



CITY UNIVERSITY  
LONDON

# Financial Statements

for the year ended 31 July 2010



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## Membership of Council

### Period 1 August 2009 to 16 November 2010

#### Chancellor

The Right Honorable The Lord Mayor of London

#### Pro-Chancellor and Chair of Council

The Hon. Mr A Bagri (Pro-Chancellor from 21 September 2009, previously Acting Pro-Chancellor)

#### Deputy Pro-Chancellor and Vice-Chair of Council

Ms C Freeman (Acting Deputy Pro-Chancellor to 16 November 2009, prior to and after this an independent member of Council)

Mr R Woodward (from 16 November 2009, prior to this an independent member of Council)

#### Vice-Chancellor

Professor J Weinberg (Acting Vice-Chancellor until 23 August 2010)

Professor P Curran (from 23 August 2010)

#### Independent Members

Professor Sir Drummond Bone (from 15 December 2009)

Mr R Bright

Mr K Everett (until 31 July 2010)

Mr A Halper

Ms A Minogue (until 31 July 2010)

Mr K Murphy

Ms C Regan

Mr M H Robson

Professor H Schreuder

Mr D Turner

#### Staff and Student Members

Professor D Bolton (until 31 July 2010)

Mr N Cumlajee

Mr R Gillingwater

Mr P Harding

Professor C Slade

#### Vice-Chancellor, Pro-Vice-Chancellors, Deans and Directors

Professor P Curran, Vice-Chancellor (from 23 August 2010)

Professor J Weinberg, Deputy Vice-Chancellor; (Acting Vice-Chancellor until 23 August 2010)

Professor D Arcoumanis, Deputy Vice-Chancellor, Research and International

Professor D Bolton, Deputy Vice-Chancellor, Education

Professor C Slade, Conjoint Dean of the School of Arts and the School of Social Sciences

Mr R Gillingwater, Dean Cass Business School

Professor K Grattan, Conjoint Dean of the School of Informatics and School of Engineering and Mathematical Sciences

Professor S Nash, Dean of the City Law School

Professor S Procter, Joint Acting Dean of School of Community and Health Sciences (until 1 September 2010)

Professor M Caraher, Joint Acting Dean of School of Community and Health Sciences (until 1 September 2010)

Professor S Newman, Dean of School of Community and Health Sciences (from 1 September 2010)

Ms H Royle, Chief Operating Officer

Mr P Harding, Chief Finance Officer

Mr F Toop, University Secretary

## Operating and Financial Review (Chief Finance Officer's Report)

### Scope of the Financial Statements

The financial statements comprise the consolidated results of the University, its subsidiaries and the Students' Union. The significant majority of activity is within the University with the subsidiaries, all wholly owned, performing specific functions as summarised below.

*City Foundations Limited* began trading in January 2010 and owns 50% of the joint venture with the INTO Group. The results of the first period of trading for INTO City LLP have been incorporated into the consolidated income and expenditure account and the balance sheets (see below).

*CU Enterprises Limited* provides administrative support to academic staff engaged in consultancy. *CU Investments Limited* was set up to facilitate the functioning of a representative office in China. *City Entrepreneurship Limited* has recently been set up to manage City's interest in an entrepreneurship fund created from a charitable donation and trade is due to start in the new financial year.

The principal activity of *Cass Executive Education Limited* was to provide training and education courses for senior business executives. Trading in this company ceased on 30 April 2010, with the activity transferring to City University London.

### Results for the Year

The Consolidated Income and Expenditure Account shows:

	2010 £000	2009 £000
Income	178,504	174,402
Expenditure	178,557	178,813
Operating Deficit	(53)	(4,411)
Exceptional item	–	29,775
(Deficit) / Surplus after exceptional items	(53)	25,364

The University broke even on its on operating activity. The exceptional item for 2008-09 arose from the sale of two halls of residence.

## Operating and Financial Review (Chief Finance Officer's Report) – continued

### Income and expenditure

Income summary	2010	2009	2008	2007
	£m	£m	£m	£m
Funding Council Grants	43	40	34	33
Tuition fees	90	83	77	70
NHS Contract	22	21	21	20
Research Grants and Contracts	8	9	8	8
Other income	16	21	19	17
<b>Total – Operating Income</b>	<b>179</b>	<b>174</b>	<b>159</b>	<b>148</b>

Income overall grew by £5m to £179m. Tuition fee income was up by £7m (8%) and, including educational contracts totalled £112m - 63% of turnover compared with the sector average of 30%. Overseas (non EU) tuition fee income totals £39m (22% of turnover).

Funding Council grants (HEFCE) increased by £3m to £43m. The increase is mainly due to an excellent result in the recent Research Assessment Exercise, which has provided valuable support and investment for research activity in the University. This is the second year of the government's matched funding scheme for fundraising, with a HEFCE contribution of £1m to add to the £3m of donations received during the year. HEFCE grants represent 24% of our turnover, well below the sector average of 35%.

Income from research grants and contracts totalled £8m, 5% of turnover compared with the sector average of 16%. Other income has fallen following the sale of two halls of residence in 2008-09. Investment income has also fallen sharply with yields on overnight cash at below the bank base rate of 0.5%.

This analysis highlights the increasingly commercial profile of the University's income and the heightened levels of risk associated with overseas student fees.

Expenditure summary	2010	2009	2008	2007
	£m	£m	£m	£m
Staff Costs	104	101	93	88
Staff Restructuring Costs	2	5	1	3
Other Operating Expenses	61	62	51	49
Depreciation	12	11	9	8
<b>Total – Operating Expenditure</b>	<b>179</b>	<b>179</b>	<b>154</b>	<b>148</b>

Overall expenditure has been contained to within the same level reported in 2008-09. Staff costs, excluding restructuring costs, have increased by 3% although much of this is due to rising pension contributions. The level of basic salaries rose overall by only 1% in the year. Non-pay costs have shown a reduction of £1m or 2%.

Staff costs, excluding restructuring, total £104m, representing 58% of total cost. In 2008-09 the University undertook a significant restructuring of academic and support service activities at a cost of £4.4m. The purpose of the restructure was to improve the efficiency of operations and service delivery. The modest increase in staff costs in 2009-10 is a consequence of this exercise. Further restructuring costs have been incurred in 2009-10, including the impact of an academic staff voluntary severance programme.

Other operating expenses have fallen by 5% to £59m, a reduction of £2m. This reflects, in the main, the impact of the sale of halls of residence during 2008-09. Operating costs otherwise have been maintained at a level similar to last year.

Depreciation for the year was £12m, an increase of 5% as a result of major building improvements (see below) started in 2009 becoming depreciable during the year.

Academic related costs, excluding research and knowledge transfer, account for £93m (52%, up from 50% in 2008-09) of the £179m total expenditure in 2009-10. If research and knowledge transfer activity is included then these account for £101m or 57% of total expenditure.

## Operating and Financial Review (Chief Finance Officer's Report) – continued

### Capital projects

Tangible fixed assets increased from £112m to £115m during the year as a result of major building improvements to the University's estate and also the purchase of the long leasehold at Princeton Street (London WC2), home to part of the City Law School, at a cost of £7m. The long leasehold purchase will save annual rental payments of £600,000.

Major refurbishments this year include improvements to Tait and Drysdale buildings, and also to the Northampton Square library. Investment of £3m in long-term maintenance of academic buildings took place in 2009-10 and the back-log is now estimated at £18m (2008-09 £22m).

### INTO City LLP

INTO City LLP is a joint venture between the University and INTO University Partnerships Limited. Its principal activity is the provision of pre-University education for international students, with the intention that a significant proportion of those students progress to degree level programmes at City University London. The joint venture began trading in January 2010. A 50% share of the gross assets and liabilities is included in the University's group balance sheet and 50% of its net income is reported in the University's consolidated income and expenditure account. An operating loss was planned for this first year of operation and the University's share of the loss for 2009-10 was £1.3m. A revolving loan of £1m was advanced during the year to INTO City LLP through City Foundations Limited.

### Cash flow

The University's balance sheet reflects a reduction as planned of £3m in cash and short-term investments, leaving a balance of £77m at the year end. The cash inflow from operating activities plus net investment returns was £8m, with an outflow of £11m for investment in capital assets (spend of £18m offset by capital receipts of £7m).

The University's cash/liquid investments position stands at £77m, together with endowments of £7m as at the balance sheet date. In the medium term the investment balances are expected to reduce as the University implements its planned programme of capital expenditure.

### Investments

The University's investments continue to be managed in accordance with the approved Investment Policy and as advised by the Investment Panel. The primary objectives of the policy are capital preservation and liquidity and the level of risk and yield are therefore low.

The University has £38m of its investments held in 3 funds managed by 2 different fund managers. The fund managers were appointed in January 2009, following an external review of investment policy, which resulted in a wider spread of investments and to more effectively manage risk at an uncertain time in the financial markets. The balance of £39m is held on short-term deposits ranging from overnight up to one year with 3 top credit-rated UK banks.

### Pensions

The University participates in 2 multi-employer pension schemes, the Universities Superannuation Scheme (USS) and the local government scheme which in London is managed by the London Pensions Fund Authority (LPFA). Both schemes are currently defined benefit final salary schemes and are substantially in deficit.

The majority of staff, nearly 80%, are in USS which is unable to identify our share of the underlying assets and therefore exempt from detailed reporting in the accounts in accordance with the relevant reporting standard Financial Reporting Standard 17 (FRS 17). The scale of our share of the USS scheme deficit would, if calculated, be several times greater than that of our share of the LPFA deficit and is a matter of considerable concern to the institution and to the sector as a whole. The Trustees of the scheme have approved, subject to consultation, a number of significant changes. These include the introduction of career average revalued earnings as the basis for benefits calculation for all new entrants. The changes also include a standard pension age of 65, with future increases linked to changes in the state retirement age, a higher rate of employee contribution for existing members, a flexible retirement scheme and new cost sharing arrangements. These changes are intended to take effect from 1 April 2011. The scheme is also due for a triennial valuation as at that date.

The LPFA scheme currently shows an FRS 17 deficit of £17m for City University London, down from £19m at the previous year end. The present value of the fund's liabilities for City University London has increased by £1m to £51m and assets have also increased in value by £3m to £34m. Therefore the net pension liability has reduced from £19m to £17m. The government has announced that it plans to increase future pensions in line with the Consumer Price Index (CPI) rather than the Retail Price Index (RPI). This has been treated as a revised actuarial assumption, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses (STRGL). The gain, equivalent to £3m for the University, assumes that pension increases will be lower as a result.

City University London's share of the LPFA scheme deficit is reflected in the balance sheet in accordance with FRS 17. This calculation reflects the position of the fund on one particular day based on a prescribed set of assumptions and does not determine the contributions that employers pay into the fund. The contribution level is set based on the actuary's recommendation following the revaluation. The last revaluation took place in March 2010 and the results are not yet known.

## Operating and Financial Review (Chief Finance Officer's Report) – continued

### Financial Indicators

The University continues to monitor several key financial performance indicators.

	City 2009/10	City England*** 2008/9	England 2008/9	England 2007/8
Current assets to current liabilities (current ratio)	2.27	2.39	1.26	1.33
Net current assets/total expenditure (days*)	102	108	25	31
Long term liabilities as % of total general funds** (gearing ratio)	0	0	82	68
Days of total income (excluding HEFCE) represented by debtors	32	28	59	62
Days ratio of total general funds to total expenditure	196	212	97	119

\* Number of days an institution could meet expenditure from net current assets

\*\* Total General Funds = Reserves excluding the revaluation reserve

\*\*\* England in the table above refers to the average of all England HEIs.

The indicators show that the University continues to be financially strong relative to the sector average.

### Risk Management

Risk Management is currently addressed at strategic, operational and project level and is periodically reviewed by the Council, Audit & Risk Committee, Executive Committee, School Executive Committees and Project Boards. The reviews consider the addition or deletion of risks and the reassessment of impact and probability, as well as the adequacy of action being taken to mitigate risk.

The Audit and Risk Committee receives risk management reports and assures Council on the effectiveness of arrangements for risk management. The work carried out during the year has given particular recognition to the heightened financial risks associated with the uncertain economic environment.

### Financial Strategy and future outlook

The financial environment is exceptionally challenging for all Universities. The full scale and timing of cuts in public spending is not yet known (at time of writing) and nor do we know the nature of the reform to tuition fees and student support. The University has a relatively low dependence on government funding and a strong balance sheet with a good level of reserves and no borrowing. The Council has nevertheless agreed a Financial Strategy that sets it firmly on a course towards sustainable levels of surplus that reflect the future investment needs.

A sustainable level of operating surplus has been assessed at 6% of turnover and the strategy seeks to achieve this level over the long term. This performance level is assessed as being necessary to support an ambitious programme of academic and infrastructure investment, and to achieve a satisfactory degree of financial health for the institution.

A programme of activity and change is necessary to secure higher levels of financial performance in all parts of the University's operation in order to achieve this scale and pace of improvement. This programme is underway and is being managed directly by the senior executive team.

The initial target for the implementation of the strategy is to achieve a small operating surplus in 2010-11 before restructuring costs and there will need to be careful and continual attention to the risks to achieve this.

The financial strategy will be reviewed periodically and will be re-cast as the University's vision and strategy take shape in the near future.

Professor Paul Curran was appointed Vice-Chancellor with effect from August 2010, succeeding Professor Julius Weinberg who was Acting Vice Chancellor during 2009-10. The appointment of The Hon. Mr Apurv Bagri as Pro-Chancellor was confirmed by the Council in September 2009.



Mr P Harding  
Chief Finance Officer



## Corporate Governance Statement

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

The University endeavours to structure its governance arrangements in accordance with the recommendations of recent reviews of corporate governance (for example, the Cadbury, Turnbull and Lambert reviews), the seven Principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership) and with the guidance to universities that has been provided by the Committee of University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland.

The University is an independent corporation granted the status of a University in 1966 by Royal Charter.

The Charter and Statutes prescribe the following components to City's governance:

- **The Council** – is the supreme governing body, responsible for the affairs of the University, setting the University's strategic direction, ensuring effective management and control of the University's affairs, property and finances and determining the structure, staffing and overall composition of the University. It appoints the Vice-Chancellor, Pro-Chancellor and Deputy Pro-Chancellor.
- **The Senate** – has delegated authority from Council for the enhancement of academic quality and assurance of academic standards.

### Council

Council consists of a maximum of 22 members: four members by virtue of office – the Chancellor, Pro-Chancellor, Deputy Pro-Chancellor and the Vice-Chancellor; up to twelve additional independent members; and up to six members drawn from staff and students. There is a ratio of 2:1 of the independent to staff and student members.

The University's Council comprised 19 members at 31 July 2010 of whom 13 were external independent members. Council was chaired by the Pro-Chancellor, The Hon. Mr Apurv Bagri. The role of the Pro-Chancellor and Chair of Council is separate from the role of the University's chief executive, the Vice-Chancellor. Council met eight times in 2009–10. It has three committees: an Audit and Risk Committee, a Corporate Governance and Nominations Committee, a Remuneration Committee. All of these Committees are formally constituted with terms of reference and include independent members of Council, one of whom is the chair in each case. All members of Council and its sub-committees are appointed via a due process that seeks to match individuals' skills and experience with the University's aims and the terms of reference and priorities of committees. Normally the independent members of Council sit on at least one Council Committee.

Council members do not have service contracts or receive any payment, apart from the re-imbusement of expenses, for the work that they do for the University. A term of office for a Council member (except Student members) is limited to three years or for such shorter period as Council may determine. Members are eligible for re-appointment but may not serve more than three terms of three years or nine years in total in any one capacity. The University maintains a Register of

Interests of members of the Council, which may be consulted by arrangement with the University Secretary.

Any enquiries about the constitution and governance of the University should be addressed, in the first instance, to the University Secretary.

### Audit and Risk Committee

It is normal practice for the Committee to meet with external auditors at every meeting. It considers detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management's response and implementation plans. A key focus for the Committee is to ensure that value for money is achieved within the institution and monitors legal compliance and risk management issues. The Committee is chaired by a lay member of Council, Mr Rob Woodward until 15 December 2009 at which time Mr Kieran Murphy was appointed as Chair.

### Corporate Governance and Nominations Committee

This Committee advises Council on matters concerning the University's corporate governance capability, structural arrangements and practices, membership of the Council and its committees, and amendments to the Charter and Statutes. This Committee is also responsible for making recommendation to Council on nomination for honorary degrees. The Committee is chaired by a lay member of Council, in 2009–10 this was Ms Cherry Freeman until 31 July 2010 at which time Mr Roger Bright was appointed as Chair.

### Remuneration Committee

The Remuneration Committee determines the terms and conditions of the Vice-Chancellor and his direct reports. It also reviews and determines the annual salary and performance-related pay for the Vice-Chancellor. It also does this for such members of the University's executive team and other senior managers and professors, as may be agreed by the Committee from time to time, taking into account the Vice-Chancellor's recommendations, HEFCE guidance, market related factors, equal pay and other relevant legislation and the functional structure of the University. The Committee is chaired by a lay member of Council, in 2009–10 this was Ms Carolyn Regan.

## Corporate Governance Statement – continued

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### Vice-Chancellor

Council delegates authority and responsibility for the management of the institution to the Vice-Chancellor and other specific post holders. The principal academic and chief executive officer of the University is the Vice-Chancellor who has a general responsibility to the Council for maintaining and promoting the efficiency and good order of the University. For the period up to 23 August 2010 the Acting Vice-Chancellor post was held by Professor Julius Weinberg and from 23 August 2010 Professor Paul Curran was appointed Vice-Chancellor. Under the terms of the formal Financial Memorandum between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the designated officer of the University and in that capacity can be summoned to appear before the Public Accounts Committee of the House of Commons.

As chief executive of the University, the Vice-Chancellor exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Vice-Chancellor is personally responsible for the exercise of the powers delegated to him in the delegations framework agreed by Council. The Vice-Chancellor is advised by an Executive Committee comprising the Deputy Vice-Chancellors, Deans, Chief Operating Officer and Chief Finance Officer.

## Statement of the University Council's Responsibilities

In accordance with the University's Charter, the Council of City University London is responsible for the affairs of City University London, including ensuring an effective system of internal control, and adopting audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of City University London and enable it to ensure that the financial statements are prepared in accordance with the University's Charter, the Statement of Recommended Practice on Accounting for Further and Higher Education (2007) and other relevant accounting standards. In addition, within the terms and conditions of the Financial Memorandum agreed between the Higher Education Funding Council for England (HEFCE) and City University London, and the HEFCE annual accounts direction, the University Council, through its designated office holder (the Vice-Chancellor), is required to prepare Financial Statements for each financial year that give a true and fair view of the state of affairs of City University London, and of the surplus or deficit and cash flows for that year. In causing the Financial Statements to be prepared, the University Council has to ensure that:

- suitable accounting policies are selected and applied consistently
- judgements and estimates are made that are reasonable and prudent
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- financial statements are prepared on the going concern basis, as the Council is satisfied that the University has adequate resources to continue in operation for the foreseeable future.

### 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 of the Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that funds relating to the contracts with the National Health Service have been properly expended on the purposes for which they have been provided;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and prevent and detect fraud;
- secure the economical, efficient and effective management of the University's resources and expenditure;
- ensure that there are systems of risk identification and management that are based on a clearly articulated policy and approach and are aligned to the University's strategic objectives; and
- plan and conduct its financial and academic affairs to ensure that the University remains solvent.

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

- definitions of the responsibilities of, and the authority delegated to, Schools and central portfolios;
- a medium and short-term planning process, supplemented by detailed annual income, expenditure, capital and cash flow budgets and plans;
- regular reviews of financial results involving variance reporting and updates of forecast out-turns;
- defined and formalised requirements for approval and control of expenditure, with investment decisions involving capital or revenue expenditure being subject to appraisal and review according to approval levels set by the University Council;
- Financial Regulations, detailing financial controls and procedures;
- a professional Internal Audit Service whose annual programme is approved by the Audit and Risk Committee and is endorsed by the University Council. The Director of Internal Audit provides the University Council with a report on internal audit activity within the University and an opinion on the adequacy and effectiveness of the University's system of internal control, including risk management, corporate governance and value for money; and
- regular academic reviews carried out on behalf of Senate to assure academic quality and standards, with reports to Audit and Risk Committee on work carried out by Internal Audit.

The key elements of the University's system of risk identification and management, which is designed to discharge the responsibilities, set out above, including:

- the integration of planning, risk and Key Performance Indicator functions so that there is succinct and efficient risk management and controls put in place;
- the management of risk at strategic, operational and project level to ensure that a full picture of risks is available and that significant risks are escalated to the appropriate level;
- the management of Business Continuity and Emergency Management; plans are in place which would address any disaster and emergency situation, and
- ensure that all risks have appropriate ownership so that risks can be controlled appropriately.

Any system of internal control or risk management is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable, but not absolute assurance against material misstatement or loss.

## Public Benefit Statement

City University London is an exempt charity under the terms of the Charities Act 2006. The Charities Commission has issued guidance on public benefit requiring that there must be clearly identified benefits related to the aims of the charity and that such benefits must not be unreasonably restricted by ability to pay or other considerations.

The objects of the University, as enshrined in our Charter, are to advance education, knowledge, wisdom and understanding by teaching and research, both within the University and in close association with business and the professions, for the benefit of individuals and society at large.

The University offers education and research in a wide range of discipline areas, including community health, nursing, food policy, arts and music, engineering, mathematics, social sciences and business. The Cass Business School houses the Centre for Charity Effectiveness that exists to maximise the effectiveness of organisations and individuals within the voluntary and community sector. The degrees and other activity that come within this Centre are not profit making and the University regards them as a key part of its community social responsibility. City University London alumni occupy influential positions in the full spectrum of not-for-profit organisations including central and local government, NHS, schools and charities.

The aims and activities of the University identify clearly that the primary purpose is not just the advancement of education, but includes a wider range of charitable purposes such as the advancement of health, citizenship, arts and culture, science, environmental improvement, human rights, conflict resolution, equality and diversity.

The University is particularly aware of the need to ensure that people from all backgrounds can benefit from its activities, that access to the benefits is not unreasonably restricted by fees charged and that people in poverty are not excluded from the opportunity to benefit.

The University operates a substantial programme of scholarships and hardship bursaries and this year has invested £7m in order to enable people to attend courses at City that may otherwise have been prevented for financial reasons. The University regularly reviews this programme, together with the level of tuition fees in order to ensure that the courses at City remain affordable and accessible.

The University's Access Agreement documents the many and various ways in which the University preserves and expands opportunities for access to the benefits available from its courses. This includes outreach work targeted at under-represented groups in local schools and colleges. The activities include mentoring for young people and ethnic minorities, tutoring, University visits, Summer schools, careers guidance and vocational master classes.

City's admission procedures are geared to support widening participation. The participation rate of young full-time first degree entrants from National Statistics Socio-economic Classes 4-7 is, at 17%, above our benchmark and places City amongst the top 10% of universities by this measure. The participation rates of entrants from state schools and colleges, lower income social classes and low participation neighbourhoods are also above benchmark.

Through its Fight for Sight Optometry Clinic, the University offers a wide range of eye care services to the general public in state-of-the-art facilities, including free NHS eye examinations for eligible groups, staff and students. Through its Compass Centre, an in-house Speech and Language Therapy clinic, the University offers therapy to members of the general public referred through the NHS and, in keeping with speech and language therapy access policies generally, will consider direct referrals from clients and/or their families and carers.

The University has an enduring commitment to improving the contribution it makes to environmental sustainability. City has recently been awarded the EcoCampus bronze award, demonstrating the University's commitment to implementing a rigorous environmental management system. The bronze award is an important milestone and it is also the first step towards achieving the platinum award that will demonstrate the University has delivered real improvements. EcoCampus is a national scheme designed to help higher education institutions develop a systematic approach to understanding and reducing environmental impacts. The scheme uses an award system that recognises universities which address key issues of sustainability.

Following some major successes in tackling carbon emissions in recent years, the EcoCampus scheme will help City to draw together various initiatives more effectively. The next step will be to carry out an analysis of areas where proper ecological controls are currently absent and make changes that will benefit the whole University.



## Independent Auditors' Report to the Council of City University London

We have audited the Group and University financial statements (the "financial statements") of City University London for the year ended 31 July 2010 which comprise the Group Income and Expenditure Account, the Group and University Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and in accordance with the accounting policies set out therein.

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

### Respective Responsibilities of the University's Council and Auditors

The University Council's responsibilities for preparing the Operating and Financial Review (Chief Finance Officer's report) and the financial statements in accordance with the Accounts Direction issued by the Higher Education Funding Council for England, the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 9.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England dated June 2008. We also report to you whether in our opinion the Operating and Financial Review (Chief Finance Officer's report) is not consistent with the financial statements.

In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Operating and Financial Review (Chief Finance Officer's report) and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

### Basis of Opinion

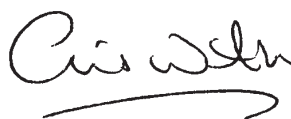
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the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

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

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the group and the University's affairs as at 31 July 2010 and of the Group's deficit of expenditure over income for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2010 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2010 has been applied in accordance with the University's statutes and, where appropriate, with the 2008 Financial Memorandum with the Higher Education Funding Council for England dated June 2008.



Chris Wilson  
For and on behalf of KPMG LLP, Statutory Auditor

*Chartered Accountants*  
15 Canada Square  
London E14 5GL

23 November 2010

## Statement of Principal Accounting Policies

### 1 Basis of Preparation

These Financial Statements have been prepared in accordance with the Statement of Recommended Practice (SORP): 'Accounting for Further and Higher Education' as modified for the effect of Financial Reporting Standard 17 'Retirement Benefits' which requires that the University's share of the surplus or deficit of the London Pensions Fund Authority Scheme (see Accounting Policy 5, below) is recognised as an asset or liability on the Balance Sheet. These Financial Statements have been prepared in accordance with applicable Accounting Standards. They comply with the Annual Accounts direction published by the Higher Education Funding Council for England (HEFCE).

### 2 Basis of Accounting

The Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of certain Fixed Assets and Investments.

### 3 Basis of Consolidation

The Financial Statements of the University are consolidated to include all its subsidiary undertakings, including the City University London Students' Union, for the financial year ended 31 July (the group accounts). Intra-group sales and profits are eliminated fully on consolidation. The Income and Expenditure Account of City University London is not presented separately within these consolidated Financial Statements.

### 4 Recognition of Income

Income from Research Grants, Contracts and other Services Rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contributions towards overhead costs.

Income from specific endowments and specific donations is included to the extent of the completion of the relevant project concerned, together with any related contributions towards overhead costs.

All income from short-term deposits, general endowments and general donations, is credited to the income and expenditure account in the period in which it is earned.

Recurrent grants from HEFCE are recognised in the period in which they are receivable. HEFCE grants for specific projects are included to the extent of the completion of the contract or project concerned. Non-recurrent grants from HEFCE or other bodies received in respect of the acquisition or construction of fixed assets are treated as Deferred Capital Grants and released to income in line with depreciation over the life of the assets.

### 5 Pension Schemes

The two main pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P) Scheme. The Funds are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. Pension costs are assessed on the latest actuarial valuations of the schemes and accounted for on the basis of FRS 17, except for USS, a multi-employer scheme for which contributions are charged directly to the Income and Expenditure Account as if the scheme were a defined contribution scheme. The LPFA scheme's assets are included at market value and scheme liabilities are measured on an actuarial basis using the projected unit method. The current service cost, and any past service costs, are included in the Income and Expenditure Account within operating expenses and the expected return on the scheme's assets is included within other interest receivable or payable. Actuarial gains and losses are recognised in the Statement of Total Recognised Gains and Losses.

### 6 Foreign Currencies

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

## Statement of Principal Accounting Policies – continued

### 7 Land and Buildings

Land and Buildings are shown at cost on acquisition as modified by the valuation of land acquired for the Cass Business School. As the revaluation of the land took place before the implementation of FRS 15, the University has taken advantage of the provisions within FRS 15 to freeze the value of the land at its existing valuation. Interest incurred on acquisition and construction expenditure to the date of commencement of occupation is capitalised. Improvements to buildings are capitalised where they are seen to increase the value or effective life of the building. Freehold land is not depreciated. Freehold buildings are depreciated over their expected useful economic life to the University (up to 50 years) on a straight-line basis. Depreciation is provided on the cost of leasehold buildings on a straight-line basis over the period of the lease. Freehold building improvements are depreciated over their useful lives of 15 years. Leasehold improvements are depreciated over 15 years, or the period of the lease, if shorter.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs to 31 July. They are not depreciated until they are brought into use. Where buildings are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a Deferred Capital Grants Account and are released to the Income and Expenditure Account over the expected useful economic life of the related asset, on a basis consistent with the depreciation policy. Some of the University's land and buildings have been financed by government grants and are therefore inalienable, ie, they can only be disposed of in accordance with the rules set out in the Financial Memorandum with HEFCE. As noted above, all buildings and related grants are capitalised. 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.

### 8 Equipment

Equipment costing less than £25,000 per individual item or group of related items is written off to the Income and Expenditure Account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful life of three or five years. Where equipment is acquired with the aid of specific grants, it is capitalised and depreciated as above. The related grant is credited to a Deferred Capital Grant Account and released to the Income and Expenditure Account over the expected useful life of the equipment, on a basis consistent with the depreciation policy.

### 9 Leased assets

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

### 10 Maintenance of premises

The cost of long term and routine corrective maintenance is charged to the income and expenditure account as incurred.

### 11 Investments

Endowment Asset Investments are included in the Balance Sheet at market value. The investment in University companies is stated at cost less provision for impairment in value. Current Asset Investments are included in the Balance Sheet at market value. Current Asset Investments include term deposits and cash backed investments available within 24 hours without penalty. The cash backed investments are managed by the University's Investment Managers.

### 12 Stocks

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

### 13 Cash at bank and in hand

Cash balances shown on the face of the balance sheet, includes cash in hand, cash at bank and deposits repayable on demand. Deposits are repayable on demand if they are available within 24 hours without penalty. No other investments, however liquid are included in cash. Liquid resources comprise money on short-term deposit with a maturity date within one year of the balance sheet date.

### 14 Provisions

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

### 15 Reserves

Following a review of the analysis of Reserves it was agreed that the Capital Reserve be incorporated into the General Reserve with effect from 1 August 2009.

The General Reserve represents all other reserves, but excludes the Revaluation Reserve.

### 16 Taxation Status

City University London is a charity and is thus exempt from taxation of income and gains falling within section 505 of the Taxes Act 1988 or Section 256 of the Taxation of Chargeable Gains Act 1992 to the extent that they are applied to its charitable objectives. No tax charge has arisen in the year. No tax charge has arisen in any of the subsidiaries as any taxable profits are gifted to the University each year.

The University receives no similar exemption in respect of Value Added Tax. The University is a partially exempt organisation for VAT purposes and consequently input tax on its purchases is largely irrecoverable. The subsidiary companies are subject to Corporation Tax and VAT in the same way as any commercial organisation.

## Consolidated Income and Expenditure Account for the year ended 31 July 2010

Note		2010 £000	2009 £000
	<b>Income</b>		
1	Funding Council Grants	42,508	39,519
2	Tuition Fees and Education Contracts	112,434	104,393
3	Research Grants and Contracts	8,000	9,292
4	Other Income	15,339	19,366
5	Endowment and Investment Income	514	1,832
	<b>Total Income</b>	<b>178,795</b>	<b>174,402</b>
	Less: share of income from Joint Venture	(291)	–
	<b>Net Income</b>	<b>178,504</b>	<b>174,402</b>
	<b>Expenditure</b>		
6	Staff Costs	104,183	101,181
6	Staff Costs – Exceptional Restructuring Costs	1,807	4,393
7	Other Operating Expenses	58,724	61,631
11	Depreciation	11,699	11,108
8	Interest Payable	853	503
	<b>Total Expenditure</b>	<b>177,266</b>	<b>178,816</b>
	Surplus /(Deficit) after Depreciation of Assets at Cost and before Tax	1,238	(4,414)
	Share of operating loss in Joint Venture	(1,275)	–
	<b>Operating deficit</b>	<b>(37)</b>	<b>(4,414)</b>
30	Surplus on sale of Fixed Assets	–	29,775
10	Taxation	–	–
	<b>(Deficit) / Surplus after Depreciation of Assets at Cost and Tax</b>	<b>(37)</b>	<b>25,361</b>
	Transfer (to) / from accumulated income within Endowments	(16)	3
21	<b>(Deficit) / Surplus for the year retained within General Reserve</b>	<b>(53)</b>	<b>25,364</b>

The Income and Expenditure Account is in respect of continuing activities.



## Balance Sheets as at 31 July 2010

Note		Group 2010 £000	Group 2009 £000	University 2010 £000	University 2009 £000
	<b>Fixed Assets</b>				
11	Tangible Assets	115,282	111,860	115,282	111,860
12	Investments in University companies	–	–	80	205
13	Investment assets – Joint Venture				
	Loan	1,000	–	–	–
	Share of gross assets	710	–	710	–
	Share of gross liabilities	(1,985)	–	(1,985)	–
		115,007	111,860	114,087	112,065
14	<b>Endowment Assets</b>	6,962	6,100	6,962	6,100
	<b>Current Assets</b>				
	Stock	82	49	82	49
15	Debtors – due within one year	12,047	9,495	15,034	10,839
15	Debtors – due after one year	–	1,001	–	1,001
	Investments – short term deposits	74,164	71,361	74,164	71,361
	Cash at bank and in hand	2,725	9,051	2,725	9,050
		89,018	90,957	92,005	92,300
16	<b>Creditors – amounts falling due within one year</b>	(39,249)	(38,003)	(39,260)	(37,938)
	<b>Net Current Assets</b>	49,769	52,954	52,745	54,362
	<b>Total Assets less Current Liabilities</b>	171,738	170,914	173,794	172,527
17	<b>Provisions for Liabilities</b>	(1,411)	(4,680)	(1,411)	(4,311)
	<b>Net Assets excluding Pension Liability</b>	170,327	166,234	172,383	168,216
32	<b>Pension Fund Liability</b>	(17,491)	(18,966)	(17,491)	(18,966)
	<b>Net Assets</b>	152,836	147,268	154,892	149,250
18	<b>Deferred Capital Grants</b>	39,951	37,214	39,951	37,214
	<b>Endowments</b>				
19	Expendable	3,372	2,905	3,372	2,905
19	Permanent	3,590	3,195	3,590	3,195
		6,962	6,100	6,962	6,100
	<b>Reserves</b>				
20	Revaluation Reserve	11,000	11,000	11,000	11,000
	<b>Income and Expenditure Account</b>				
21	Capital Reserve	–	28,362	–	28,362
21	General Reserve excluding Pension Reserve	112,414	83,558	114,470	85,540
21	Pension Deficit Reserve	(17,491)	(18,966)	(17,491)	(18,966)
		94,923	92,954	96,979	94,936
	<b>Total Funds</b>	152,836	147,268	154,892	149,250

The financial statements on pages 12 to 33 were approved by Council on 16 November 2010 and signed on its behalf by:



The Hon. Mr A Bagri  
Pro-Chancellor



Professor P Curran  
Vice-Chancellor

**Consolidated Cash Flow Statement for the year ended 31 July 2010**

Note	2010 £000	2009 £000
22	7,249	4,129
23	514	1,832
10	-	-
24	(10,885)	29,145
	Net Cash (Outflow) / Inflow before use of Liquid Resources and Financing	(3,122) 35,106
25	(2,803)	(30,791)
25	<b>(Decrease) / Increase in Cash in the Year</b>	<b>(5,925) 4,315</b>
<b>Reconciliation of Net Cash Flow to Movement in Net Funds</b>		
	(Decrease) / Increase in Cash in the Year	(5,925) 4,315
25	Inflow from Liquid Resources	2,803 30,791
	Movement in Net Funds in Year	(3,122) 35,106
	Net Funds at 1 August	83,938 48,832
	<b>Net Funds at 31 July</b>	<b>80,816 83,938</b>

**Statement of Total Recognised Gains and Losses for the year ended 31 July 2010**

Note	2010 £000	2009 £000
	<b>(Deficit) / Surplus for the year</b>	(37) 25,361
19	Gain / (Loss) in market value of investments	454 (368)
19	New Endowments	392 367
32	Actuarial gain / (loss) in respect of LPFA Pension Scheme	2,022 (8,813)
	<b>Total Recognised Gains Relating to the Year</b>	<b>2,831 16,547</b>
<b>Reconciliation</b>		
	Opening Reserves and Endowments	110,054 93,507
	Total Recognised Gains for the Year	2,831 16,547
	<b>Closing Reserves and Endowments</b>	<b>112,885 110,054</b>

## Notes to the Accounts for the year ended 31 July 2010

Note	2010 £000	2009 £000
<b>1 Funding Council Grants Receivable from the Higher Education Funding Council for England (HEFCE)</b>		
<b>Recurrent Grant</b>		
Teaching	26,315	27,146
Research	10,368	6,808
Matched Funding	791	1,130
	<u>37,474</u>	<u>35,084</u>
<b>Specific Grants</b>		
Teaching Quality Enhancement Fund	–	498
Higher Education Infrastructure Fund	1,969	1,307
Other Specific Grants	279	240
	<u>2,248</u>	<u>2,045</u>
<b>Releases of Deferred Capital Grants</b>		
Buildings (Note 18)	2,516	2,097
Equipment (Note 18)	270	293
	<u>2,786</u>	<u>2,390</u>
	<b>42,508</b>	<b>39,519</b>
<b>2 Tuition Fees and Education Contracts</b>		
Full-time Home and EU Undergraduate Students whose fees are paid by Student Loan Company	9,680	8,616
Other Full-time Home and EU Student Fees	25,746	23,937
Students Charged Overseas Fees	38,561	34,415
Part-time Credit Bearing Course Fees	8,805	7,784
Short Course Fees	4,070	4,907
Education Contracts with National Health Service	21,826	20,907
Other Tuition Fees	3,746	3,827
	<u>112,434</u>	<u>104,393</u>
<b>3 Research Grants and Contracts</b>		
Research Councils	3,117	3,010
UK Based Charities	1,191	1,277
UK Government and Health Authorities	1,287	1,378
UK Industry and Commerce	535	656
European Union	1,645	2,268
Other Sources	225	703
	<u>8,000</u>	<u>9,292</u>
<b>4 Other Income</b>		
Residences, Catering and Conferences	5,031	7,882
Other Services Rendered	2,734	2,615
Donations	2,989	3,769
Release of Deferred Capital Grants (Note 18)	761	761
Other Income	3,824	4,339
	<u>15,339</u>	<u>19,366</u>
<b>5 Endowment and Investment Income</b>		
Income from Endowments (Note 19)	52	113
Income from Other Investments	462	1,719
	<u>514</u>	<u>1,832</u>

## Notes to the Accounts for the year ended 31 July 2010

Note	2010 £000	2009 £000
<b>6 Staff</b>		
Wages and Salaries	85,401	83,808
Social Security Costs	7,687	7,558
Pension Costs (Note 32)	11,095	9,815
	<b>104,183</b>	<b>101,181</b>
Exceptional Restructuring Costs	1,807	4,393
	<b>105,990</b>	<b>105,574</b>

### Emoluments of the Vice-Chancellor

Salary	207	258
Pension Contributions	32	33
	<b>239</b>	<b>291</b>
Compensation for loss of office (write back)/charge	(261)	393

The emoluments for 2009-10 are in relation to Professor Julius Weinberg who was appointed Acting Vice-Chancellor on 23 July 2009.

Professor Malcolm Gillies stepped down as Vice-Chancellor on that date.

The emoluments for 2008-09 as well as the compensation for loss of office in 2008-09 and the associated write back in 2009-10 apply to Professor Malcolm Gillies.

Remuneration of other higher paid staff, excluding employer's pension contributions	Number	Number
£100,001 – £110,000	16	18
£110,001 – £120,000	14	5
£120,001 – £130,000	11	8
£130,001 – £140,000	4	8
£140,001 – £150,000	5	6
£150,001 – £160,000	6	5
£160,001 – £170,000	1	3
£170,001 – £180,000	3	2
£180,001 – £190,000	1	1
£210,001 – £220,000	1	–
£230,001 – £240,000	1	–
£250,001 – £260,000	1	–
£260,001 – £270,000	–	1

The above disclosures include four members of staff who joined or left part way through the year and would have received remuneration in these bands in a full year.

	£000	£000
Staff restructuring costs payable in respect of higher paid employees. These costs are in respect of no staff members in 2010. (2009: Two)	–	20

### Average staff numbers – full-time equivalents

	Number	Number
Academic	801	801
Administrative, Technical and Manual	1,048	1,026
	<b>1,849</b>	<b>1,827</b>

### Council members expenses:

Council members received no remuneration (2009: £nil). Council meeting expenses include out-of-pocket travel expenses.

Three of the 22 Council members received out-of-pocket travel reimbursements in total amount of £2,000 (2009: £1,000, two Council members) for expenses incurred directly.

## Notes to the Accounts for the year ended 31 July 2010

Note	2010 £000	2009 £000
<b>7 Other Operating Expenses</b>		
Residences, Catering and Conferences Operating Expenses	3,525	5,924
Payments to Non Contract Staff and Agencies	8,789	7,949
Payments for Domestic and Security Contracts	2,012	1,937
Academic Consumables	690	608
Publicity, Advertising and Staff Recruitment	3,553	3,922
Printing, Postage, Stationery and Telephones	2,552	2,624
Conference, Travel and Training costs	3,634	3,882
Purchase and Maintenance of Furniture, Equipment and Software	4,129	3,999
Books, Periodicals and Subscriptions	3,059	2,964
Student Bursaries and Fee Remissions	7,455	7,201
Heat, Light, Water and Power	2,017	2,058
Repairs and General maintenance	2,603	2,540
Long-Term Maintenance	2,992	3,159
Rents, Rates and Insurance	3,363	3,709
Collaborative Partner payments	1,495	2,480
Auditors' Remuneration	69	65
Auditors' Remuneration in respect of Non-Audit Services	28	44
Other Professional Fees	1,975	1,791
Other Expenses	4,784	4,775
	<b>58,724</b>	<b>61,631</b>
<b>8 Interest Payable</b>		
Interest charge on pension benefit	853	503
	<b>853</b>	<b>503</b>

## Notes to the Accounts for the year ended 31 July 2010

Note

9 <b>Analysis of Expenditure for the year ended 31 July 2010 by Activity</b>	Staff Costs	Other	Depreciation	Interest Payable	Total
		Operating Expenses			
	£000	£000	£000	£000	£000
Academic Departments	73,604	18,485	457	853	93,399
Academic Services	6,397	4,349	2,813	–	13,559
Administration	11,725	5,472	138	–	17,335
General Educational Expenditure	986	7,570	–	–	8,556
Student and Staff Services	3,427	1,456	41	–	4,924
Premises	3,996	15,168	8,074	–	27,238
Residences, Catering and Conferences	895	3,525	176	–	4,596
Research Grants and Contracts	3,868	1,992	–	–	5,860
Other Services Rendered	1,092	707	–	–	1,799
	<b>105,990</b>	<b>58,724</b>	<b>11,699</b>	<b>853</b>	<b>177,266</b>

The depreciation charge has been funded by:

Deferred Capital Grants Released	3,547
General Income	8,152
	<b>11,699</b>

<b>Analysis of Expenditure for the year ended 31 July 2009 by Activity</b>	Staff Costs	Other	Depreciation	Interest Payable	Total
		Operating Expenses			
	£000	£000	£000	£000	£000
Academic Departments	70,861	18,009	570	503	89,943
Academic Services	7,517	4,894	2,762	–	15,173
Administration	13,095	5,427	143	–	18,665
General Educational Expenditure	834	7,192	–	–	8,026
Student and Staff Services	2,940	1,607	41	–	4,588
Premises	3,834	14,445	7,416	–	25,695
Residences, Catering and Conferences	1,087	5,924	176	–	7,187
Research Grants and Contracts	4,362	2,441	–	–	6,803
Other Services Rendered	1,044	1,692	–	–	2,736
	<b>105,574</b>	<b>61,631</b>	<b>11,108</b>	<b>503</b>	<b>178,816</b>

The depreciation charge has been funded by:

Deferred Capital Grants Released	2,032
General Income	9,076
	<b>11,108</b>

Note

10 **Taxation**

	2010	2009
	£000	£000
U.K. Corporation Tax Charge	–	–

None of the subsidiary undertakings consolidated within these accounts has taxable profits.

## Notes to the Accounts for the year ended 31 July 2010

Note	Freehold, Land and Buildings	Freehold assets under construction	Leasehold Buildings	Equipment	Total
	£000	£000	£000	£000	£000
<b>11 Tangible Assets – Group and University</b>					
<b>Cost or Valuation</b>					
At 1 August 2009	134,282	2,447	7,730	19,414	163,873
Additions	–	6,751	6,849	1,521	15,121
Transfers	7,352	(7,352)	–	–	–
Elimination of fully depreciated items	–	–	–	(3,010)	(3,010)
At 31 July 2010	141,634	1,846	14,579	17,925	175,984
<b>Depreciation</b>					
At 1 August 2009	37,233	–	4,021	10,759	52,013
Charge for year	6,115	–	1,061	4,523	11,699
Elimination of fully depreciated items	–	–	–	(3,010)	(3,010)
At 31 July 2010	43,348	–	5,082	12,272	60,702
<b>Net Book Value at 31 July 2010</b>	<b>98,286</b>	<b>1,846</b>	<b>9,497</b>	<b>5,653</b>	<b>115,282</b>
<b>Net Book Value at 31 July 2009</b>	<b>97,049</b>	<b>2,447</b>	<b>3,709</b>	<b>8,655</b>	<b>111,860</b>

Included in the Freehold Tangible Assets is land acquired during the year ended 31 July 1999. The land was valued at £11,000,000 by Healey and Baker International Real Estate Consultants, as at 31 July 1999, on the basis of open market value and in accordance with the appraisal and valuation manual of the Royal Institution of Chartered Surveyors.

Buildings and equipment that have been funded from Treasury sources amount to £29,142,000 (2009: £25,612,000). In the event that these were to be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with HEFCE.

## Notes to the Accounts for the year ended 31 July 2010

### Note

#### 12 Investments in University Companies

As at 31 July 2009 the University owned the whole of the issued ordinary share capital of Cass Executive Education Limited being 125,000 shares of £1 each. Additionally it held 80,100 shares of £1 each in CU Enterprises Limited and 100 shares of £1 each in CU Investments Limited and City Foundations Limited.

During the year the University acquired 100 shares of £1 each in City Entrepreneurship Limited.

	£000
Cost of shares held at 31 July 2009	205
Less: Cost of shares in Cass Executive Education Ltd cancelled after cessation of trade 30 April 2010	125
Cost of shares held at 31 July 2010	<u>80</u>

Cass Executive Education Ltd	Provision of executive education – Ceased trading 30 April 2010
CU Enterprises Ltd	Provision of administrative support to staff engaged in consultancy
CU Investments Ltd	Provision of a representative office in China
City Foundations Ltd	Member of INTO City LLP, which company provides pre-University education to students. Commenced trading in the period

City Entrepreneurship Ltd had not commenced trading at 31 July 2010.

All subsidiary companies are incorporated in the United Kingdom. All are 100% owned by City University London.

#### 13 Investment in Joint Venture

INTO City LLP is a joint venture between the University and INTO University Partnerships Limited.

INTO City LLP began trading in January 2010.

A 50% share of the LLP's gross assets and gross liabilities is included in the University's Group Balance Sheet and 50% of its net income is reported in the University's Consolidated Income and Expenditure Account. INTO City LLP's principal activity is the provision of pre-University education and residential accommodation for international students.

During the year a revolving loan was advanced to INTO City LLP, through City Foundations Limited. At the year end an amount of £1,000,000 had been invested. Also at the year end an amount of £72,000 was due to the University from INTO City LLP.



## Notes to the Accounts for the year ended 31 July 2010

Note	Group and University	
	2010	2009
14 <b>Endowment Assets</b>	£000	£000
Balance at 1 August	6,100	6,104
Endowments invested / (income withdrawn)	7	(55)
Gain / (Loss) in market value of investments	454	(368)
Increase in cash balances held for endowment funds	401	419
<b>Balance at 31 July</b>	<b>6,962</b>	<b>6,100</b>
Equity Accumulation Fund	3,035	2,574
Cash at bank held for endowment funds	3,927	3,526
<b>Total Endowment Asset Investments</b>	<b>6,962</b>	<b>6,100</b>

	Group	Group	University	University
	2010	2009	2010	2009
	£000	£000	£000	£000
15 <b>Debtors</b> – amounts due within one year				
Trade Debtors	6,353	3,844	6,351	3,584
Research and Other Uninvoiced Debtors	1,717	1,574	1,717	1,574
Amounts owed by Group Undertakings	–	–	2,991	1,565
Prepayments and Accrued Income	3,625	3,577	3,623	3,561
Other Debtors	352	500	352	555
	<b>12,047</b>	<b>9,495</b>	<b>15,034</b>	<b>10,839</b>
Accrued Income due after one year	–	<b>1,001</b>	–	<b>1,001</b>

	Group	Group	University	University
	2010	2009	2010	2009
	£000	£000	£000	£000
16 <b>Creditors</b> – amounts falling due within one year				
Trade Creditors	4,522	4,404	4,517	4,354
Amounts owed to Group Undertakings	–	–	25	101
Payments Received in Advance	5,032	5,639	5,032	5,639
Accruals and Deferred Income	24,852	23,086	24,843	22,971
Taxation and Social Security	3,181	3,467	3,181	3,466
Other Creditors	1,662	1,407	1,662	1,407
	<b>39,249</b>	<b>38,003</b>	<b>39,260</b>	<b>37,938</b>

## Notes to the Accounts for the year ended 31 July 2010

Note

### 17 Provisions for Liabilities

	Group		Total
	Restructuring	Deficit on ICSL and SUSS Pension Schemes	
	£000	£000	£000
Balances at 1 August 2009	3,917	763	4,680
Utilised in year	(3,539)	(763)	(4,302)
Charge for the year	1,033	–	1,033
Balances at 31 July 2010	<b>1,411</b>	<b>–</b>	<b>1,411</b>

	University		Total
	Restructuring	Deficit on ICSL Pension Scheme	
	£000	£000	£000
Balances at 1 August 2009	3,917	394	4,311
Utilised in year	(3,539)	(394)	(3,933)
Charge for the year	1,033	–	1,033
Balances at 31 July 2010	<b>1,411</b>	<b>–</b>	<b>1,411</b>

The Restructuring Provision is the estimated liability that will arise from agreed early retirements of staff under the University's restructuring arrangements.

Deficits on both the Inns of Court School of Law pension scheme and the Students Union Superranuation Scheme have now been settled by payments made by the University. All Students Union staff transferred to the University in September 2007. The ICSL pension scheme has now been wound up.

### 18 Deferred Capital Grants

	Group and University		Total
	Higher Education Funding Council for England	Other Grants	
	£000	£000	£000
Balances at 1 August 2009			
Buildings	27,962	7,692	35,654
Equipment	810	750	1,560
	<b>28,772</b>	<b>8,442</b>	<b>37,214</b>
Cash Received			
Buildings	6,284	–	6,284
Equipment	–	–	–
	<b>6,284</b>	<b>–</b>	<b>6,284</b>
Released to Income and Expenditure			
Buildings	(2,516)	(431)	(2,947)
Equipment	(270)	(330)	(600)
	<b>(2,786)</b>	<b>(761)</b>	<b>(3,547)</b>
Balances at 31 July 2010			
Buildings	31,730	7,261	38,991
Equipment	540	420	960
	<b>32,270</b>	<b>7,681</b>	<b>39,951</b>

## Notes to the Accounts for the year ended 31 July 2010

Note	Unrestricted Permanent	Restricted Permanent	Total Permanent	Restricted Expendable	2010 Total	2009 Total
	£000	£000	£000	£000	£000	£000
<b>19 Endowments</b>						
At 1 August	78	3,117	3,195	2,905	6,100	6,104
Additions	–	–	–	392	392	367
Gain / (Loss) in market value of investments	–	390	390	64	454	(368)
Income for year (Note 5)	–	31	31	21	52	113
Expenditure for year	–	(26)	(26)	(10)	(36)	(116)
<b>At 31 July</b>	<b>78</b>	<b>3,512</b>	<b>3,590</b>	<b>3,372</b>	<b>6,962</b>	<b>6,100</b>
Represented by:						
Capital	78	3,398	3,476	3,390	6,866	5,993
Accumulated Income	–	114	114	(18)	96	107
<b>Total</b>	<b>78</b>	<b>3,512</b>	<b>3,590</b>	<b>3,372</b>	<b>6,962</b>	<b>6,100</b>

Set out below are details of material charitable funds that are over 1% of the total endowment funds

	Capital value at 31 July 2010	Opening accumulated income	Investment income	Expenditure	Closing accumulated income	Date received
	£000	£000	£000	£000	£000	
Lord Mais Fund	802	–	5	(5)	–	1975
HSBC Bank Chair	736	–	7	(7)	–	1978
Sir J Cohen Chair	811	–	8	(8)	–	1980
Shipping Fund	2,946	1	17	(17)	1	2007
	<b>5,295</b>	<b>1</b>	<b>37</b>	<b>(37)</b>	<b>1</b>	

### Lord Mais Fund

This restricted permanent endowment was set up in 1975 as the International Banking and Finance Unit Appeal Fund under the sponsorship of Lord Mais, then Chancellor of the University and Lord Mayor of London. It supported the University's Centre for Banking and International Finance within the Cass Business School. The Fund, which was established as a Trust, has supported annual lectures and has contributed towards accommodation costs of the Department. From 1990 the Trustees agreed that the Fund would meet the cost of staff appointments in the Department and provide other support.

### HSBC Bank Chair

This restricted permanent endowment was set up in 1978 as the Midland Bank Chair. Costs of staff appointments within the Faculty of Finance are partly met from this endowment.

### Sir J Cohen Chair

This restricted permanent endowment was set up in 1980 to support a chair in Consumer Studies. Costs of staff appointments within the Faculty of Management are partly met from this endowment.

### Shipping Fund

This restricted expendable endowment was set up in 2007 as the Lloyds Register Educational Trust Chair in Shipping Trade and Finance. The objects of the Trust are the advancement of education, knowledge and research in all aspects of shipping, and if ancillary to shipping, all aspects of trade and finance. In addition to monies received from the The Lloyds Register Educational Trust, endowments have been received from a wide range of personal and industrial donors.

## Notes to the Accounts for the year ended 31 July 2010

Note

20	<b>Revaluation Reserve</b>	<b>Group and University</b>	
		2010	2009
		£000	£000
	Balance at 31 July	<b>11,000</b>	<b>11,000</b>

The Revaluation Reserve relates to land acquired for the Cass Business School.

21	<b>Reserves – Capital and General</b>	<b>Group</b>	<b>University</b>
		£000	£000
	Balance at 1 August 2009	92,954	94,936
	Movements in year	1,969	2,043
	Balance at 31 July 2010	<b>94,923</b>	<b>96,979</b>

	<b>Group</b>		
	Balance at 1 August 2009	Movements	Balance at 31 July 2010
	£000	£000	£000
<b>Capital Reserve</b>	<b>28,362</b>	<b>(28,362)</b>	<b>–</b>
<b>General Reserve</b>			
General Reserve before LPFA Pension Scheme	83,558	28,856	112,414
Deficit on LPFA Pension Scheme (Note 32)	(18,966)	1,475	(17,491)
General Reserve	64,592	30,331	94,923
<b>Total</b>	<b>92,954</b>	<b>1,969</b>	<b>94,923</b>

**Reconciliation of reserve movements**

Income & Expenditure Account – deficit for the year	(53)
Actuarial gain in respect of LPFA Pension Scheme	2,022
	<b>1,969</b>

Following a review of the analysis of Reserves it has been agreed that the Capital Reserve be incorporated into the General Reserve with effect from 1 August 2009.

## Notes to the Accounts for the year ended 31 July 2010

Note	2010 £000	2009 £000	
<b>22 Reconciliation of Consolidated Operating (Deficit) / Surplus to Net Cash Inflow from Operating Activities</b>			
(Deficit) / Surplus on continuing operations	(37)	25,361	
Add share of deficit in Joint Venture	1,275	–	
Less surplus on sale of fixed assets (Note 30)	–	(29,775)	
Movements in respect of LPFA Pension Scheme	547	82	
Depreciation (Note 11)	11,699	11,108	
Deferred Capital Grant Released to Income (Note 18)	(3,547)	(3,151)	
Endowment and Investment Income (Note 5)	(514)	(1,832)	
Increase in Stocks	(33)	(30)	
Increase in Debtors	(1,551)	(1,973)	
Increase in Creditors	2,679	1,678	
(Decrease) / Increase in Provisions	(3,269)	2,661	
<b>Net cash inflow from operating activities</b>	<b>7,249</b>	<b>4,129</b>	
<b>23 Returns on Investments and Servicing of Finance</b>			
Income from Endowments (Note 5)	52	113	
Income from Other Investments (Note 5)	462	1,719	
<b>Net cash inflow from returns on investments and servicing of finance</b>	<b>514</b>	<b>1,832</b>	
<b>24 Capital Expenditure and Financial Investment</b>			
Purchase of Tangible Fixed Assets	(16,554)	(16,126)	
Investment in Joint Venture (Note 13)	(1,000)	–	
Endowment funds (invested) / withdrawn (Note 14)	(7)	55	
Proceeds from sale of fixed assets (Note 30)	–	38,622	
Deferred Capital Grants Received (Note 18)	6,284	6,227	
Endowments Received (Note 19)	392	367	
<b>Net cash (outflow) / inflow from returns on capital expenditure and financial investment</b>	<b>(10,885)</b>	<b>29,145</b>	
<b>25 Analysis of Changes in Net Funds</b>			
	At 1 August		At 31 July
	2009	Cashflows	2010
	£000	£000	£000
Cash at Bank and in Hand			
Endowment assets	3,526	401	3,927
Other	9,051	(6,326)	2,725
	12,577	(5,925)	6,652
Current Asset Investments	71,361	2,803	74,164
	<b>83,938</b>	<b>(3,122)</b>	<b>80,816</b>

## Notes to the Accounts for the year ended 31 July 2010

Note	Group and University	
	2010	2009
	£000	£000
<b>26 Financial Commitments</b>		
Operating Lease Commitments in Respect of Annual Commitments for Land and Buildings, on Leases Expiring:		
Within One Year	–	–
Between Two and Five Years	403	393
Over Five Years	672	1,309
	<b>1,075</b>	<b>1,702</b>
Operating lease payments made	1,305	1,854
	Group and University	
	2010	2009
	£000	£000
<b>27 Capital Commitments</b>		
Expenditure Authorised and Contracted for	9,836	6,234
Expenditure Authorised but not Contracted for	573	659
	Group and University	
	2010	2009
	£000	£000
<b>28 Access Funds</b>		
Funding Council Grants	270	286
Disbursed to Students	(270)	(286)
	–	–

Funding Council Access Grants are available solely for students. The University acts only as paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Access Funds were distributed as follows: £48,000 to 62 postgraduate students and £222,000 to 255 undergraduate students.

### 29 Related party transactions

The University has transactions with a number of organisations which fall within the definition of Related Parties under FRS8 'Related Party Disclosures'. Details of transactions, where material, are shown below. In accordance with FRS8 no disclosure has been made of intra-group transactions and balances eliminated on consolidation.

	Income / (Expenditure)		Debtor balance		Nature of transaction / relationship
	2010	2009	2010	2009	
	£000	£000	£000	£000	
<b>Joint Venture</b>					
INTO City LLP	72	–	72	–	Fees for academic and administrative service
<b>Other Organisations</b>					
City University London Students' Union	(728)	(448)	–	–	Union subvention

## Notes to the Accounts for the year ended 31 July 2010

Note	Group and University	
<b>30 Sale of Fixed Assets</b>		
On 28 August 2008 the University completed the sale of two of its halls of residence, Francis Rowley Court and Walter Sickert Hall. A surplus of £29,775,000 accrued as follows:		
	£000	£000
Net sales proceeds		38,622
Net book value of disposals		
Cost	14,253	
Less: Accumulated depreciation	5,406	8,847
Surplus on disposal		<b>29,775</b>

### 31 Post Balance Sheet event

The University is proposing to grant a long leasehold in its Finsbury Hall student residences complex. Contracts are expected to be exchanged in November and completion is expected early in 2011 once planning permission has been granted.

## Notes to the Accounts for the year ended 31 July 2010

Note

### 32 Pension Schemes

The two pension schemes for the University staff are the Universities Superannuation Scheme (USS) and the London Pensions Fund Authority Scheme (LPFA). The assets of the Schemes are held in separate trustee administered funds. The Schemes are defined benefit schemes, which are externally funded and are valued every three years by actuaries using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. USS provides benefits based on final pensionable salary for academic and related employees of all 'old' UK Universities and some other employees. LPFA provides similar benefits for other staff of the University. The pension costs are assessed using the projected unit method. The assumptions and other data that have the most significant effect on the determination of the contribution levels are as follows:

	USS 31 March 2008	LPFA 31 March 2007
Latest actuarial valuations		
Investment returns per annum (%)	6.4	4.5 – 6.3
Salary scale increases per annum (%)	4.3	4.7
Pension increases per annum (%)	3.3	3.2
Market value of assets at date of last valuation	£28,843m	£2,284m
Proportion of members' accrued benefits covered by the actuarial value of the assets (%)	103	82
Employers contribution rate (%) to September 2009	14.0	17.1
Employers contribution rate (%) from October 2009	16.0	17.1
Employers pension costs for current year	£9.6m	£1.5m

The market value of assets stated above relate to the total scheme assets. The USS contribution rate is standard for all institutions. It is not possible to identify the University's share of the underlying assets and liabilities in the USS scheme and hence, using the exemption under Financial Reporting Standard 17 (FRS 17) contributions to the scheme are accounted for as if it were a defined contribution scheme with the cost recognised in the Income and Expenditure account being equal to the contributions payable to the scheme.

#### Universities Superannuation Scheme

##### Mortality

The assumed life expectations on retirement at age 65 were:

	Males	Females
Current Pensioners	22.8 years	24.8 years
Future Pensioners	24.0 years	25.9 years

#### London Pensions Fund Authority Scheme

LPFA maintains a rate per institution related to assets and liabilities accruing to each individual institution. In order to comply with the requirements of Financial Reporting Standard 17, Retirement Benefits, the following additional information is disclosed in relation to the LPFA scheme.

Financial Assumptions as at	31 July 2010 % per annum	31 July 2009 % per annum
Price increases – Retail Prices Index	3.2	3.6
Price increases – Consumer Prices Index	2.7	n/a
Salary increases	4.7	5.1
Pension increases	2.7	3.6
Discount rate	5.4	6.0

##### Mortality

Life expectancy has been projected to calendar year 2033 for non pensioners and 2017 for pensioners. Based on these assumptions the average future life expectancies at age 65 are summarised below

	Males	Females
Current Pensioners	19.6 years	22.5 years
Future Pensioners	20.7 years	23.6 years

An additional mortality loading of approximately 3.5% has been applied to the non-pensioner liabilities and approximately 1.7% to the pensioner liabilities to reflect the particular experience of the fund.



## Notes to the Accounts for the year ended 31 July 2010

Note

### 32 Pension Schemes – continued

The assets of the LPFA scheme and the expected rates of return were:

	Long Term Return at 31 July 2010	Assets at 31 July 2010	Long Term Return at 31 July 2009	Assets at 31 July 2009	Long Term Return at 31 July 2008	Assets at 31 July 2008
	% per annum	£000	% per annum	£000	% per annum	£000
Equities	7.3	23,182	7.5	20,828	7.6	19,019
Target return portfolio	4.5	4,032	6.2	3,146	6.3	6,377
Alternative assets	6.3	5,040	6.7	4,489	6.8	7,238
Cash	3.0	672	3.0	2,077	4.8	(125)
Other Bonds	5.4	672	–	–	–	–
<b>Total</b>	<b>6.7</b>	<b>33,598</b>	<b>6.9</b>	<b>30,540</b>	<b>7.4</b>	<b>32,509</b>

### Analysis of the amount shown in the Balance Sheet

	31 July 2010	31 July 2009	31 July 2008
	£000	£000	£000
Fair Value of Employer Assets	33,598	30,540	32,509
Present Value of Funded Obligations	(51,071)	(49,483)	(42,558)
Present Value of Unfunded Obligations	(18)	(23)	(22)
Total Value of Liabilities	(51,089)	(49,506)	(42,580)
<b>Net Pension Liability</b>	<b>(17,491)</b>	<b>(18,966)</b>	<b>(10,071)</b>

### Revenue account costs

#### Analysis of the amount charged to operating surplus

	31 July 2010	31 July 2009
	£000	£000
Current Service Cost	1,212	964
Curtailments	40	51
<b>Total Operating Charge</b>	<b>1,252</b>	<b>1,015</b>

#### Analysis of the amount credited to other finance income / charged to Interest payable

	31 July 2010	31 July 2009
	£000	£000
Expected Return on Employer Assets	2,107	2,338
Interest Cost on Pension Scheme Liabilities	2,960	2,841
<b>Net charge</b>	<b>(853)</b>	<b>(503)</b>

## Notes to the Accounts for the year ended 31 July 2010

Note

## 32 Pension Schemes – continued

Analysis of amount recognised in Statement of Total Recognised Gains and Losses (STRGL)	31 July 2010	31 July 2009
	£000	£000
Actual return less expected return on pension scheme assets	945	(4,429)
Changes in assumptions underlying the present value of the scheme liabilities	1,077	(4,384)
<b>Actuarial gain / (loss) recognised in STRGL</b>	<b>2,022</b>	<b>(8,813)</b>

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University has considered the LGPS scheme rules and associated members' literature and has concluded that as a result, a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). At the date of these financial statements, the Urgent Issues Task Force (UITF) is in the process of consulting widely on the accounting treatment for this change and is expected to issue an Abstract towards the end of 2010. Should the Abstract call for a different accounting treatment it may be necessary to reflect any change in the financial statements for the following year.

Analysis of the movements in the present value of the scheme liabilities	31 July 2010	31 July 2009
	£000	£000
At 1 August	49,506	42,580
Current Service Cost	1,212	964
Interest Cost	2,960	2,841
Contributions by Members	567	544
Curtailments	40	51
Estimated Benefits Paid	(2,119)	(1,858)
Actuarial (Gains) / Losses	(1,077)	4,384
<b>At 31 July</b>	<b>51,089</b>	<b>49,506</b>

Analysis of the movements in the fair value of the scheme assets	31 July 2010	31 July 2009
	£000	£000
At 1 August	30,540	32,509
Expected return on assets	2,107	2,338
Contributions by Members	567	544
Contributions by Employer	1,558	1,436
Estimated Benefits Paid	(2,119)	(1,858)
Actuarial Gain / (Loss)	945	(4,429)
<b>At 31 July</b>	<b>33,598</b>	<b>30,540</b>

## Notes to the Accounts for the year ended 31 July 2010

Note

### 32 Pension Schemes – continued

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

	31 July 2010	31 July 2009	31 July 2008	31 July 2007	31 July 2006
	£000	£000	£000	£000	£000
Fair Value of Employer Assets	33,598	30,540	32,509	36,026	31,809
Present Value of Scheme Liabilities	(51,089)	(49,506)	(42,580)	(42,525)	(43,068)
Deficit	(17,491)	(18,966)	(10,071)	(6,499)	(11,259)

Experience Gains / (Losses) on Assets	945	(4,429)	(6,278)	1,623	1,295
Experience Gains / (Losses) on Liabilities	4	0	2,646	1	(1)

#### Amount Recognised in Statement of Total Recognised Gains and Losses (STRGL)

Actuarial Gains / (Losses)	2,022	(8,813)	(3,814)	4,833	(179)
Cumulative Actuarial (Losses) / Gains	(5,785)	(7,807)	1,006	4,820	(13)

#### Projected Pension Expense for the year to 31 July 2011

Projections for the year to 31 July 2011	Year to 31 July 2011
	£000
Service cost	1,289
Interest cost	2,752
Return on assets	(2,248)
<b>Total</b>	<b>1,793</b>

Employer contributions	1,565
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## City University London Financial Performance Indicators for the five years to 31 July 2010

A. Indicators Relating to Income and Expenditure (% Ratio to Total Income)	2010	2009	2008	2007	2006
1. Grants from HEFCE	24	23	21	22	22
2. Tuition Fees	63	60	62	61	60
3. Income from Research Grants and Contracts	5	5	5	5	5
4. Other General Income	8	12	12	12	13
	100	100	100	100	100
5. % Ratio of Pay Expenditure to Total Expenditure	60	59	61	59	60
6. % Ratio of Surplus/(Deficit) for the Year	2	15	3	0	1
<b>B. Indicators Relating to Financial Strength</b>					
7. Days Ratio of Total General Funds to Total Expenditure (To indicate the number of days total expenditure which could be met from General Funds)	238	234	211	202	222
8. Days ratio of Net Current Assets to Total Expenditure (Number of days an institution could meet expenditure from net assets)	102	108	44	81	80
9. % Ratio of Long Term Liabilities to Total General Funds (To indicate the extent to which an institution is funded by long-term debts as a measure of its capital gearing)	0	0	0	22	22
<b>C. Indicators Relating to Short-term Liquidity &amp; Solvency as at 31 July</b>					
10. % Ratio of Liquid Assets (Cash + Short Term Investments) to Current liabilities (Extent to which current liabilities could be met from liquid assets)	196	212	128	185	175
11. Ratio of Current Assets to Current Liabilities (Extent to which current liabilities could be met from current assets)	2.27	2.39	1.51	2.05	2.01
12. Days of Total Income (excluding HEFCE Income) Represented by Debtors	32	28	25	20	25
13. Days of Total Income (excluding HEFCE Income) Represented by Trade Debtors (to assess whether or not debts are being recovered within a reasonable time)	17	10	15	10	8

### Notes:

- The income indicators clearly show the importance of fee income as a percentage of turnover. The indicator for fee income includes the contracts with the National Health Service.
- Indicator 13 is used in these accounts to reflect more correctly the debtors position by concentrating on invoiced debts and excluding prepayments, accrued income and other uninvoiced debts.
- For more consistent comparability, the indicators relating to income for 2009 exclude the surplus of £29.775 million on the sale of two halls of residence. The ratio of surplus for the year includes the £29.775 million.
- The above figures have been calculated using the group accounts ie the consolidated accounts of City University London and all its subsidiary undertakings.

## Comparative Financial Performance Indicators for the five years to 31 July 2009

<b>A. Indicators Relating to Income and Expenditure</b> <b>(% Ratio to Total Income)</b>	England Average 2009	England Average 2008	England Average 2007	England Average 2006	England Average 2005
1. Grants from HEFCE	34	35	37	38	38
2. Tuition Fees	30	28	26	24	25
3. Income from Research Grants and Contracts	16	16	16	16	16
4. Other General Income	20	21	21	22	21
	100	100	100	100	100
5. % Ratio of Pay Expenditure to Total Expenditure	56	57	57	58	58
6. % Ratio of Surplus/(Deficit) for the Year	1	2	1	1	1
<b>B. Indicators Relating to Financial Strength</b>					
7. Days Ratio of Total General Funds to Total Expenditure (To indicate the number of days total expenditure which could be met from General Funds)	97	119	126	112	148
8. Days ratio of Net Current Assets to Total Expenditure (Number of days an institution could meet expenditure from net assets)	25	31	22	21	19
9. % Ratio of Long Term Liabilities to Total General Funds (To indicate the extent to which an institution is funded by long-term debts as a measure of its capital gearing)	82	68	60	67	51
<b>C. Indicators Relating to Short-term Liquidity &amp; Solvency</b>					
10. % Ratio of Liquid Assets (Cash + Short Term Investments) to Current liabilities (Extent to which current liabilities could be met from liquid assets)	82	87	75	71	66
11. Ratio of Current Assets to Current Liabilities (Extent to which current liabilities could be met from current assets)	1.26	1.33	1.23	1.23	1.21
12. Days of Total Income (excluding HEFCE Income) Represented by Debtors	59	62	68	73	76

### Notes:

1. The above indicators are only published for each individual institution. For the purposes of these accounts averages for England have been calculated using total figures published by the Higher Education Information Database for Institutions (HEIDI), which is run by the Higher Education Statistics Agency.
2. Against the comparators, City has a high reliance on fee income, but shows above-average financial strength and liquidity, with no long-term debt.

## Consolidated Income and Expenditure Account for the five years to 31 July 2010

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
<b>Income</b>					
Funding Council Grants	42,508	39,519	34,127	33,067	29,732
Academic Fees and Support Grants	112,143	104,393	98,357	89,922	81,257
Research Grants and Contracts	8,000	9,292	7,717	7,747	7,160
Other Income	15,339	19,366	15,993	14,432	15,256
Endowment Income and Interest Receivable	514	1,832	2,811	3,317	2,708
<b>Total Income</b>	<b>178,504</b>	<b>174,402</b>	<b>159,005</b>	<b>148,485</b>	<b>136,113</b>
<b>Expenditure</b>					
Staff Costs	104,183	101,181	93,752	87,903	80,150
Staff Costs – Exceptional Restructuring Costs	1,807	4,393	205	2,927	–
Other Operating Expenses	58,724	61,631	51,069	47,996	45,202
Depreciation	11,699	11,108	8,549	8,347	7,969
Interest Payable	853	503	223	1,078	1,143
<b>Total Expenditure</b>	<b>177,266</b>	<b>178,816</b>	<b>153,798</b>	<b>148,251</b>	<b>134,464</b>
Surplus/(Deficit) after Depreciation of Assets at Cost and Before Tax	1,238	(4,414)	5,207	234	1,649
Share of operating loss in joint venture	(1,275)	–	–	–	–
<b>Operating surplus / (deficit)</b>	<b>(37)</b>	<b>(4,414)</b>	<b>5,207</b>	<b>234</b>	<b>1,649</b>
Surplus on sale of fixed assets	–	29,775	–	–	–
(Deficit) / Surplus after Depreciation of Assets at Cost and Before Tax	(37)	25,361	5,207	234	1,649
Taxation	–	–	–	–	–
(Deficit) / Surplus after Depreciation of Assets at Cost and Tax	(37)	25,361	5,207	234	1,649
Transfer to accumulated income within Specific Endowments	(16)	3	(10)	(33)	(4)
(Deficit) / Surplus for the year retained within General Reserves	(53)	25,364	5,197	201	1,645
LPFA Pension Fund actuarial movements	2,022	(8,813)	(3,814)	4,833	(179)
Reserves Brought Forward	92,954	76,403	75,020	69,986	68,520
<b>Reserves Carried Forward</b>	<b>94,923</b>	<b>92,954</b>	<b>76,403</b>	<b>75,020</b>	<b>69,986</b>

## Consolidated Balance Sheet for the five years to 31 July 2010

	2010	2009	2008	2007	2006
	£000	£000	£000	£000	£000
<b>Fixed Assets</b>					
Tangible Assets	115,282	111,860	115,184	109,212	110,492
Investment Assets – Joint Venture	(275)	–	–	–	–
	115,007	111,860	115,184	109,212	110,492
<b>Endowment Asset Investments</b>	6,962	6,100	6,104	4,604	4,141
<b>Current Assets</b>					
Stock	82	49	19	15	31
Debtors	12,047	10,496	8,523	6,417	7,419
Investments	74,164	71,361	40,570	52,653	46,234
Cash at bank and In hand	2,725	9,051	5,155	5,494	5,394
	89,018	90,957	54,267	64,579	59,078
<b>Creditors – amounts falling due within one year</b>	(39,249)	(38,003)	(35,820)	(31,503)	(29,463)
<b>Net Current Assets</b>	<b>49,769</b>	<b>52,954</b>	<b>18,447</b>	<b>33,076</b>	<b>29,615</b>
<b>Total Assets less Current Liabilities</b>	171,738	170,914	139,735	146,892	144,248
<b>Creditors – amounts falling due after more than one year</b>	–	–	–	(17,840)	(18,365)
<b>Provisions for Liabilities</b>	(1,411)	(4,680)	(2,019)	(3,864)	(933)
<b>Liability on LPFA Pension Fund</b>	(17,491)	(18,966)	(10,071)	(6,499)	(11,259)
<b>Net Assets</b>	<b>152,836</b>	<b>147,268</b>	<b>127,645</b>	<b>118,689</b>	<b>113,691</b>
<b>Deferred Capital Grants</b>	39,951	37,214	34,138	28,065	28,564
<b>Endowments</b>					
Expendable	3,372	2,906	2,592	484	405
Permanent	3,590	3,194	3,512	4,120	3,736
	6,962	6,100	6,104	4,604	4,141
<b>Reserves</b>					
Revaluation Reserve	11,000	11,000	11,000	11,000	11,000
General reserve excluding Pension Reserve	112,414	111,920	86,474	81,519	81,245
Pension Deficit Reserve	(17,491)	(18,966)	(10,071)	(6,499)	(11,259)
General reserve including Pension Reserve	94,923	92,954	76,403	75,020	69,986
<b>Total Reserves</b>	105,923	103,954	87,403	86,020	80,986
<b>Total Funds</b>	<b>152,836</b>	<b>147,268</b>	<b>127,645</b>	<b>118,689</b>	<b>113,691</b>

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