0%
Net borrowing as a % of total funds	<b>48.8%</b>	59.9%	55.7%	58.1%	53.3%
Current ratio	<b>1.26</b>	0.97	1.02	0.96	0.98
Net liquidity / (expenditure - depreciation) in days	<b>127</b>	94	87	62	61
Operating cashflow as % of income	<b>14.9%</b>	10.7%	5.1%	5.7%	1.0%

## Council Members for 2010/11

The Council members, who are also the Trustees, who held office during the year and until the date on which the financial statements were formally approved were as follows:-

### Chair

Mr M Taylor

### Vice Chairman

Mr D Eustace

### Ex officio members

Vice-Chancellor & Chief Executive  
Professor C M Snowden

University Treasurer  
drs J Derwig

Senior Deputy Vice-Chancellor  
Professor N Seaton

Deputy Vice-Chancellors  
Professor G Nicholls (Academic Development)  
Professor S Williamson (Research and Innovation)

Chairman, Academic Assembly  
Professor M E H Olssen

President, Students' Union  
Mr M Hunt (to Jul 11)  
Mr O Salih (from Aug 11)

### Elected by the Senate

Professor D Allen (from Jan 11)  
Professor J Hay (to Dec 10)  
Professor M Kearney (to Sep 11)  
Professor A Sterr

### Elected by non-academic staff

Vacancy

### Co-opted members

Mr T Chambers  
Dr J Forrest  
Mr A Herman  
Ms D Langston  
Mr D McNulty  
Mr I Robertson  
Mr D Rogers  
Mr K Taylor  
Ms A Watts  
Professor Lord Winston

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### Clerk to the Council

Mr P H Henry (to Sep 10)  
Ms C Johnson (Acting) (Oct 10 - Jul 11)  
Ms S Litchfield (from Aug 11)

## Finance Committee Members for 2010/11

### Ex officio

#### Chair

University Treasurer  
drs J Derwig

Vice-Chancellor & Chief Executive  
Professor C M Snowden

Chairman of Council  
Mr M Taylor

Vice Chairman of Council  
Mr D Eustace

Senior Deputy Vice-Chancellor  
Professor N Seaton

Deputy Vice-Chancellors  
Professor G Nicholls  
Professor S Williamson

Chairman of the Academic Assembly  
Professor M E H Olssen

Nominated Dean of Faculty  
Professor J Hay (to Dec 10)  
Professor P Powrie (from Jan 11)

### Lay members appointed by Council

Mr T Chambers  
Mr I Robertson  
Mr D Rogers

### Co-opted members

Vacancy  
Vacancy

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## Audit Committee Members for 2010/11

### Chair

Mrs D Langston (to Dec 10)  
Mr D McNulty (from Jan 11)

### Lay members of Council

Mr D McNulty (to Dec 10)  
Mr K Taylor  
Ms A Watts (from Jan 11)

### Co-opted members

Ms L Benson  
Vacancy

## Officers of the University for 2010/11

Chancellor  
HRH The Duke of Kent, KG,GCMG,GCVO

Pro-Chancellors  
The Rt. Hon Baroness Bottomley of Nettlestone DL  
Dr J R Forrest, CBE, FEng, FIET  
Miss Penelope Keith, CBE, DL  
Sir William Wells, FRICS

Vice-Chancellor & Chief Executive  
Professor C M Snowden, FRS, FEng, FIET, FIEEE, FCGI

University Treasurer  
drs J Derwig, RA

Chairman of Council  
Mr M Taylor

Senior Deputy Vice-Chancellor  
Professor N Seaton, CEng FICChemE

Deputy Vice-Chancellors  
Professor G Nicholls, MInstP FRSA  
Professor S Williamson, FCGI, FIET, FEng

Pro-Vice-Chancellor (International Relations)  
Professor C Grant, FHEA

Director of Corporate Services  
Mr G K Melly, CAIB

Director of Finance  
Mr D J Sharkey, ACA

University Registrar and Secretary, Clerk to Council  
Mr P H Henry TD\*, MCMI (to Sep 10)

Acting University Registrar  
Ms C Johnson (Oct 10 to Jan 11)

University Registrar  
Dr D Ashton (from Feb 11)

Acting Clerk to Council  
Ms C Johnson (Oct 10 to Jul 11)

University Secretary & Legal Adviser, Clerk to Council  
Ms S Litchfield (from Aug 11)

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