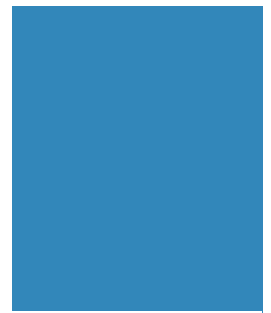




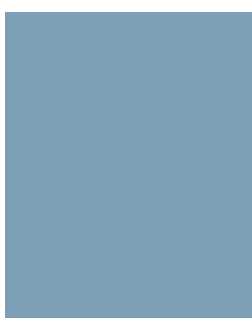
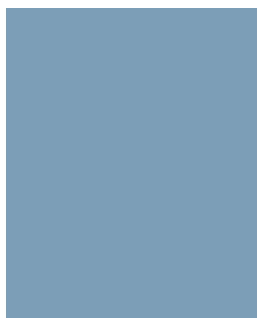
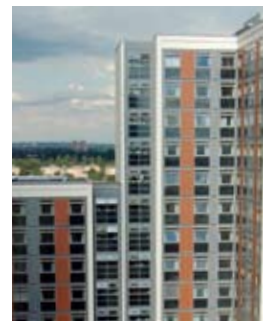
Thames Valley University
London Reading Slough

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**Annual Report
and Financial
Statements**
Year ended 31 July 2008





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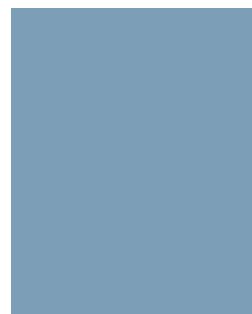
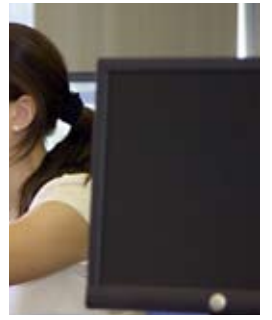
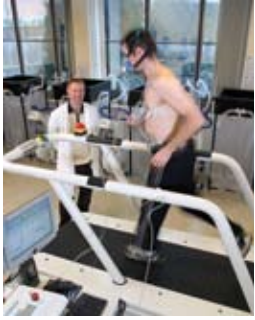


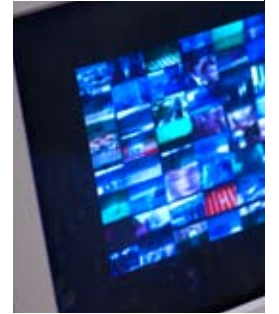
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Our Mission

As a multi-sector institution (further and higher education) with national and international reach, the University is dedicated to providing a personalised education that satisfies the demands of students, employers and stakeholders alike. By bringing further and higher education to the heart of a diverse constituency through inspirational teaching, research and work-based learning underpinned by inclusive values, the University enables students of all backgrounds to thrive and succeed.



Highlights of the Year

new leadership

First year under the leadership of new Vice-Chancellor and Chief Executive, Professor Peter John

key new senior team

Appointment of key new senior team including the Deputy Vice-Chancellor (Academic), the Deputy Vice-Chancellor (Enterprise) and the Pro Vice Chancellor for Business Development

top of the league

Top of the Times Higher Education league for getting students into employment – 94.8% of Thames Valley University's graduates are employed or in full time education within 6 months of leaving

second highest mover

Second highest mover in the Guardian University League table (102nd to 85th)

new strategic plan

Launch of the new Strategic Plan 2008 to 2013

new student accommodation

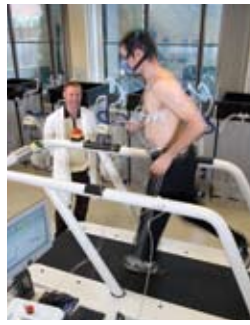
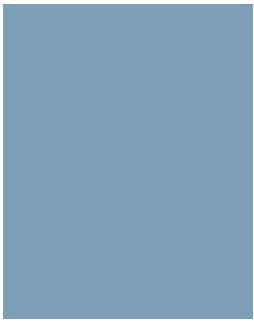
First full year of operation of the University's landmark new student accommodation and academic building at Brentford

reshaping faculties

Reshaping of Faculties and creation of new academic Schools

new strategic enterprise

The formation of a new Strategic Enterprise and Business Unit to take forward all third stream, enterprise, employer engagement, knowledge transfer and commercial activity



Financial Highlights

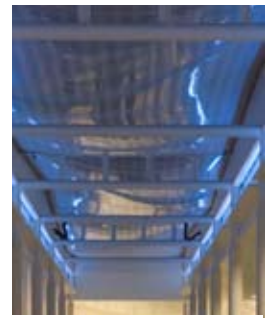
	2008 £m	2007 £m
Income	110.2	106.2
Operating surplus / (deficit) before exceptional items and redundancy costs	0.9	(4.2)
Surplus / (deficit) for the year	6.6	(6.7)
Cash less borrowings	19.9	(2.3)

step change in financial performance

Step change in financial performance, with a return to operating surplus (before exceptional items and redundancy costs) for the first time since 2003/4, a turnaround of £5.1m from the previous year

increase in cash

Significant increase in cash following the sale of a property



Chairman's Statement

One of the University's key objectives is to ensure long-term financial viability. It is a tribute to the impact that the new Vice-Chancellor has made in his first full year that the University has returned a surplus at operating level, before exceptional items and redundancy costs, after three years of deficits. Whilst we cannot yet claim that we are on a sustainable financial platform 2007/8 posed many challenges yet ultimately a positive outcome was achieved through strong, determined management. In addition effective management of the Estate resulted in property disposals, which realised significant value and transformed our cash position. Given the difficult global and national financial circumstances that surround us, this places the University in a strong position to invest for the future.

The University's strategic plan for 2008-13 "Education that works" was completed and published during the year. It combines both realism and ambition. The driving ambition of the University is by 2013 to be "the foremost employer engagement university in the country". The University is well positioned to realise this ambition. Currently 94.8% of our graduates are employed or in full-time education within 6 months of leaving and the University bid successfully for significant funding from HEFCE to support FutureSkills, a major project to implement new approaches in employer engagement and work based learning.

As we look forward to another purposeful year I should like to thank our Board of Governors for their valued contribution over the last year and to pay tribute to those Governors who retired during the year. I would also thank all our staff for their tireless efforts to enable the University to be effective and to provide students with a stimulating experience designed to enable successful outcomes.

Dino Adriano
Chair of the Board of Governors



Message from the Vice-Chancellor and Chief Executive

Financial sustainability is the essential pre-requisite to the achievement of our academic vision outlined in our new Strategic Plan. This year we have taken great strides in creating a financial infrastructure that can command the confidence of our stakeholders as well as underpinning our academic ambitions. This has been achieved through a combination of strong leadership and management, institutional re-structuring and a clear sense of direction.

However, it was the launch of the University's new Strategic Plan in July that represented a major step forward for the institution. The plan includes clear objectives, milestones, targets and performance indicators as well as providing a compelling and distinctive vision for the future University. Many of the sub-plans defined by the strategy are now in place and in February 2009 we intend to launch our new Estates master plan.

This new strategic intent means we can look forward to forging a new institutional identity guided by a new vision and mission. This undertaking not only responds to Government, HEFCE, LSC, and NHS priorities in terms of workforce up-skilling, employer engagement and business interaction but also retains our traditional commitment to widening participation, access and opportunity.

And at Thames Valley we have made great strides this year in advancing this agenda. For instance we:

- Topped the Times Higher Education league table for universities getting students into employment – a staggering 95% success rate within 6 months of leaving the University
- Became the second highest mover in the Guardian University League table going up from 102nd to 85th

- Secured the largest HEFCE grant in the UK for our innovative employer engagement Futureskills project with an overall £8m package

But there is much more to be done and we will do this by concentrating on the four key areas which are central to our mission. These are articulated in the new Strategic Plan 'Education that works...' so that by 2013 we aim to be:

- The foremost employer engagement university in the country
- A business facing university delivering a demand led portfolio
- The 'university of choice and opportunity' reaching out to students of all ages, abilities and backgrounds
- One of the leading modern universities specialising in the generation of 'useful' knowledge

I therefore feel immensely privileged to be leading the University in the next and exciting phase of its development for I believe we are on a journey to becoming what our Chancellor, Lord Bilimoria, calls 'tomorrow's university today.'

Organisational change

This year we re-organised the University into 12 academic schools which are bounded by three large faculties: Professional Studies, the Arts, and Health and Human Sciences. These new schools will be the core academic, management and financial units of the University. Led by a Head of School reporting directly to each Executive Dean, the sub-structure of each school is now consistent across the University. In addition, at Faculty level three new associate deans – quality, learning and teaching; research and scholarship; and enterprise and employer engagement – now drive forward the University’s academic agenda.

A new senior management structure was also put in place this year. The Vice-Chancellor’s Executive (VCE) comprises the two new Deputy Vice-Chancellors to drive the University’s academic mission and enterprise agenda. Both have provost responsibilities for TVU’s campuses. A new Director of Estates and Facilities also sits on the Executive alongside the University Secretary and Registrar, Director of Finance, the new Pro Vice-Chancellor for Business Development, the pro Vice-Chancellor (Executive Dean) and the Pro Vice-Chancellor (Further Education). The Executive also includes the two new Deans of Faculty: Health and Human Sciences and the Arts. The next tier is designated the Strategic Management Group (SMG) and consists of all members of VCE and the Directors of the Central Service Departments including International Education. This group is responsible for ensuring that the University strategy is aligned with the wider University context.

Academic developments

This year the University reviewed its programme planning processes in response to the needs of the Strategic Plan and the QAA. A new programme planning and approval process is now in place as is a tighter and better regulated procedure for all collaborative partnerships. The objectives of the new processes will be:

- To ensure that there is a close alignment between the University’s strategic priorities and programme planning
- To ensure that internal approvals are commensurate with the scale of change proposed
- To promote ‘ownership’ of programme proposals at a strategic level in academic schools and
- To link planning, pedagogy and assessment with learning outcomes.

The process will also ensure that all academic planning at programme level is informed by data relating to student demand, market conditions, resource requirements and recruitment. It is also important that the distinctive features of TVU’s programmes are appropriately embedded in programme proposals and that there is a high level of input from external stakeholders, including employers.

The current Quality Audit Unit will this year have its institutional brief widened to include Quality Assurance and Enhancement in an expanded Quality Office. The Office will work closely with an enhanced Education Development and e-Learning Unit (EDe-L) and a new Dean of Students, as well as working to improve institutional validation processes and collaborative structures (local, regional and international) across the institution.

The University’s recently constructed Learning, Teaching and Assessment (LTA) strategy is now fully connected to the new Strategic Plan. It represents an important building block in the University’s quest to become the leading employer engagement university in the UK. This new strategy document replaces the Teaching and Learning Strategy 2006 to 2009 and yearly action plans are being designed to drive our new agenda forward. This new (LTA) Strategy is designed to build an evidence-driven and scholarly approach to teaching and learner support. It reflects national priorities informing teaching enhancement.

We are currently experiencing a shift to a ‘knowledge market’. This means that students and employers, as our ‘clients’ or ‘customers’, expect increasingly to have an ever greater choice in what they learn and how they learn, whether as full-time, part-time, further education, undergraduate, postgraduate, or as CPD students. One of the challenges of this scenario is to ensure the active engagement of all students in the learning process.

In the current academic year (2008/9), plans are also in place to develop our foundation degree awards across the University. A team led by the Pro Vice-Chancellor for Further Education is planning our new offer based on a template derived from the specialist diplomas. In terms of the latter, the University was instrumental in forming a Greater Reading 14-19 Diploma Consortium that made a successful bid for all 5 lines of learning released for a September 2008 start. In this respect TVU was one of only nine consortia to gain this level of success.

In addition, a new ‘Workforce Development Group’ has recently been set up across the further education community at TVU to make preparations for achieving the employer engagement standard known as ‘Action for Business’. Also, the University participated in the establishment of two ‘Train to Gain’ consortia in Berkshire and West London and recently began a ‘Train to Gain’ provision in Health & Social Care, IT, Construction and Business Improvement.

Research and scholarship

This Research and Scholarship Strategy has been developed to support and embed the TVU Strategic Plan 2008 to 2013. Research, scholarship and consultancy are central to the mission of our University, underpinning the quality of our taught programmes and our engagement with employers. The implementation of the new Strategic Plan requires a step change in terms of our commitment to deliver to this agenda. In the past, research at TVU was regarded as simply a desirable activity that some staff pursued by choice. Whilst accepting that the research and scholarship we carry out will be fundamentally different from many other universities, there is a firm expectation that all academic staff on higher education contracts will be reflective practitioners and engage in research, scholarship, consultancy and/or other enterprise activity. This Research and Scholarship Strategy includes measures aimed at supporting academic staff to engage fully with the new agenda.

Thames Valley University is not a research intensive institution. Our submission to the RAE 2008 was therefore highly selective and aimed at reputational rather than financial gains. We submitted the outputs of 80 academic staff to seven units of assessment. The following submissions (with the number of staff entered in brackets) were made: Music (23); Nursing & Midwifery (21); Art and Design (10); Psychology (9); Communication, Cultural and Media Studies (7); Computer Science and Informatics (5); and Education (5).

The research achievements of our academic staff and students in pockets of the University have been laudable. However, there have been few tangible rewards for researchers so far. This is now changing and the following aims reflect more ambitious aspirations:

- To accelerate the development of research capacity and capability and scholarly activity at TVU
- To embed and sustain a lively and growing research and enterprise culture across the University
- To increase the attractiveness of Thames Valley University to potential students, staff, employers and other potential stakeholders as an institution known for its pursuit of excellence in applied, pedagogic and practice-based research
- To grow our income from research and enterprise based activity.

Estates

The Estates strategy is currently being progressed alongside the new academic plan and its various sub-plans. The aim is to have the new Estates master plan in place in early February 2009. This will align the next phase of our growth to the future priorities of the University; it is intended that significant capital investment will support these developments.

In November 2008 we will be carrying out a full institutional review of our teaching spaces in order to develop a more streamlined and effective use of our Estate. The resulting analysis will also inform the estates strategy and the academic Resource Allocation Model (RAM version 2).

The new Paragon campus is now fully occupied and this year we are planning a co-location with other cognate disciplines. This will bring greater coherence to the three Academic Schools in Paragon as well as building a greater sense of community on the campus. We also intend to improve the flow of students and staff between St. Mary's Road and Paragon.

The first stage of re-development at St. Mary's Road which completes the HEFCE funded Poor Estates Project is also finished. The up-grading of the corridors and teaching spaces in St. Mary's Road is now underway with four phases already completed. This includes the creation of a new 'innovation space', a second training restaurant, a staff and post-graduate common room and staff offices. The next major refurbishment at the Heart of the Campus will form a significant part of the new Estates strategy and will include a new library, new teaching accommodation, social learning facilities and atrium, retail outlets and a performance space.

The redevelopment of TVU's Slough campus which is critical to Slough Borough Council's Heart of Slough project has fallen away due to market conditions. We are in the process of re-designing our presence in Slough in partnership with the Borough Council, SEGRO and East Berkshire College.

Planning is now well advanced for the new teaching facility at Kings Road campus, Reading (Phase 2). This will accommodate all of the Crescent Road campus as well as new specialist and generic teaching areas. It is intended that this new building will also house the planned growth of our higher academic education.

The University's international work is highly important both in pedagogic and business terms. The University has International Offices at Ealing, Reading, Kuala Lumpur, and Mumbai. The University met all its overseas student number targets in 2007/8 and in the next academic year we will be looking to develop new partnerships and arrangements with a range of institutions.

There are five elements to TVU's international activities:

- i) The recruitment of individual students with overseas fees status
- ii) Franchise operations in overseas territories
- iii) The recruitment of non-UK EU students
- iv) The London College of Music Examinations
- v) Short course and specialist provision for overseas professionals

The challenges ahead

During the academic year 2007/8 the University made significant strides in re-engineering its financial and human resource base. All of last year's strategic objectives were achieved including the introduction of a Resource Allocation Model (RAM version1), a faculty re-shaping exercise, a new senior management team, extensive internal reviews of central service departments, and the introduction of new financial regulations needed to deliver a surplus budget. We also carried out a full benchmarking of the University's expenditures against a range of higher education competitors.

The objectives listed below are connected to a range of themes emerging from the review of the previous year's activity highlighted above. They include:

- The need to perform highly on external measures in comparison with our benchmark universities so as to maximise our reputation and attract and retain high quality students and staff
- The desire to chart a distinctive future for ourselves with the intended outcome that by 2013 we will be the leading employer engagement university in the country
- The imperative of taking advantage of our regional network of campuses, centres and partnerships
- The recognition that the educational environment in which we operate will remain demand led, market driven and quality focused

In short, we are attempting to strike a balance between a desire to determine our own future with the realities of Government funding objectives within changing market conditions. Our selection of priorities for 2008/9 has been heavily influenced by an analysis of our current performance and an estimation of the resources required to fund the necessary changes. This will mean tailoring our academic offer to support income growth, managing our resources effectively to achieve stability, strengthening and deepening our links with employers and generating an increased income from our enterprise activities.

Professor Peter John

Vice-Chancellor and Chief Executive

Annual Review

Introduction

The driving ambition of Thames Valley University is to be the leading employer engagement university in the UK by 2013. This aim reflects the University's traditional commitment to widening participation, access and opportunity as well as reflecting the priorities of Government, the Higher Education Funding Council for England (HEFCE), the Learning and Skills Council (LSC) and the National Health Service (NHS) regarding workforce development and employer interaction.

In 2007/8 the University had c28,000 students (c15,000 FTE) of whom 60% were female and 40% male. 57% of the students were aged 25 and over and 58% studied at the University part-time. The student body reflected the ethnic diversity of the region and students from over 140 countries studied at the University.

Strategy, organisational change and future challenges

Professor Peter John was appointed as Vice-Chancellor and Chief Executive in July 2007. During his first year he led a programme of substantial change, with a view to securing the University's long-term financial stability. Central to this has been the development of a new five-year Strategic Plan and a series of initiatives to strengthen the leadership and management of the University.

These measures have transformed the University's financial performance and it achieved an operating surplus (before exceptional items and redundancy costs) compared with deficits in the previous three years.

A new Strategic Plan for 2008 to 2013 was completed during the year. The plan positions the University as "the University for the Thames Valley" and includes a new mission: *"As a multi-sector institution (further and higher education) with national and international reach, the University is dedicated to providing a personalised education that satisfies the demands of students, employers and stakeholders alike. By bringing further and higher education to the heart of a diverse constituency through inspirational teaching, research and work-based learning underpinned by inclusive values, the University enables students of all backgrounds to thrive and succeed."*

The Plan sets out the University's vision in four key areas:

- i) By 2013, TVU will be the **foremost employer engagement university in the country**, playing a lead role in taking forward the world-class skills agenda.

- ii) By 2013, TVU will be a **business-facing university with a demand-led portfolio**, delivered in a flexible learning environment.

- iii) TVU will continue to be the **'university of choice and opportunity'** through the provision of seamless education across all levels and beyond. TVU will continue to work with local communities to inspire and encourage enthusiasm for learning.

- iv) By 2013, TVU will be one of the leading modern universities specialising in the generation, application and transfer of **'useful knowledge'**. This will see staff, students and stakeholders working together to produce research that is practically relevant and academically rigorous.

In the year four key senior appointments were made: two new Deputy Vice-Chancellors, to drive the University's academic mission and character; a Pro Vice-Chancellor for Strategic Business Development, to spearhead the enterprise agenda; and a Director of Estates and Facilities, to continue the task of ensuring that our estate fits our strategy and is fit for purpose.

2008/9 will be a challenging year as the University bears the final increase of the three-year national pay agreement, bringing the total increase over the three-year period to at least 15% for the sector. This puts higher education sector pay awards ahead of other public sector agreements and, as most Universities spend some 60% of their income on staff costs, this will have a huge impact on the financial sustainability of the sector going forward. Decisions relating to both national pay scales and pension fund costs are taken outside the University and without reference to affordability. To ensure that staff costs remain at an affordable level, management has implemented controls over staff recruitment and is continually looking at ways to rationalise working, which includes making maximum use of Information Technology.

The University is not immune to the other inflationary increases facing all organisations, in particular, the rising costs of energy.

At the same time, there is pressure on income as HEFCE and LSC realign their funding priorities, specifically, the loss of funding from HEFCE for equivalent or lower level qualifications.

It is against this background that the University is driving for a balanced Budget in 2008/9.

In his message the Vice-Chancellor provides further insights to last year's performance and future challenges.

Challenges and opportunities in the Education sector

Since TVU gained its Royal Charter in 1992, the UK's higher education landscape has changed dramatically. The extension of the University title, the rapid growth in participation, demographic shifts, changing aspirations, the advent of the variable fee and the ever-increasing pressure to maintain Britain's global competitiveness have presented both opportunities and challenges. In addition, the separation of the Department for Education and Skills into two new departments continues to shape policy and funding.

The role of universities in developing economic activity both locally and nationally, coupled with the need to address the skills deficit, has led to what the Department for Innovation, Universities and Skills (DIUS) describes as 'a new university challenge'. This was highlighted in the White Paper Innovation Nation, which was published off the back of a series of reviews including the Lambert Review, the Cox Report and the influential Leitch Review. All point to the need for universities to engage actively with business to become more demand led and to carve out increasingly differentiated missions.

A range of opportunities arise from the University's explicit focus on employer engagement, business interaction and workforce 'up-skilling'. This is an excellent time for management to unlock the full potential of the institution to inspire creativity, innovation and enterprise.

The further education sector is gradually shifting away from the LSC main grant towards annual competitive tendering. In order to tender, student success rates must remain at, or above, the LSC's minimum levels of performance. This new funding landscape can present opportunities – and the University has had some success to date – but maintaining a stable level of LSC funding year on year does pose a challenge.

The higher education sector faces a number of changes over the next few years, with a plethora of areas competing for attention and funding. These challenges include known and anticipated changes to the HEFCE Teaching Funding Method (TFM), for example:

- The introduction of targeted allocations and changes in subject weightings.
- The removal of funding for students studying towards an equivalent or lower qualification to the one they already hold.
- The Government's review of fee levels in 2009.

The sector is also facing changes from outside the UK, such as growing international competition and the ongoing development of the Bologna Process. The EU Bologna Declaration put in motion a series of reforms needed to make European higher education more compatible, comparable, competitive and

attractive to Europeans, as well as students and scholars from other continents. The Process will create the European Higher Education Area, within which degrees are equivalent and students and academics can transfer easily between universities. The aim is that, in time, Europe will become more attractive to overseas students who would have previously chosen to study in Australia or the US.

The Leitch Review set out the importance of developing a highly skilled workforce with over 40% of the population aged 19 to state pension age qualified to Level 4 or above by 2020. This would be a rise of around 11%. The Government is focusing on working with businesses to encourage mature students into further and higher education and is seeking an expansion of Train to Gain. By 2010, it is anticipated that the majority of adult further education funding will be routed through Train to Gain and Adult Skills Accounts to boost achievement of full Level 2, full Level 3 and Adult Literacy and Numeracy qualifications within the workforce.

The NHS education budget has been reduced nationally as part of the financial re-profiling and limited growth is anticipated. The University has significant contracts with the NHS, principally in relation to pre-registration and post-registration nursing in London and Berkshire. These contracts are in an uncertain position due to external financial and other pressures. The steady growth in income enjoyed in the past has ceased and all the indications point to a reduced income stream for the foreseeable future.

Challenges continue to exist in terms of delivery. The introduction of benchmark pricing (BMP) is also relevant. BMP introduces a standard price per pre-registration student across England and allows for new negotiations concerning, for example, minimum levels of activity and contract duration. On a related point, there has been considerable media coverage on a perceived oversupply of nurses, raising concerns that posts will not be available for newly qualified staff. While the vacancy position is complex, these reports are likely to have a negative impact on student recruitment.

HEFCE are currently consulting on changes to the support for teaching enhancement and widening participation. The University welcomes some elements of the suggested changes, for example, the focus on working with primary schools, but the proposed change to the weightings used in the funding formula presents a serious threat. It would mean that TVU – which is widely recognised for its commitment and success in working with colleges and schools and students experiencing real disadvantage – would suffer a significant budget reduction in 2009/10.

Academic review

The University recorded a successful year in 2007/8 with a wider offering and new programmes.

The University's academic portfolio for both further and higher education is organised within the following Faculties and Schools:

- The Faculty of the Arts
 - London College of Music
 - School of Art and Design
 - School of Media
- The Faculty of Health and Human Sciences
 - School of Nursing
 - Community Health, Social Care and Midwifery
 - Human and Psychological Sciences
- The Faculty of Professional Studies
 - Business School
 - Ealing Law School
 - London School of Hospitality and Tourism
 - School of Computing

In addition, the School of Technology provides courses in construction and the built environment and engineering at both further and higher education levels.

TVU's further education offer is made primarily through a specific further education school called the 14-19 Academy. However, it is also delivered through the Faculties.

Further education courses remain under national review through the Government's education reforms for young people and adults. The University has been at the forefront of these reforms with the successful development of the new diplomas in 'five lines of learning'. It has successfully applied to develop three more lines for September 2009. Although it's not a pilot centre, the University is also preparing for the introduction of the Foundation Learning Tier to replace all pre-Level 2 learning. In terms of adults, we are responding to the adult reform programme by adopting the Qualifications Credit Framework courses as they become available. These reforms are set to continue until at least 2013 and will coincide with the raising of the participation age.

Academic developments

Two-Year Degree

The University developed its first two-year degree in 2007/08. The BA Film is a full-cost programme delivered in partnership with the London Met School at Ealing Studios. Other two-year degree programmes are in the pipeline.

Negotiated Awards

The University's Negotiated Award Framework, which is designed to reach out to mature students in employment, was fully established in 2007/08 and 121 students were enrolled on individually tailored programmes, largely in collaboration with employers in the Health sector.

Research

Research and scholarship are fundamental to the life of a university. Indeed, it is vital for TVU as a university with a deep vocational and professional tradition to apply pedagogic and practice-based research forms as part of its ongoing pursuit of excellence and to underpin the quality of taught programmes.

The Graduate School was established in 2005 to support graduate students and promote research. It has played and will continue to play a leading role in ensuring that Postgraduate Research (PGR) students are given quality supervision, staff development in research and scholarship is supported and research governance policies and procedures are developed. TVU has increased the number of workshops, seminars and conferences designed to develop staff skills in research student supervision, writing for publication and research bid preparation. Generic programmes in Research Methods (PG Cert, PGDip and MA/MSc) are now available and academic staff are encouraged to enrol as part of their staff development activity.

Given the scope and scale of the University's current research activity, the University's submission to the Research Assessment Exercise (RAE) 2008 was highly selective and aimed at reputational rather than financial gains. The research achievements of academic staff and students in pockets of the University have been laudable, but there have been few tangible rewards for staff engaged in research and scholarship so far. This is changing and the University now has more ambitious plans.

The implementation of the new Strategic Plan requires a step change in terms of commitment to research and scholarship. In the past, the University has viewed research as a desirable activity. Now there is an expectation that all academic staff will be reflective practitioners and engage appropriately in scholarship, research and enterprise activity. Academic staff will be given the support necessary to engage fully with this new agenda.

Engaging with business and the wider community

FutureSkills and the Strategic Enterprise and Business Unit

To build on TVU's strong links with employers and to realise the University's ambition to be the foremost employer engagement university in the country the Strategic Enterprise and Business Unit has been established and the University has received significant funding from HEFCE's Strategic Development Fund to support FutureSkills, a major project to design, test and implement new approaches in employer engagement and Work Based Learning.

The University's clear intention is to develop and grow new markets based in the workplace and focused on workplace needs. TVU will be developing innovative pedagogies and products that are appropriate to these new markets. This project provides substance and support to the often used term 'the knowledge economy', and focuses on the need to remain globally competitive.

Skills development and foundation degrees

The University undertakes a range of skills development programmes for and on behalf of employers, most notably through Foundation Degrees. The University has developed programmes of national importance, for example, working with Harrison's Catering to deliver catering skills to school cooks. In February 2008 the School Food Trust launched 'FEAST' (Food Excellence and Skills Training), a campaign to support a network of centres across England providing training to school cooks. Ed Balls, the Secretary of State for Children, Schools and Families and celebrity chefs Prue Leith and Raymond Blanc attended the launch.

The University has a successful track record in providing a range of Skills Development programmes funded by the European Social Fund through the Regional Development Agencies and the LSC. This funding has been used to support small and medium-sized enterprises (SMEs) train their staff in areas such as food hygiene, food preparation and service, customer service, IT and supervisory management.

TVU's London College of Music works closely with the Royal Military Bands to enhance their musicians' skills and accredit their knowledge.

Specialist facilities

During the year a significant range of new projects and activities advanced TVU's work with employers, including the provision of specialist facilities. The Gas Centre in Wokingham was opened to allow employers and sole practitioners in the energy industries to access the equipment and courses they need.

The University is also a specialist centre for the culinary arts and undertakes a range of consultancy for the food and hospitality industries.

Employers' sponsorship

Employers also work in partnership with the University to provide equipment and facilities for students. Examples include Native Instruments, a pioneer and market leader in the field of software instruments and one of the key players in the market of computer-based audio production technology. With the company's help, a new state-of-the-art laboratory was unveiled in 2007, making the University an 'Official NI Training Facility'. Similarly, Hanson Building Products and Castle Cement have given significant support to the University's construction programmes by providing materials.

Compass Group sponsors the University to run a Junior Chef School on a Saturday, with the aim of encouraging 14-16 years olds to pursue culinary arts as a career. The school concept has been rolled out nationally and is recognised as an important promotional tool for recruitment onto Hospitality courses. This year the University obtained sponsorship from the Lord Forte Foundation to establish a Junior Waiter School based on the same premise that has proved successful with young chefs.

Work with the NHS and health sector

As well as being one of the largest providers of healthcare education in the UK, the University delivers a range of non-clinical courses for Strategic Health Authorities and Health Care Trusts including:

- A programme for workforce planners for the National Workforce Project (an NHS organisation) and the Department of Health, Social Services and Public Safety in Northern Ireland.
- The Commissioning Programme delivered in partnership with AstraZeneca across Berkshire and the West Midlands.
- Management and leadership programmes for clinicians and managers working in health and social care, is delivered to staff from NHS Trusts and Local Authorities across West London and the Thames Valley.
- The University also works with the independent health sector, for example, HCA UK, to deliver a range of skills programmes.

Placements, internships and graduate recruitment

The University has a long tradition of providing placements across a range of courses. More than 50 companies take TVU students every year – both in the UK and abroad. The University has been particularly successful in finding placements for students in the Tourism, Hospitality and Leisure sectors, although students also benefit from shorter internships. For example, a group of Airline and Airport Management degree students undertook a six-week internship at Heathrow Airport, working for BAA in a range of support functions.

As well as the traditional placements in business-related disciplines, the University has also developed innovative opportunities for students from other cognate areas to obtain practical experience in the workplace. For example, criminology students are attached to local community and voluntary organisations to obtain direct practical experience during their three-year course. Similarly, on the Photography course, students undertake an assessed work placement between their second and third years. They can work in any aspect of photography and are encouraged to use the placement as a trial for their eventual career. The scheme has been running for three years.

All universities have close links with a range of employers for graduate recruitment purposes and TVU is no exception. The University enjoys considerable success helping students to gain employment. In fact, the result of the destination survey for 2007/08 showed that the University performed better than all British universities against its benchmark. This prompted the Times Higher Education (THE) to report that “TVU tops league table for graduate employment” (THE, July 2008).

The Professions

The University offers courses leading to qualifications from, and membership of, a number of accredited bodies, including:

- Chartered Institute of Purchasing and Supply (CIPS), where the University has Centre of Excellence status
- Association of Chartered and Certified Accountants (ACCA)
- Chartered Institute of Management Accountants (CIMA)
- Chartered Institute of Marketing (CIM)
- Chartered Institute of Personnel and Development (CIPD)
- Chartered Institute of Building (CIOB)

The University also works closely with leading professional bodies in the hospitality industry, including the Academy of Food and Wine Service, the Academy of Culinary Arts and the Craft Guild of Chefs. Activities include running joint programmes, support for the Junior Chef's School and the Academy Awards of Excellence.

TVU also works with the professions to develop new provision incorporating both professional and academic qualifications; for example, the Foundation Degree offered in association with the Institute of Credit Management, allows credit management staff to obtain a professional qualification as well as an academic degree.

Widening participation

The University is well known for its commitment to widening participation and its work with schools, colleges and students who are experiencing real disadvantage. The University has taken a leadership role in the region by hosting both the West London Aimhigher initiative and the West London Lifelong Learning Network and is also active in Berkshire.

Widening participation and volunteering at TVU

With an established Widening participation team at TVU, outreach, community engagement, progression and access activities have developed well during 2007/08. TVU delivered a coherent programme, linking Aimhigher and OFFA outreach work with University activities to widen participation and access at all levels.

Key initiatives for the University during 2007/08 have focused on articulating vocational pathways to students, schools, colleges, parents and teachers. Over 60 Year 10 students attended our Level 2 Conference, which presented progression pathways to young people. Our summer schools for Year 11 and 12 pupils have focused on subject areas with further study and local employment opportunities, enabling students from areas of low participation in education, employment and training to make informed choices. Engagement with local consortia delivering or preparing to deliver 14-19 diplomas has led to a number of projects, including a pathfinder programme with three Hounslow schools and the sector skills council Skillset.

Many of TVU's students engage in community-based projects on a voluntary basis. This year staff have become increasingly involved and now almost 200 staff and student volunteers are linked to third-sector organisations across London, Slough and Reading. A number of 'TVU Volunteers' activities are linked to issues of environmental sustainability and this strategy will be taken forward in 2008/09.

West London Aimhigher

TVU continues to be the lead organisation for the West London Aimhigher Partnership, using £2 million of HEFCE funding across the area. It has worked closely with six local authorities, five colleges and a range of universities from across London.

A distinctive feature of the Partnership is its emphasis on multi-agency work. For example, an initiative has been developed with the Parliamentary Education Service allowing students from lower socio-economic backgrounds to visit the House of Commons and participate in their educational programme. The Partnership also works closely with the NHS's Learning for Work – Community Recruitment and Development Scheme, which aims to target prospective vocational students from West London.

Another characteristic feature of the West London Partnership is that it has drawn on Aimhigher alumni. For example, the Re-Engage Project sought to promote education among disaffected young people, particularly white working class males, in line with HEFCE's new strategic priorities. The project was devised and delivered by a former Aimhigher student ambassador.

As for the future, West London Aimhigher will shortly merge with the Aimhigher Partnerships of Central and North London. This will bring new opportunities for student cohorts, such as access to a wider range of universities and widening participation programmes across London. To this end, the three affected Partnerships recently submitted a joint bid and secured £400,000 from HEFCE to pilot its Aimhigher Associate's Scheme across the new geographical remit.

Development and alumni relations

During 2007/8 the newly formed Office of Development and Alumni Relations laid the foundations necessary to drive the University's alumni relations and fundraising activity. Just under a year since its inception, the team successfully implemented a bespoke alumni and development database (Raiser's Edge), transferring the management of 66,000 former student records to the new database.

In the absence of any centralised alumni or donor database, and the independent management of alumni history by some of the University's departments, the establishment of a strong central database is a significant step towards achieving the University's strategic objective of building a loyal following among its alumni and friends. It is also an essential tool for the realisation of future fundraising campaigns.

TVU has been very fortunate to secure a core group of alumni willing to support and advise on its alumni engagement programme and lead the charge on engaging a new generation of alumni volunteers. The inaugural Alumni Board met for the first time in July and is working on the first strategic plan for the newly formed alumni association. Alumni opinion also contributed to the Strategic Plan following a mail shot to 30,000 alumni.

Financial Review

Financial Highlights

	2008 (£000)	2007 (£000)
Results		
Recurrent grants		
HEFCE	32,867	32,506
LSC	21,523	20,973
Nursing and midwifery education contracts	19,114	20,148
Tuition fees	22,479	20,372
Other income	14,184	12,219
Total income	110,167	106,218
Staff costs	(70,137)	(72,572)
Non staff costs	(39,175)	(37,863)
Operating surplus before exceptional items and redundancy costs	855	(4,217)
Exceptional staff costs	(6,574)	(2,465)
Surplus on disposal of property	12,320	-
Tax	(41)	(3)
Surplus /(deficit) for the year	6,560	(6,685)
Cash flow		
Net cash inflow from operating activities	4,803	5,595
Net returns on investments and servicing of finance	589	(284)
Net cash inflow before investing activities	5,392	5,311
Change in net debt resulting from cashflows	2,330	1,322
Taxation	(41)	(3)
Capital expenditure	17,053	(7,834)
Decrease in debt	(2,330)	(3,758)
Movement in net funds	22,404	(4,962)
Balance sheet		
Fixed assets and endowments	103,465	112,198
Net current liabilities excluding cash and short term borrowings	(18,652)	(12,478)
Cash less short term borrowings	20,267	(1,588)
Total assets less current liabilities	105,080	98,132
Long term borrowings	(334)	(664)
Provisions	(34,210)	(16,889)
Total assets	70,536	80,579
Capital grants and endowments	22,739	24,234
Reserves	47,797	56,345
Total funds	70,536	80,579
Gearing ratio	0.7%	0.8%

Summary of the results for the year

The University budgeted for a breakeven operating result in 2007/8 and achieved an operating surplus before exceptional items and redundancy costs of £0.9m, after including FRS17 costs - a significant improvement over previous years. This was an excellent result and closes a chapter on many years of deficits and failure to achieve Budgets. It puts the University on a sound footing to move forward with the strategic aims set out above and opens a new era for relationships with the main funding body, HEFCE.

There was an increase in income of £3.9m compared with last year largely as a result of the second year of top up fees (which contributed £2.0m more than in 2006/7) and higher bank interest following a major property sale (which contributed £0.7m more than in 2006/7). The LSC and HEFCE main grants were similar to last year, but the University saw a reduction of some £1m in its NHS contracts.

The real breakthrough which delivered the operating surplus before exceptional items and redundancy costs related to the control of costs:

i) Staff costs

Despite significant increases in staff pay following the national pay award, the total staff costs were reduced by some £2.4m.

The Joint Negotiating Committee of Higher Education Staff (JNCHES) national pay agreement 2006 to 2009 provided for a series of pay rises over three years. The University implemented all the increases in full, including the final increase of 5% in October 2008. The three year deal has produced an overall total pay rise of at least 15% for the sector, with many staff at the lower end of the pay scale receiving in excess of 18% during the period of the pay deal, including 8% during 2008. These figures exclude further rises in pay through annual incremental increases, promotion and pay framework increases. This deal has put education sector employees in the enviable position of having salary increases that have considerably exceeded inflation at a time when the Government is seeking to cap public sector pay increases.

The final increase in October 2008 of 5% was based on the September RPI and substantially exceeded expert predictions made throughout the negotiation process in 2006 and as late as April 2008 when the UK Treasury predicted RPI at 2.9%.

Thus the University has faced a sector pay deal which exceeded expectations and the level of staff costs already exceeded benchmark levels when compared with income. This potentially threatening situation was tackled by streamlining procedures and processes, thereby reducing administrative staffing requirements and in early 2008 the University offered a voluntary redundancy programme, with enhanced terms for leavers before 31 March 2008. The in-year savings from these leavers was a strong contributor to staff costs savings.

The second action taken by the University was to exert strong control over vacancy management.

ii) Non staff costs

Non staff costs increased by £1.3m over 2006/7. The major increases were due to the second year of bursary payments which cost an additional £0.8m compared with last year and additional property leases of £2m. After taking these into account, the underlying operational non staff costs were lower than last year. At a time of rising costs this shows the effect of tight cost control and improved procurement techniques.

The sale of the Faculty of Health and Human Sciences building on Ealing Broadway (Westel House) in December 2007 resulted in a profit of just over £12m. The cash proceeds were invested and account for the increase in interest during the year and the increase in University cash resources. Part of the cash realised was applied to the severance programme and just over £6m was paid to former staff as part of severance arrangements.

The deterioration in the world markets affected the FRS17 pensions calculations for the two local Government Pension Schemes. The balance sheet deficit which reduced from £26m at July 2006 to £16m at July 2007, increased largely due to falling equity values to £32.5m at July 2008. The impact on the Income and Expenditure Account was £1.1m. As in the case of all Universities, TVU's financial statements are severely impacted by events outside of our control.

Cash resources and borrowing facilities

During the year the University completed the disposal of a building in Ealing following the relocation of the Faculty of Health and Human Sciences to the new Paragon building in Brentford and the disposal of a parcel of land in Reading. The cash in flow benefited significantly from these disposals which together with some other minor disposals, resulted in a flow of £22.4m. After expenditure on fixed assets during the year the net inflow from property and capital items was £17m. This transformed the cash position of the University at a stroke and largely due to this capital inflow the net funds of the University at 31 July 2008 amounted to £20.4m.

University funds are invested via a fund manager to receive the maximum return consistent with low risk and liquidity. Funds are invested in UK and European banks with a minimum credit rating of AA- for periods of up to one year, with a maximum limit with any one counterparty of £5m. Funds can be recalled at immediate notice, but this does lead to a loss of interest.

The University has a £7.5m 364 day Revolving Credit Facility (RCF) available until August 2009. The purpose of this facility is to have funds immediately available for the day to day payment of creditors in the event of timing differences between payments and receipts. This facility is linked to base rate and is therefore highly competitive in the current markets. There is a 10 year term out facility available, also linked to base rate.

The only borrowing held by the University is an unsecured interest free loan provided by HEFCE to finance re-developments at Slough and Ealing. At 31 July 2008 there was £0.3m outstanding, all of which is repayable by July 2010.

The University is well placed from a funding perspective with significant borrowing headroom to support the developing Estates strategy.

Risk management

In common with all UK universities, a significant proportion of income is dependent upon Government policy. There are further risks associated with the recruitment of students in a competitive market. The University acknowledges the existence of these inherent risks and is committed to managing those key risks within its control that pose a significant threat to the achievement of the strategic plan and financial health of the University. The Board of Governors is responsible for the risk management strategy and a common approach to the management of risk throughout the institution.

The key objective of the University's risk management policy is to ensure that policies and procedures are in place to manage and mitigate risks and therefore enable the University to meet its strategic objectives.

Payment of creditors

It is the University's policy to abide by terms of payment agreed with suppliers. Unless special terms apply, payment is made within 30 days of receipt of a valid invoice by the Finance Department.

Dino Adriano

Chairman of the Board of Governors

Statement of Governors' responsibilities

In accordance with the Education Reform Act 1988, Further and Higher Education Act 1992 and the University's Instrument and Articles of Government, the Board of Governors of the University (The Board) is responsible for ensuring the effective governance and management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for ensuring that proper accounting records are kept which will disclose, with reasonable accuracy, at any time, the financial position of the University and enable it to ensure that the financial statements are prepared in accordance with the University's Articles of Government, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant accounting standards. Within the terms and conditions of the Financial Memorandum agreed between the HEFCE and the University, the Board, through its designated office holder, is also required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University and Group companies and of the surplus or deficit and cash flows for that year.

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

- i) Suitable accounting policies are selected and applied consistently;
- ii) Judgments and estimates are made that are reasonable and prudent;
- iii) Applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv) Financial statements are prepared on the going concern basis unless it is inappropriate to assume operations will continue. The Board is satisfied that resources are adequate to continue in operation for the foreseeable future: for this reason the going concern basis continues to be adopted in the preparation of the financial statements;
- v) Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the governors. The governors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

It has taken reasonable steps to:

- i) Ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE may from time to time prescribe;
- ii) Ensure that there are appropriate financial and management controls (including controls against fraud and theft) in place to safeguard public funds and funds from other sources;
- iii) Safeguard assets and prevent and detect fraud and other irregularities;
- iv) Secure the economic, efficient and effective management of the University's resources and expenditure.

Such steps have been taken by the Board, where appropriate, by delegation of function to its designated office holder or committees in accordance with, and where permitted by, the Instrument and Articles of Government.

As the governing body of Thames Valley University, we have responsibility for maintaining a sound system of internal financial control that supports the achievements of policies, aims and objectives, while safeguarding the public and other funds and assets for which we are responsible, in accordance with the responsibilities assigned to the governing body in the Education Reform Act 1988, Further and Higher Education Act 1992 and the University's Instrument and Articles of Government and the Financial Memorandum with the HEFCE.

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

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. These processes accord with HEFCE guidance.

As the Governing Body, we have responsibility for reviewing the effectiveness of the system of internal control. The following processes have been established:

- i) We meet not fewer than five times a year to consider the plans and strategic direction of the Institution.
- ii) Responsibility for overseeing the process of risk management lies primarily with our Audit & Risk Committee and is ultimately reported to the full Governing Body at each meeting. The Board also receives an annual report on risk management.
- iii) Throughout the year the Audit & Risk Committee receives reports at each of its meetings from the internal auditors, which include their independent opinion on the adequacy and effectiveness of the Institution's system of internal control and value for money together with recommendations for improvement.
- iv) The University's Vice Chancellor's Executive Group, the Audit & Risk Committee, the Finance Committee and the Governing Body have considered and agreed the University's Risk Management Policy and the Strategic Risk Register.
- v) A register of Strategic Risks, which details the risks faced by the Institution is maintained.

Our review of the effectiveness of the system of internal control is informed by the internal auditors, which operate to standards defined in the HEFCE Audit Code of Practice. The internal auditors submit regular reports to the Audit & Risk Committee which include the head of internal audit's independent opinion on the adequacy and effectiveness of the Institution's system of internal control, with recommendations for improvement.

Our review of the effectiveness of the system of internal control is also informed by the work of the Vice Chancellor's Executive (VCE) which has the responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.

Corporate governance statement

The following statement is provided by the Board of Governors to enable readers of the Annual Report and Accounts to obtain a better understanding of the governance and legal structure of Thames Valley University. The University is committed to exhibiting best practice in all aspects of corporate governance. Thames Valley University endeavours to conduct its business:

- i) In accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);

and

- ii) In accordance with the principles of the Committee of the University Chairmen in its Guide for Members of Governing Bodies of Universities and Colleges in England, Wales and Northern Ireland.

The Governing Body

The articles require the Institution to have a Board of Governors and an Academic Board, each with clearly defined functions and responsibilities, to oversee and manage its activities.

As set out in the Instrument and Articles of Government, the Board of Governors, the supreme governing body of the University, is specifically required to determine the educational character and mission of the Institution and to set its general strategic direction.

The Board consists of both independent and co-opted members. The majority of members are independent. The membership includes elected representatives of the Academic Board, staff and student body. No member of the Board receives remuneration for the work they do for the Board, except for the Vice-Chancellor who is a member of the Board by virtue of the office he holds.

Subject to the overall responsibility of the Board of Governors, the Academic Board has oversight of the academic affairs of the Institution and draws its membership entirely from the staff and students of the Institution.

The Vice-Chancellor is the Head of the Institution, its Chief Executive and the Chief Accounting Officer. The Vice-Chancellor's responsibilities are set out in the Instrument and Articles of Government. Throughout the year the Vice-Chancellor was assisted by the Vice-Chancellor's Executive Group.

The overall membership of the Board comprises 16 members in total as follows:

- i) 11 independent members
- ii) The Vice-Chancellor
- iii) One independent co-opted member
- iv) One elected representative of the Academic Board
- v) One elected staff representative
- vi) One student representative

The appointment procedure for Board membership includes a detailed analysis of the skills mix of serving members to determine areas in which the Board needs to be strengthened. Following a national recruitment campaign seeking members from industry, the professions and the local community, one new member was appointed to the Board on 5 February 2008.

Board of Governors membership as at 31 July 2008

Independent Members	Mr Dino Adriano (Chair) Mrs Lucinda Bolton Mr Tony Coad Mr Gareth Cadwallader (with effect from 5 February 2008) Mr Rod Kenyon OBE Mr Jonathan Lea Dr Alistair Stokes Mr John Taylor Mr Alistair Telfer Ms Tina Tietjen Professor Peter John (Vice-Chancellor and Chief Executive)
Staff member	Mr Andrew Dunnett (with effect from 20 June 2008) Alternate: Mr Paul Glennon (with effect from 20 June 2008)
Academic Board Member	Dr Eryl Price-Davies
Students' Union Members	Mr Jared Mosley-Redman (Students' Union President) (with effect from 31 July 2008) Ms Nishaant Kumar (Students' Union Vice President Recreation) (with effect from 31 July 2008)

Committees of the Board

The Board of Governors currently meets at least five times each academic year plus two away days. Much of the detailed work is delegated to its committees, in particular the Finance Committee, the Audit & Risk Committee the Governance & Nominations Committee and the Remuneration Committee. The decisions of these committees are formally reported at each meeting of the Board through the minutes and oral briefings on the detailed work by each Committee's Chair.

The majority of Committee members are independent and/or co-opted members of the Board: staff and student members are not eligible to serve. The membership of the Governance & Nominations Committee includes a senior member of the academic staff at Pro Vice-Chancellor Dean level. The Audit & Risk Committee also has two co-opted members who are not members of the University community or the Board. The Finance Committee has one co-opted member who is not a member of the University community or the Board.

Audit & Risk Committee

The Audit & Risk Committee met four times during the year. The University's external and internal auditors attended as appropriate. The Committee considered detailed reports together with recommendations for the improvement of the University's systems of internal control and management's responses and implementation plans. Whilst the Vice-Chancellor attends all meetings and other members of the senior executive team attend meetings of the Audit & Risk Committee as necessary, they are not members of the Committee. The Audit & Risk Committee meets with the external auditors and the internal auditors for independent discussions once a year.

The Audit & Risk Committee considers risk and control including response thereon from the management team at each of its meetings. Subsequently the Audit & Risk Committee make an annual report on risk to the Governing Body. Ultimate responsibility for the approval of risk rests with the Governing Body.

Finance Committee

The Finance Committee met five times during the year.

Register of interests

The Institution maintains a Register of Interests of Members of the Board and senior officers. The Register of Interests of Members of the Board can be accessed from the University's website. The senior officers register may be consulted by arrangement with the University Secretary and Registrar.

Clerk to the Board of Governors

In accordance with the Articles of Government of the Institution, the University Secretary and Registrar has been appointed as Clerk to the Board and in that capacity provides independent advice on matters of governance to all Board members. The Clerk to the Board has a key role to play in the operation and conduct of the Governing Body and in assuring that appropriate procedures are established.

Internal control

The University's Governing Body is responsible for the University's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Governing Body is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant risks. During 2007/8 the work of the Audit & Risk Committee has been focused on monitoring and reviewing the Institution's approach to the process of risk identification and management on behalf of the Board.

The Audit & Risk Committee, in conjunction with the management team, regularly consider and debate the development of the strategic risk register and the processes required to achieve effective and appropriate risk management. The Audit & Risk Committee consider the Risk Register at each meeting of the Committee held during the year.

The Committee recognises that considerable progress has been made in terms of risk identification and management, primarily in the advancement of the strategic risk register. The Committee also recognises and has identified for the Board the need for further work to ensure a corporate strategic approach is employed to advance the identification and awareness of risk and its causes, particularly required to ensure the current level of risk management and awareness are aligned with the University's new Strategic Plan (as approved by the Board of Governors on 8th July 2008). Appropriate processes are now in evidence alongside the day to day strategic planning and decision making process in all areas of the Institution.

The full particulars of the work of the Committee including details of the advancements made during the course of 2007/8 are set out in the Committee's annual report to the Board. This report was considered by the Board on 18 November 2008 and will be submitted to the HEFCE.

The Audit & Risk Committee place considerable reliance on the work of the Internal and External Audit teams and assessments made by external agencies, such as the HEFCE. The Committee has and will continue to work in conjunction with those audit teams and in conjunction with management to ensure the further development of effective processes which enable the risks facing the Institution to be closely monitored and regularly reported both to the Governors and other interested bodies.

The Finance Committee regularly reviews and monitors the risks pertinent to its area of responsibility.

On 18 November 2008 the Governing Body received and discussed the Audit and Risk Committees annual report for the year.

The Board has received from the Chair of the Audit and Risk Committee the necessary assurances about the adequacy of the internal controls in place throughout the year thus enabling these 2007/8 financial statements to be signed off and submitted to the HEFCE.

Independent Auditors' Report to the Board of Governors of Thames Valley University

We have audited the financial statements of Thames Valley University for the year ended 31 July 2008 which comprise the income and expenditure account, the balance sheets for the group and the University, the consolidated cash flow statement, the statement of total recognised gains and losses, the note of historical costs surpluses and deficits and the related notes. These financial statements have been prepared under the accounting policies set out on pages 27 to 29.

As described in the Statement of Governors' Responsibilities the Board of Governors is responsible for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice on Accounting in Further and Higher Education Institutions.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

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 on Accounting in Further and Higher Education Institutions. We also report to you if, in our opinion, the information given in the Report of the Board of Governors is not consistent with the financial statements, the Board has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding the remuneration of the Board of Governors or other transactions is not disclosed.

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 income has been applied in accordance with the Statutes and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England.

We read the other information contained in this Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Highlights of the Year, the Chairman's statement, the Message from the Vice-Chancellor and Chief Executive, the Corporate Governance Statement, the Statement of Governors' responsibilities and the Annual Review. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the University's statutes and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the University's statutes or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the University and the Group, 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 United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the University as at 31 July 2008 and of its surplus of income over expenditure for the year then ended;

The financial statements have been properly prepared in accordance with the Statement of Recommended Practice: "Accounting for Further and Higher Education Institutions";

Income from the Higher Education Funding Council for England, the Learning and Skills Council, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received; and

Income has been applied in accordance with the University's statutes and where appropriate with the applicable Financial Memorandums with the Higher Education Funding Council for England.

BDO Stoy Hayward LLP

Chartered Accountants and Registered Auditors
Emerald House
East Street
Epsom
Surrey KT17 1HS

26 November 2008

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable Accounting Standards. They conform to guidance published by the HEFCE. Given future cashflow forecasts and income expectations, the Board confirms it is appropriate for the financial statements to be prepared on a going concern basis.

Basis of accounting

The financial statements are prepared under the historical cost convention.

Basis of consolidation

These financial statements consolidate the University and all its subsidiary undertakings detailed in note 35. The consolidated financial statements do not include the financial statements of the University Students' Union, which is a separate entity in which the University has no financial interest and over which it has no control or significant influence in policy decisions.

Accounting for goodwill

Purchased goodwill represents the excess of the fair value of the consideration given over the fair value of the separable net assets acquired arising on business combinations in respect of acquisitions.

Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Recognition of income

Grants from the HEFCE and similar bodies are included in income in the year, except for grants received for specific initiatives which span more than one year. In such cases grant income is deferred to the extent it is not matched by qualifying expenditure. All income from short-term deposits is credited to the Income and Expenditure Account on a receivable basis.

Accounting for charitable donations

Unrestricted donations

Donations, bequests or gifts with no specific terms attached to the use are recorded in the Income and Expenditure Account in the period received.

Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

- i) Restricted permanent endowments – The capital fund is maintained (and is therefore permanent) and the income thereon is applied to the objective specified by the donor.
- ii) Unrestricted permanent endowments – the capital fund is maintained (and is permanent) but the income thereon can be applied to the general purpose of the University.
- iii) Expendable endowments – the donation is restricted (specific) to a particular objective specified by the donor. The trustees have the power of discretion to convert endowed capital into income.

Donations for fixed assets

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

Pension schemes

Pension costs are provided in accordance with Financial Reporting Statement 17 (Retirement Benefits). The cost of providing pensions is determined by independent actuaries and charged to the income statement in the period in which those benefits are earned by employees. Actuarial gains and losses are recognised in full in the period in which they occur and are recognised in the Statement of Recognised Gains and Losses. The retirement benefit obligations are recognised in the balance sheet.

The calculation of the cost of early retirement provisions charged to the Income and Expenditure Account is based on the total capital cost of providing enhanced pensions with allowance for future investment returns at percentages in excess of price inflation.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling on the Balance Sheet date. The resulting exchange differences are charged or credited to the Income and Expenditure Account. Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Leases

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

Tangible assets

Land and buildings are stated at cost or valuation. The transitional rules set out in FRS15 'Tangible Fixed Assets' have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

Land is held freehold and not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated over their remaining expected useful lives.

The rates of depreciation per annum are as follows:

Freehold buildings	2% (or useful life, if shorter)
Computer equipment	33.33%
Equipment	20%
Leasehold premises	Life of Lease

Work in progress is not depreciated until the asset is brought into use.

Where assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the assets.

Individual fixed assets costing £2,000 or more are capitalised, although items costing less may be capitalised as part of a larger single project. All computer equipment is capitalised on the principle that all such assets are interrelated i.e. capable of being networked.

Maintenance of premises

The full cost of repairs and routine corrective maintenance on tangible assets is charged against revenue in the year in which these costs are incurred.

Investments

Endowed asset investments are included in the Balance Sheet at market value.

Stocks

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

Cash flows and liquid resources

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

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 amount of the obligation.

Taxation

The University is an exempt charity within the meaning of schedule 2 of the Charities Act 1993 and, as such, is a charity within the meaning of section 506(1) of the Taxes Act 1988. Accordingly the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the Taxes Act 1988 or section 256 of the Taxation and Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. The University receives no similar exemption in respect of Value Added Tax.

The subsidiary trading companies operate as commercial organisations and are subject to corporation tax. The profits of these companies are covenanted to the University.

Tax, including deferred tax, in respect of the trading activities of the University and its subsidiary operations, is provided for at current rates.

Changes in accounting policies

There were no changes in accounting policies during the year.

Consolidated income & expenditure account

For the year ended 31 July 2008

	Note	2008 (£000)	2007 (£000)
Income			
Funding Council Grants	1	57,915	55,895
Tuition fees and education contracts	2	41,593	40,520
Research grants and contracts	3	565	513
Other income	4	8,828	8,856
Endowment and investment income	5	1,167	434
		110,068	106,218
Expenditure			
Staff costs	6	(70,137)	(72,572)
Exceptional staff costs	6	(6,574)	(2,465)
Other operating expenses	7	(33,012)	(31,984)
Depreciation and amortisation	12, 13	(5,585)	(5,170)
Interest payable	8	(578)	(709)
		(115,886)	(112,900)
Group deficit on continuing operations after depreciation of tangible assets at valuation but before tax and exceptional items		(5,818)	(6,682)
Taxation	9	(41)	(3)
Profit on disposal of property and shares in subsidiary	10	12,320	-
Group surplus/(deficit) after depreciation of assets at valuation, disposal of assets and tax	22	6,461	(6,685)
Surplus for the year transferred from accumulated income in endowment funds		99	-
Group surplus/(deficit) for the year retained within general reserve		6,560	(6,685)

The income and expenditure account is in respect of continuing activities. The notes on pages 35 to 52 form part of these financial statements.

Consolidated historical cost surpluses & deficits

For the year ended 31 July 2008

	Note	2008 (£000)	2007 (£000)
Surplus/(deficit) on continuing operations after depreciation of tangible fixed assets at valuation and disposals but before taxation		6,601	(6,682)
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount		265	789
Historical cost surplus/(deficit) for the period before taxation		6,866	(5,893)
Taxation	9	(41)	(3)
Historical cost surplus/(deficit) for the period after taxation		6,825	(5,896)

Statement of total recognised gains & losses

For the year ended 31 July 2008

	Note	2008 (£000)	2007 (£000)
Surplus/(deficit) on continuing operations after depreciation of assets at valuation, disposal of assets and tax		6,560	(6,685)
Appreciation of endowment asset investments	22	(20)	31
Endowment income retained for the year	22	(99)	(10)
New endowments	22	129	27
Endowments released	22	(216)	-
Actuarial (loss)/gain recognised in the pension schemes	30	(15,108)	11,357
Total recognised (loss)/gain relating to the year		(8,754)	4,720
Reconciliation			
Opening reserves and endowments		57,010	52,290
Total recognised (loss)/gain for the year		(8,754)	4,720
Closing reserves and endowments		48,256	57,010

Balance sheet

As at 31 July 2008

	Note	Consolidated		University	
		2008 (£000)	2007 (£000)	2008 (£000)	2007 (£000)
Fixed assets					
Intangible assets	12	-	240	-	240
Tangible assets	13	102,889	111,262	102,889	111,252
Investments	14	117	31	117	31
Total fixed assets		103,006	111,533	103,006	111,523
Endowment assets	15	459	665	459	665
Current assets					
Stocks		95	104	95	90
Debtors	16	6,916	7,754	6,033	10,695
Cash at bank and in hand		22,227	2,282	22,174	739
Total current assets		29,238	10,140	28,302	11,524
Creditors					
Amounts falling due within one year	17	(27,623)	(24,206)	(26,646)	(25,608)
Net current assets/(liabilities)		1,615	(14,066)	1,656	(14,084)
Total assets less current liabilities		105,080	98,132	105,121	98,104
Creditors					
Amounts falling due after more than one year	18	(334)	(664)	(334)	(664)
General provisions	19	(1,714)	(950)	(1,714)	(950)
Provision for pensions	30	(32,496)	(15,939)	(32,496)	(15,939)
Net assets		70,536	80,579	70,577	80,551
Deferred capital grants	21	22,280	23,569	22,280	23,569
Endowments					
Expendable	22	287	446	287	446
Permanent	22	172	219	172	219
Reserves					
Revaluation reserve	23	25,043	25,308	25,043	25,308
General reserve	24	22,754	31,037	22,795	31,009
Total reserves		47,797	56,345	47,838	56,317
Total funds		70,536	80,579	70,577	80,551

The notes on pages 35 to 52 form part of these financial statements. The financial statements on pages 27 to 52 were approved by the Board of Governors on 25 November 2008 and signed on its behalf by:

Professor Peter John
Vice-Chancellor

Mr Dino Adriano
Chair of the Board of Governors

Ms Helen Turner
Executive Director of Finance

Mr Jonathan Lea
Chair of the Finance Committee

Consolidated cash flow

For the year ended 31 July 2008

	Note	2008 (£000)	2007 (£000)
Cash flow from operating activities	25	4,803	5,595
Returns on investments and servicing of finance	26	589	(284)
Taxation		(41)	(3)
Capital expenditure	27	17,053	(7,834)
Cash outflow before financing		22,404	(2,526)
Financing	28	(2,330)	(3,758)
Increase/(decrease) in cash in the period	29	20,074	(6,284)
Reconciliation of net cash flow to movement in funds/(debt)			
Increase/ (decrease) in cash in the period		20,074	(6,284)
Change in net debt resulting from cash flows		2,330	1,322
Movement in net funds/(debt) in period		22,404	(4,962)
Net funds at 1 August		(2,030)	2,932
Net funds at 31 July	29	20,374	(2,030)

Notes to the financial statements

For the year ended 31 July 2008

1. Funding Council grants

	2008 (£000)	2007 (£000)
Recurrent grants:		
HEFCE	32,867	32,506
LSC	21,523	20,973
Specific grants:		
Continuing Vocational Education	1,516	1,310
Releases of deferred capital grants:		
Equipment (note 21)	883	645
Buildings (note 21)	1,126	461
	57,915	55,895

2. Tuition fees and education contracts

	2008 (£000)	2007 (£000)
UK Higher Education Students		
Full-time students	8,958	7,724
Part-time students	3,013	2,384
UK Further Education Students		
Full-time students	75	347
Part-time students	1,066	1,348
EU Students (excl UK Students)	984	857
Non EU Students	7,008	6,199
Short courses and examination fees	1,375	1,513
Nursing and midwifery education contracts	19,114	20,148
	41,593	40,520

3. Research grants and contracts

	2008 (£000)	2007 (£000)
Other grants and contracts	565	513
	565	513

4. Other operating income

	2008 (£000)	2007 (£000)
Residences, catering and conferences	1,293	1,516
Other income-generating activities	4,674	4,982
Released from deferred capital grants (note 21)	196	107
Other income	2,665	2,251
	8,828	8,856

5. Endowment and investment income

	2008 (£000)	2007 (£000)
Income from endowment asset investments (note 22)	19	30
Other interest receivable	1,148	404
	1,167	434

6. Staff costs and exceptional staff costs

	2008 (£000)	2007 (£000)
Wages and salaries	58,059	60,287
Social security costs	4,571	4,703
Pension costs	7,507	7,582
Staff costs	70,137	72,572
Severance costs	6,389	1,715
Provision for pay harmonisation	185	750
Exceptional staff costs	6,574	2,465
Teaching departments	47,747	49,269
Teaching support services	4,664	8,563
Administration and central services	17,726	14,740
	70,137	72,572
Staff on permanent contracts	63,309	64,833
Staff on short-term and temporary contracts	6,828	7,739
	70,137	72,572
	2008	2007
	Number	Number
The average number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:		
Teaching departments	1,200	1,273
Teaching support services	236	243
Administration and central services	302	336
	1,738	1,852
The remuneration of higher paid staff, excluding pension contributions was:		
£100,000-£110,000	1	1
£110,000-£120,000	1	1
£120,000-£130,000	1	-
£150,000-£160,000	-	-
£160,000-£170,000	-	1
Over £170,000	1	-
	2008	2007
	(£000)	(£000)
Vice-Chancellors' emoluments		
Salary –current Vice-Chancellor	213	15
Salary –previous Vice-Chancellor	74	146
Benefits in kind – current Vice-Chancellor	2	-
Benefits in kind – previous Vice-Chancellor	2	-
Pension contributions – current Vice-Chancellor	25	-
Pension contributions – previous Vice-Chancellor	9	22

Pension contributions are for payments to the Teachers' Pension Scheme (TPS). No Governors received remuneration apart from reimbursement of expenses incurred in the course of their duties.

7. Other operating expenses

	2008 (£000)	2007 (£000)
Other premises costs	6,984	7,020
Agency and consultancy	5,812	5,747
Equipment rent and maintenance	1,712	1,914
Consumables	1,097	1,297
Books and periodicals	1,502	1,544
Franchise payments	2,585	2,550
Advertising	2,229	2,603
Grants to Students' Union	501	488
Travelling and subsistence	1,045	1,214
Accommodation	317	291
Equipment not capitalised	423	764
Irrecoverable VAT	183	127
Rents	3,934	1,879
Auditors' remuneration	228	334
External auditors – other remuneration	19	19
Other expenses	4,441	4,193
	33,012	31,984
Included in the above operating expenses:		
External audit fee – University	65	75
External audit fee – Subsidiaries	5	9
Internal audit fee	135	183
Operating lease rentals	373	505

8. Interest payable

	2008 (£000)	2007 (£000)
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	54	164
On pension scheme assets and liabilities		
Expected return on pension scheme assets	(4,125)	(3,589)
Interest cost on pension scheme liabilities	4,649	4,134
	578	709

9. Taxation

	2008 (£000)	2007 (£000)
Current year tax charge	41	3
Surplus/(deficit) on operation before tax	6,601	(6,682)
Expected tax charge	1,980	(2,005)
Effects of:		
Surplus not subject to UK corporation tax	(1,939)	(2,002)
UK corporation tax charge on profits of subsidiary	41	3

10. Profit on disposal of property and shares in subsidiary

	2008 (£000)	2007 (£000)
Profit on disposal of property	12,411	-
Sale of shares in ITS Feda Limited	(91)	-
	12,320	-

11. Deficit on continuing operations for the period

	2008 (£000)	2007 (£000)
University's surplus/(deficit) for the period	6,894	(6,316)
Surplus/(deficit) generated by subsidiary undertakings	(69)	420
	6,825	(5,896)

12. Intangible assets

	2008 (£000)	2007 (£000)
Cost		
At 1 August 2007	2,410	2,410
At 31 July 2008	2,410	2,410
Amortisation		
At 1 August 2007	(2,170)	(2,050)
Charge for year	(240)	(120)
Total amortisation	(2,410)	(2,170)
Net value at 31 July 2008	-	240

This represents the goodwill element of the intellectual property rights of Plaskett Education Ltd which was purchased by Thames Valley University in August 2004. The goodwill has been fully written off.

13. Tangible fixed assets

The transitional rules set out in FRS 15 Tangible Fixed Assets have been applied on implementing FRS15. Accordingly, the book values at implementation have been retained.

In accordance with the Education Reform Act 1988, the freehold interest in the property occupied by the University at 1 April 1989 was transferred to the University.

All of the following fixed assets are owned by the University.

	Freehold land (£000)	Freehold buildings (£000)	Equipment (£000)	Work in progress (£000)	Leasehold premises (£000)	Total (£000)
Cost						
At 1 August 2007 (restated)	38,184	70,008	28,507	10,402	3,577	150,678
Additions	-	-	-	12,529	-	12,529
Reclassifications	-	1,546	5,684	(16,737)	9,507	-
Disposals	(10,750)	(5,739)	(561)	-	(54)	(17,104)
At 31 July 2008	27,434	65,815	33,630	6,194	13,030	146,103
Depreciation / impairment						
At 1 August 2007 (restated)	980	14,895	22,806	-	735	39,416
Disposals	-	(1,018)	(528)	-	(1)	(1,547)
Charge for year	-	1,218	3,411	-	716	5,345
At 31 July 2008	980	15,095	25,689	-	1,450	43,214
Net book value as at 31 July 2008	26,454	50,720	7,941	6,194	11,580	102,889
Net book value as at 31 July 2007 (restated)	37,204	55,113	5,701	10,402	2,842	111,262

Depreciation was funded by:

	2008 (£000)	2007 (£000)
Deferred capital grants released (note 21)	1,571	1,213
Revaluation reserve release	265	789
General income	3,509	2,513
	5,345	4,515

The opening balances on Freehold buildings and Leasehold premises have been restated into the correct categories. This has no effect on the overall balance of fixed assets.

14. Investments

	2008 (£000)	2007 (£000)
Balance at 1 August 2007	31	31
Additions	86	-
Balance at 31 July 2008	117	31

Listed investments include 5,648 Homeserve plc shares with a market value of £83,308 and Bristol Water shares with a market value of £2,130.

The University owns 31,038 £1 ordinary shares in CVCP Properties plc, a company registered in England and operating in the UK. This company is not consolidated into the University accounts because the University owns less than 1% of the shares. The University consolidated the results of its only trading subsidiary TVU Commercial Limited, in which it owns 100% of the share capital.

The University also owns 100% of the issued share capital of the following dormant companies: Westkey Services Limited (100 £1 ordinary shares), London College of Music Limited (100 £1 ordinary shares), TVU Commercial Limited (2 £1 ordinary shares) and Plaskett Education Limited (2 £1 ordinary shares). All the companies are registered in England and Wales. The University sold its shares in ITS Feda Limited on 1 October 2007.

15. Endowment assets

	2008 (£000)	2007 (£000)
Balance at 1 August 2007	665	616
Additions	197	70
Disposals	(485)	(79)
Reclassified as investment	(86)	-
Appreciation on disposals/revaluation	(51)	32
Increase in cash balances held (note 29)	219	26
Balance at 31 July 2008	459	665
Represented by		
Equities	18	443
Bank Balances	441	222
Total Endowment assets	459	665
Equities at Cost	18	270

16. Debtors

	Consolidated		University	
	2008 (£000)	2007 (£000)	2008 (£000)	2007 (£000)
Trade debtors	4,575	5,689	3,757	3,454
Amounts owed by group undertakings	-	-	25	5,101
Other debtors	1,639	1,214	1,549	1,560
Prepayments	702	851	702	580
	6,916	7,754	6,033	10,695

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2008 (£000)	2007 (£000)	2008 (£000)	2007 (£000)
Unsecured loans	333	2,333	333	2,333
Overdraft	1,627	1,537	1,627	1,537
Trade creditors	3,325	5,533	3,294	5,139
Amounts owed to subsidiaries	-	-	1,912	2,812
Social security and other taxation	2,601	2,678	2,601	2,677
Accruals and deferred income	19,737	12,125	16,879	11,110
	27,623	24,206	26,646	25,608

18. Creditors: amounts falling due after more than one year

	Consolidated		University	
	2008 (£000)	2007 (£000)	2008 (£000)	2007 (£000)
HEFCE (unsecured)	334	664	334	664

An interest-free loan has been provided by HEFCE to finance re-developments at Slough and Ealing. The first repayment was made in January 2005 and the final instalment is due in July 2010.

19. General provisions

	Pay Harmonisation (£000)	Contracts (£000)	Total (£000)
Balance at 1 August 2007	750	200	950
Provided for in the year	185	779	964
Released to the Income and Expenditure Account	-	(200)	(200)
Balance at 31 July 2008	935	779	1,714

20. Borrowings

	2008 (£000)	2007 (£000)
Repayments fall due within the following bands		
Within 1 year (note 17)	1,960	3,870
Within 2-10 years (note 18)	334	664
	2,294	4,534

21. Deferred capital grants

	HEFCE funded equipment (£000)	HEFCE funded buildings (£000)	Other grants (£000)	Total (£000)
At 1 August 2007 (restated)	1,909	18,309	3,351	23,569
Cash received	60	255	1,098	1,413
Released to Income and Expenditure				
– Annual depreciation	(883)	(512)	(176)	(1,571)
Released to Income and Expenditure				
–Westel House	(110)	(355)	(21)	(486)
Released to Income and Expenditure	(5)	(614)	(26)	(645)
At 31 July 2008	971	17,083	4,226	22,280

Other grants comprise donations and contributions towards the cost of fixed assets and educational equipment from sources other than HEFCE.

The opening balances for deferred capital grants have been restated to reclassify grants between Funding Council funded buildings and equipment. There is no effect on net assets.

22. Endowments

	Restricted Expendable (£000)	Restricted Permanent (£000)	Total
Restated balances:			
Capital value	384	169	553
Accumulated income	62	50	112
At 1 August 2007 (restated)	446	219	665
Additions	129	-	129
Decrease in value of investments	(17)	(3)	(20)
Income for the year (note 5)	11	8	19
Expenditure for the year	(66)	(52)	(118)
Released to Income and Expenditure – capital	(199)	-	(199)
Released to Income and Expenditure – Accumulated income	(17)	-	(17)
At 31 July 2008	287	172	459
Represented by:			
Capital value	297	167	464
Accumulated income	(10)	5	(5)
At 31 July 2008	287	172	459

23. Revaluation reserve

	2008 (£000)	2007 (£000)
At 1 August 2007	25,308	26,098
Contributions to depreciation released in the year (note 13)	(265)	(789)
At 31 July 2008	25,043	25,308

24. Movement on general reserves

	Consolidated		University	
	2008 (£000)	2007 (£000)	2008 (£000)	2007 (£000)
Surplus/(deficit) after depreciation of assets at valuation and after tax	6,560	(6,685)	6,629	(7,105)
Release from revaluation reserve	265	789	265	789
Historical cost surplus/(deficit) after tax	6,825	(5,896)	6,894	6,316
Pension recognised gains and losses	(15,108)	11,357	(15,108)	11,357
Balance brought forward	31,037	25,576	31,009	25,968
Balance carried forward	22,754	31,037	22,795	31,009

25. Reconciliation of consolidated operating deficit to net cash inflow from operating activities

	2008 (£000)	2007 (£000)
Deficit on continuing operations after depreciation of assets at valuation but before tax	(5,818)	(6,682)
Depreciation and amortisation (notes 11 and 12)	5,585	5,170
Deferred capital grants released to income (note 21)	(2,702)	(1,213)
Investment income (note 5)	(1,148)	(404)
Interest payable (note 8)	578	709
(Increase) / decrease in stocks	9	-
(Increase) / decrease in debtors	838	(2,782)
Increase / (decrease) in creditors	5,335	8,866
Increase / (decrease) in provisions	2,213	1,961
Endowments utilised	(87)	(30)
Net cash inflow from operating activities	4,803	5,595

26. Returns on investments and servicing of finance

	2008 (£000)	2007 (£000)
Income from endowments	19	21
Other interest received	1,148	404
Interest paid	(578)	(709)
Net cash outflow from returns on investments and servicing of finance	589	(284)

27. Capital expenditure

	2008 (£000)	2007 (£000)
Tangible assets acquired (other than leased equipment)	(12,529)	(13,800)
Fixed Assets investments acquired	(86)	-
Endowment asset investments acquired	(197)	(70)
Total investments fixed and endowment asset investments acquired	(12,812)	(13,870)
Receipts from endowment fund shares	485	79
Reclassify as investment	86	-
Sale of tangible fixed assets	27,968	-
Deferred capital grants received (note 21)	1,413	5,931
Endowments received	129	26
Transfer to operational cash	(216)	-
Net cash outflow from capital expenditure	17,053	(7,834)

28. Financing

	2008 (£000)	2007 (£000)
Debt due within one year	(2,000)	2,436
Debt due after one year	(330)	(3,758)
Net cash outflow from financing	(2,330)	(1,322)

29. Analysis of changes in net funds

	At 1 August 2007 (£000)	Cash flows 2008 (£000)	As at 31 July 2008 (£000)
Cash at bank and in hand			
Endowment assets (note 15)	222	219	441
Other (restated)	745	19,855	20,600
Debt due within one year (note 17) (restated)	(2,333)	2,000	(333)
Debt due after one year (note 18)	(664)	330	(334)
	(2,030)	22,404	20,374

30. Pension arrangements

The University's employees belong to the following principal pension schemes: the Teachers' Pension Scheme; the Universities' Superannuation Scheme and two Local Government Pension Schemes. The total pension cost for the period was £8,484,000 (2007: £8,127,000).

Teachers' Pension Scheme (TPS)

The TPS is an unfunded scheme; teachers' contributions, on a 'pay-as-you-go' basis, and employers' contributions are credited to the Exchequer under arrangements governed by the Superannuation Act 1972.

The employer contributions for the year were £4,185,000 (14.1% contribution) (2007: £3,993,656 (13.5% contribution)).

Universities Superannuation Scheme (USS)

The USS is a funded pension scheme where contributions payable are held in a trust separately from the University. The employer contributions for the year were £70,313 (14% contribution) (2007: £57,154 (contribution 14%)).

Under the definitions set out in Financial Reporting Standard 17 (Retirement Benefits), the TPS and the USS are multi-employer pension schemes. The University is unable to identify its share of the underlying assets and liabilities of these schemes. Accordingly, the University has taken advantage of the exemption in FRS 17 and has accounted for its contributions to these schemes as if they were defined contribution schemes.

As the TPS and USS are underwritten by central government and the University has no future obligation to make contributions to the scheme, this is effectively a defined contribution scheme in so far as it affects the University. As a result, contributions to this scheme are accounted for as if the scheme was a defined contribution scheme.

Unfunded enhanced pensions

The University provides a number of employees with additional pension benefits, typically following redundancies or other staffing changes. These additional pensions are unfunded, so are paid by the University as they fall due (rather than when they are granted).

These unfunded enhanced pensions have been valued as at 31 July 2008 by a qualified independent actuary. The results of this valuation are included in the figures in this note.

Local Government Pension Schemes (LGPS) (including unfunded enhanced pensions)

The University participates in two Local Government Superannuation Schemes; the Royal County of Berkshire (RCB) scheme and the London Borough of Ealing (LBE) scheme.

These are funded defined benefit pension schemes where contributions payable are held in a trust separately from the University. Full actuarial valuations were carried out at 31 March 2007 and updated to 31 July 2008 by qualified independent actuaries. The main results of and assumptions for the most recent valuation of the schemes based on the projected unit method are as follows:

Amounts recognised in the balance sheet:	2008	2007
	(£000)	(£000)
Present value of funded obligations	79,459	69,826
Fair value of plan assets	(55,493)	(61,574)
	23,966	8,252
Present value of unfunded obligations	8,530	7,687
Net liability in balance sheet	32,496	15,939

Amounts recognised in the income and expenditure account:	2008	2007
	(£000)	(£000)
Current service cost	2,854	3,475
Interest on obligation	4,649	4,134
Expected return on plan assets	(4,125)	(3,589)
Past service cost	507	-
Losses on curtailments and settlements	344	56
Total charge to income and expenditure	4,229	4,076
Actual (loss)/return on plan assets	(7,963)	5,235

Amounts recognised in Statement of Total Recognised Gains and Losses (STRGL):	2008	2007
	(£000)	(£000)
Actual loss expected (loss)/return on pension scheme assets	(11,818)	1,646
Experience (loss)/gain arising on the scheme liabilities	(1,518)	1,006
Changes in financial assumptions underlying the value of the scheme liabilities	(1,772)	8,705
Actuarial (loss)/gain recognised in STRGL	(15,108)	11,357

Changes in the present value of the defined benefit obligation:	2008 (£000)	2007 (£000)
Opening defined benefit obligation	77,513	80,754
Transfer from creditors	325	-
Service cost	2,854	3,475
Past service cost	507	-
Interest cost	4,649	4,134
Actuarial loss /(gain)	3,290	(9,710)
Losses on curtailments	344	56
Employee contributions	1,119	1,154
Benefits paid	(2,612)	(2,350)
Closing defined benefit obligation	87,989	77,513

Changes in the fair value of plan assets:	2008 (£000)	2007 (£000)
Opening fair value of plan assets	61,574	54,473
Expected return	4,125	3,589
Actuarial (losses)/gain	(11,818)	1,647
Contributions by employer	3,105	3,061
Employee contributions	1,119	1,154
Benefits paid	(2,162)	(2,350)
Closing fair value of plan assets	55,493	61,574

Movement in deficit during the year:	2008 (£000)	2007 (£000)
Deficit at beginning of the year	(15,939)	(26,281)
Transfer from creditors	(325)	-
Current service cost	(2,854)	(3,475)
Employer contributions	3,105	3,061
Past service costs	(507)	-
Impact of settlements and curtailments	(344)	(56)
Net return on assets	(524)	(545)
Actuarial (losses)/gain	(15,108)	11,357
Deficit at end of year	(32,496)	(15,939)

The University expects to contribute £3.2m to the LGPS over 2008/9.

The major categories of plan assets as a percentage of total plan assets:

	2008 (£000)	2007 (£000)
Equities	71	74
Gilts	4	3
Other bonds	18	15
Property	4	5
Cash	3	3

The principal assumptions at the balance sheet date (expressed as weighted averages):

	2008 (£000)	2007 (£000)
Discount rate of 31 July	6.1	5.8
Expected return on plan assets at 31 July	7.1	7.1
Future salary increases	5.05	4.7
Future pension increases	3.8	3.2
Future life expectancy for a male member aged 65	22 years	21.3 years

Where investments are held in bonds and cash, the expected long term rate of return is taken to be the yields generally prevailing on such assets at the balance sheet date. A higher rate of return is expected on equity investments, which is based more on realistic future expectations than on the returns that have been available historically. The overall expected long term rate of return on assets is then the average of these rates taking into account the underlying asset portfolio.

Amounts for the current and previous four periods:

	2008 (£000)	2007 (£000)	2006 (£000)	2005 (£000)	2004 (£000)
Defined benefit obligation	(87,989)	(77,838)	(80,754)	(70,347)	(53,198)
Plan assets	55,493	61,574	54,473	45,657	33,386
Deficit	(32,496)	(16,264)	(26,281)	(24,690)	(19,182)
Experience gain/(loss) on plan liabilities	1,518	1,006	(1,060)	(1,650)	-
Experience (loss)/gain on plan assets	(11,818)	1,647	2,491	5,240	574

31. Capital commitments

	2008 (£000)	2007 (£000)
Commitments contracted	1,458	4,034

32. Financial Commitments

Annual rentals under operating lease commitments are as follows:

	2008 (£000)		2007 (£000)	
	Property	Equipment	Property	Equipment
Expiring in 1-2 years	-	714	-	-
Expiring in greater than 5 years	3,307	-	2,573	-
Total commitments	3,307	714	2,573	-

33. Related party transactions

No transactions were identified which should be disclosed under Financial Reporting Standard 8 'Related Party Disclosures'.

34. HEFCE: Access funds

The University receives Access funds from HEFCE to assist students who might otherwise be inhibited from entering higher education. The funds received and their utilisation in the Access funds accounting year to 31 July 2008 were as follows:

	Total (£000)
Balance at 1 August 2007	69
Funds received	485
Interest earned	6
Loans repaid	(14)
Audit fee	(1)
Disbursement of funds	(415)
Balance at 31 July 2008	130

The University acts as paying agent only and the related grants and disbursements are excluded from the Income and Expenditure Account. The unspent balance is included within accruals and deferred income.

35. Subsidiary companies

The transactions relating to the following subsidiary companies have been included within the University's financial statements.

(a) Westkey Services Limited

This company was incorporated in England and Wales on 20 February 1989 and is limited by shares. The main activities were the provision of books and periodicals to Thames Valley University, which are now being undertaken by the University. It has not traded in the year.

(b) Slough Training Company Limited

This company was incorporated in England and Wales on 1 April 1989 and is limited by guarantee. The commercial work for which it was set up is now being undertaken by TVU Commercial Limited. It has not traded in the year.

(c) London College of Music Limited

This company was incorporated in England and Wales on 2 April 1990 and is limited by shares. On 8 July 1999 the name was changed from First Employment Services Limited to the present name. It has not traded in the year.

London College of Music™ is a registered trade mark used by the University in connection with the awarding of qualifications.

(d) First Employment Services Limited

This company was incorporated in England and Wales on 1 September 1992 as London College of Music Limited and the name was changed to First Employment Services Limited on 8 July 1999. It is a company limited by guarantee without share capital. It has not traded in the year.

(e) TVU Commercial Limited

This company was incorporated in England and Wales on 10 May 1994 as Exportkeep Limited with an authorised share capital of £1,000, of which £2 has been allotted.

Acquired by the University and renamed on 11 October 1994, the company undertakes commercial work on behalf of the University. The share capital of £2 is matched by a receivable from the University for that amount.

(f) ITS Feda Limited

This company was incorporated in England and Wales on 23rd September 1999 as an IT consultancy and supply enterprise. Of the £1,000 authorised share capital £2 has been allotted.

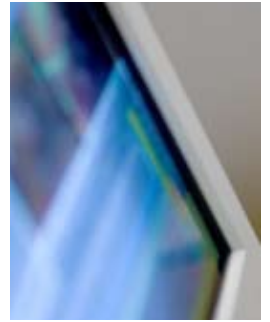
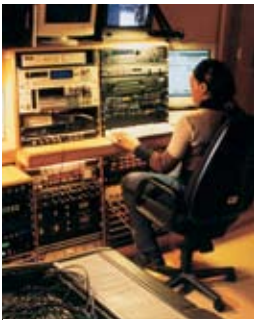
This company was a 100% subsidiary of Thames Valley University. On 1 October 2007 the University sold all its shares in ITS Feda Limited. The results of ITS Feda Limited have been consolidated up to 30 September 2007.

(g) EMWAC Limited

This company was incorporated in England and Wales on 29th October 2001 as an IT consultancy and supply enterprise. The whole of the 1,000 authorised share capital has been allotted to ITS Feda Limited. The whole of the share capital was sold on the disposal of ITS Feda Limited. (see f above) . It did not trade during its period of ownership by the University.

(h) Plaskett Education Limited

This company was incorporated in England and Wales on 13th May 1996 as a nutritional medicine specialist company. Of the £10,000 authorised share capital £2 has been allotted. It has not traded in the year.



Advisors

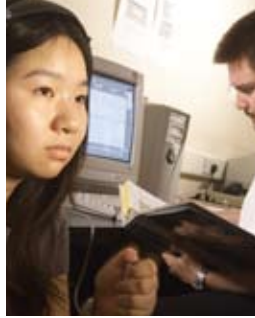
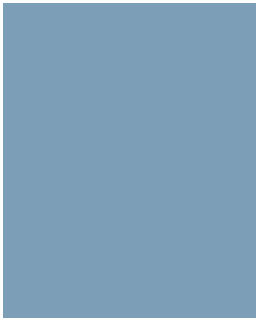
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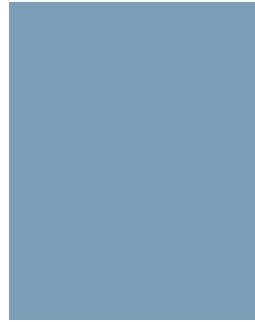
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