TVU London
Thames Valley University

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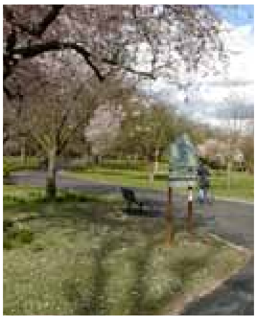
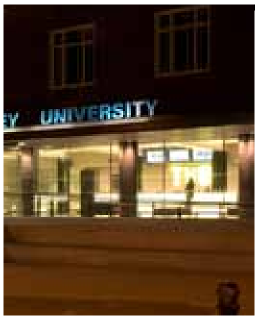
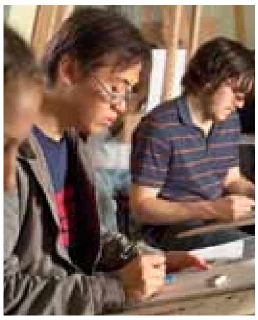




Annual Report and Financial Statements

Year ended 31 July 2009



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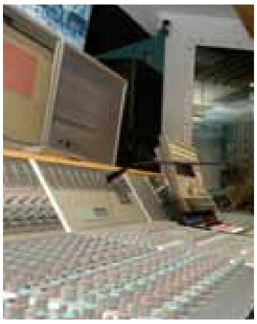
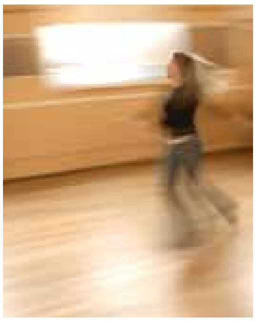
Annual Report and Financial Statements

Year ended 31 July 2009



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Nº1 modern university in London*

Nº1 improved university in London*

Nº1 for nursing and midwifery in England*

Nº1 university for graduate employment**

*The Guardian University Guide 2010
** Times Higher Education, July 2008

Chairman's Statement

The year was characterised by three factors:

- Strong and effective actions taken to secure the University's future in its traditional heartland of West London.
- Major decisions taken by the Board to divest itself of the provision of Further Education at Reading and to close the Slough campus in mid-2010.
- The University's strong efforts to achieve financial viability, which suffered a significant blow as a result of lower than expected funding levels.

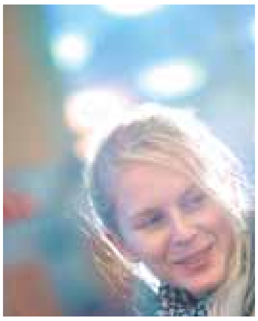
In his message the Vice Chancellor describes the activity that has taken place during the year. The University's reputation has improved, important structural and organisational change has been put in place, as has the infrastructure to deliver our Enterprise and Employer Engagement strategy.

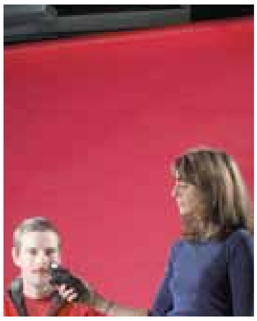
The Board's decision to divest itself of the responsibility for Further Education at Reading will enable the University better to concentrate its attention on its Higher Education activities. The decision to close the under performing Slough campus will release much-needed resources as will delivery of the emerging Estates Strategy, which is of considerable importance for the future.

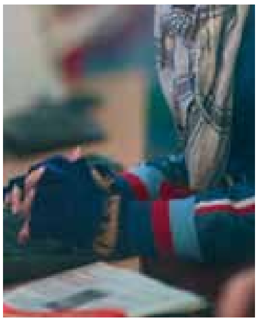
In my statement last year I said that one of the University's key objectives was to ensure long-term financial viability. This remains a key objective. Last year the University returned a surplus at operating level and would have done so again this year but for a significantly lower than expected level of funding for our Higher Education activities, which only became apparent half-way through the academic year. This rendered the institution unable to respond quickly enough to avoid a plunge into deficit, with the inevitable consequences that this brings. In the Financial Review the Executive Director of Finance points to a year of great turbulence in the HE sector and the uncertainties that this has brought. It is clear that funding uncertainties will continue in the medium term.

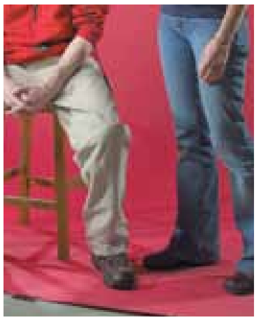
I should like to thank our Board of Governors for their valued contribution over the last year and to pay tribute to those Governors who retired during the year or who will shortly be retiring. As I step down at the end of December 2009 after six years as Chair of the Board I wish to thank all our staff for their tireless efforts to enable the University to be effective. I wish our excellent Vice-Chancellor well as he continues on the journey to a sustainable future for the University.

Dino Adriano
Chair of the Board of Governors










Message from the Vice-Chancellor and Chief Executive

This year the University took a number of key decisions designed to secure its future as we enter a new and challenging era for the sector. The changes relate to the size, shape, location and identity of the institution which will see the University return to its traditional heartland in West London. Here we will continue to do what we have always done best: provide a high quality flexible education to a wide array of learners from all ages and backgrounds.

The forging of this new identity stands alongside a re-fresh of our mission and vision where the pursuit of excellence and the support for aspiration will remain the key drivers. This re-positioning responds not only to a range of external agendas in terms of workforce 'up-skilling', employer engagement and business interaction but also retains our traditional commitment to widening participation, opportunity and access. Our mission therefore remains as focused as ever on being an:

Employer engaged, flexible learning university with a national and international reach providing a personalised education that satisfies the demands of students, employers and stakeholders.

Whilst making these changes we have continued to make great strides this year in terms of improved reputation and quality. For instance:

- Guardian
  The Guardian's University Guide 2010 placed TVU in joint 69th position (from 85th last year) out of 117 universities, making it the highest ranked modern university in London
- Independent
  The Independent's Complete University Guide 2010 ranked TVU in joint 98th position, a jump of 12 places from 110th place last year.
- Employability
  TVU is still the number one **modern** university in London for graduate employment, according to the 2009 HESA Employment Performance Indicators
- Health number two
  The Guardian's University Guide 2010 ranked TVU as number one for nursing and midwifery studies in England, and number two in the UK overall

These reputational improvements will make the coming year both exciting and challenging as we move into the next phase of our development. The key will be the 'New Futures' academic, business and estates plan which will take us forward to our new identity; and as a result I am sure we will be in a much stronger position to take forward our distinctive agenda.

Professor Peter John
Vice-Chancellor and Chief Executive

Annual Review

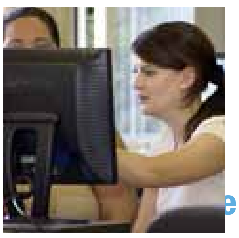
Organisational change

The re-structuring of the University towards the 'New Futures' vision continued apace. A 'New Settlement' was put in place at the Reading campus in January 2009. This devolved local management to Reading and disentangled the over complex faculty structures that had hindered its development. A new Executive Director of the Campus was appointed alongside an Acting Principal for Further Education to drive forward the agenda. In July 2009, after considerable consultation, the governing body of the University decided to divest itself of the Reading FE provision subject to the identification of an acceptable settlement for the University.

A decision was also taken in May to close the Slough campus in mid-2010. The University's Higher Education provision including nurse training will continue on the Crescent Road site in Reading and on various locations in East Berkshire. These developments highlighted the new direction of travel of the University to its new locus of activity in West London

Two new Deans were appointed to the Faculty of the Arts and the Faculty of Health and Human Sciences and a new Office of the Dean of Students was created to oversee the student experience. A new Institute of Teaching, Learning and Innovation (INSTIL) was also launched with the aim of co-ordinating the University's pedagogic research and practice while a reformed Audit, Quality and Standards Office was put in place to co-ordinate inter alia our QAA visit in 2011.. A number of new University wide Research and Enterprise Institutes are planned in the coming year built on the strong research foundation created by the Research Assessment Execrcise (RAE) result in December 2008.

A new recruitment and marketing team was set up alongside a new admissions and enrolment team to improve our recruitment efficiency and data management.



This year the University reviewed much of its academic infrastructure including validation processes, the semester timetable, quality systems and internal audit. A new programme planning and approval process is in now in place as is a tighter and a better regulated procedure for all collaborative partnerships. The objectives of the new processes are:

- 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 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 new faculty planning process gave much needed structure to all our strategic decision making and helped define a new set of curriculum efficiencies.

All faculties and their academic schools will continue to address the core elements of the strategy in their planning through their annual cycles. Faculties and schools were also measured on their performance against the University's Key Performance Indicators (KPIs) at group level for the first time. It became abundantly clear that the University has a high number of programme and course offerings for its size compounded by a high proportion of low enrolments. The University has set targets to reduce the proportion of low enrolment courses and programmes in order to achieve better use of resources. Significant progress has been made towards these targets at programme level, and to a lesser extent at module level and this will continue in the coming year through the on-going curriculum review.

In terms of quality assurance and enhancement, during 2008/9 there was considerable activity to ensure that the University's quality assurance arrangements were evaluated and improved to meet the requirements of academic reorganisation into Schools and Fields of Study and the 'Reading Settlement'.

The strategic steer for quality and enhancement now lies with the newly created Enhancement Group, which meets monthly. It is chaired by the Deputy Vice-Chancellor (Academic) and has as its members the Director of the Academic Quality and Standards Office, the Dean of Students, the Head of the Graduate School and the Director of the Institute for Learning Innovation and Teaching (INSTIL).

Considerable modifications to quality assurance systems were designed and approved, including more streamlined arrangements for the validation of new courses, a more stringent set of arrangements for managing collaborative provision, new processes for assuring the quality of curriculum developments arising from the 'employer engagement' agenda, and new arrangements for the annual and periodic review of Fields of Study.

Research and scholarship

The results of the 2008 Research Assessment Exercise (RAE) were announced on 17 December 2008. Taken together, the outcome represents a significant improvement compared to our RAE performance in 2001. Every single one of our units have increased their internationally recognised work substantially. Notably, 10% of the outputs in Unit of Assessment 11 (Nursing and Midwifery) were rated as world-leading in terms of originality, significance and rigour (4*) and another 65% of the work of this unit were rated as being either internationally excellent (3*) or internationally recognised (2*).

Overall, 19% of all TVU's outputs were judged to be internationally excellent (3*), and half of all the research outputs submitted by TVU to seven Units of Assessment were rated as internationally recognised (2*) or better. This represents a very good basis on which to take research forward in the years to come, with a focus on building critical mass by strengthening some of our existing research institutes and creating a small number of new ones in areas of strength. TVU is not a research intensive institution. Our submission to the RAE 2008 was therefore highly inclusive and aimed at reputational rather than financial gains. At the moment, no funding is attached to these ratings; this issue will be clarified by HEFCE in the new year.

In terms of our comparative performance in the RAE Times League Table we improved by 17 places in the table rising from 136 to 119. Only three Universities in London achieved this or better - Queen Mary (up 35 places), UEL (up 28 places) and TVU. In England we are the 14th most improved and 18th most improved across the whole UK.

This year we also advertised for a series of Vice-Chancellor's doctoral scholarships and we are determined to improve the volume and quality of our research and scholarly activity. Recruiting 'new blood' will be the crucial next step to ensuring that research and scholarship are essential elements of our academic life.

Enterprise and employer engagement

The Strategic and Enterprise Business Unit (SEBU) was formed in September 2008. Its primary remit is to deliver the £6.5m HEFCE strategic development funded bid, FutureSkills (FS), the £1m Higher Education Innovation Fund (HEIF) plan and to diversify and grow revenue streams for the University. The challenge is to ensure that the combined resources are invested with a view to sustainability. Necessarily, this involves changing existing culture, developing capacity and nurturing capability, leading to a new confidence and credibility on a regional, national and international basis. It is expected that all academic staff will be involved and engaged in the creation, dissemination and application of useful knowledge, and these are mutually inseparable.

We know that the demographic make-up of the UK is changing rapidly and that in a relatively short period of time we are going to have fundamentally to review the nature of our workforce, the average age of whom is rising rapidly. This will necessitate developing new methods and means of up and re-skilling individuals to a higher level, with delivery not on the campus, but in the work place. Achieving this will be fundamental to maintaining competitive advantage for our wealth creation processes.

SEBU has configured itself to prepare for these challenges and to make TVU leaders in providing a new form of higher level learning based on knowledge, skills, competencies and mindset. Since September, a new team has been created including Business Development Brokers, Skills and Enterprise Advisors, Enterprise Centre Managers and Knowledge and Work-Based Learning Fellows. This unit is fully integrated with Faculties and Schools. The SEBU team identify market opportunities, needs and requirements, and the academic infrastructure then has the responsibility to develop new products and pedagogic processes which meet the commercial needs of the employer-led market. Simple re-engineering of existing activity and processes will not work in this new demand-led environment, highlighting the criticality of capacity and capability building.

In the first year, much emphasis has been placed on the development of infrastructure. However, already we are beginning to see new activity that will eventually lead to a self-sustaining model. Combined SEBU and academic teams are involved in 25 ongoing knowledge transfer / exchange projects, which has already resulted in ten successfully funded projects, with a value of more than £100k. Importantly, an escalator of activity has been created where small and low risk projects are built up to much larger ones. This will result in the University having many more ‘gold-standard’ Knowledge Transfer Partnerships which bring together many elements of what we are trying to achieve.

In our FutureSkills-supported Enterprise Centres in Southall and Acton, we now have twenty students who have enrolled on our innovative Foundation Degree in Business Start-Up. Here, the emphasis is on creating a new business, supported within an academic and theoretical framework, enhancing understanding of what makes a business successful, thereby giving greater chance of long term viability and growth.

A new and flexible Foundation Degree Framework is being validated which will allow learners to sign up to smaller, more manageable, affordable and relevant modules, giving the opportunity to gain full awards over time, if that is desired. Businesses of all sizes indicate that this is the approach that they need and which for long has been absent from a traditional university portfolio of awards. These will be delivered using a blended learning approach capturing the benefits provided by technology enhanced delivery, but not forgetting the importance of human interaction in an effective learning process. Implicit again is the scale of the change needed to achieve and deliver this, and over the next two years, we will continue to drive the necessary changes through that will support the achievement of the wider University mission shift.

Estates

The emerging Estates Strategy was designed to meet the University's strategic objectives for the estate in the current difficult financial climate by:

- Consolidating the University estate into West London;
- Rebalancing the estate to match the University's strategic and academic aims;
- Significantly reducing the property related costs and maximising net receipts from the sale of surplus properties;
- Ensuring all remaining space meets the needs of the University, is fit for purpose and enhances the student experience;
- Improving space utilisation across the estate to match best practice in the sector.

The current Estate Plan seeks to implement the cost reduction measures in the emerging Estate Strategy by rebalancing the estate through implementing physical changes and introducing new standards to control the growth of space in the future. The Plan also sought to introduce new measures to control and limit the growth of the estate and included:

- A review the timetabling of academic space to ensure it is used across the working week from 9am to 5pm and into the evening and weekends where possible;
- A plan to introduce new University wide space standards to provide academic and administrative space that is fit for purpose across the estate and provided to an agreed minimum footprint and standard for different uses;
- The intention to introduce a new University wide management regime to centrally process and approve requests for new space.

As has already been highlighted, this year decisions were taken to reduce significantly the University's geographical footprint and to align it with the new mission and vision. The proposed closure of the Slough campus, the planned divestment of the Reading FE provision at King's Road and the 'mothballing' of Grove House in Ealing were all significant developments. In addition, the refurbishment of the St. Mary's Road campus continued alongside modifications to Paragon House in Brentford. The latter was opened by Her Majesty The Queen in February this year.

Financial Review

Uncertainties in the sector

2008/9 has been a year of great turbulence in the HE sector. Early events such as the withdrawal of funding for Equivalent Level Qualifications (ELQ) students and the new distribution of research funding had been scheduled but nevertheless added to the uncertainty experienced throughout the UK. The audit of student data at London Metropolitan University continued to send ripples and as the year progressed, many institutions discovered that the literal application of HEFCE funding rules meant that they had over-claimed teaching grant and faced clawbacks.

In recognition of the spurned funding associated with teaching students who technically fail to complete a full year of study, HEFCE announced their flexible study measure for 2009/10. This caused great confusion because it was presented as a mechanism that would distribute funding at the module level, leading many people to conclude that a student would be funded for every module they completed, regardless of whether they completed the full year or not. It turned out to be a cruder mechanism than this and the amount of funding involved was insignificant by comparison with the amounts HEFCE clawed back from institutions that had fallen foul of the non-completion regulations.

2008/9 was the first year that ‘targeted allocations’ were established, but no sooner had these been separated from the mainstream HEFCE teaching grant than HEFCE began withdrawing them. These withdrawals, including the premium for delivery of Foundation Degrees, will not take place until 2010/11. A new targeted funding allocation – TESS – was announced for 2009/10. This was a re-branding of several existing funding streams, most significantly Widening Participation (WP) and Improving Retention (IR), and masked a heavy reduction in total value. It also included a transfer from IR funding, on which TVU relies heavily, to WP funding, of which TVU receives a lesser share.

Following a letter from the Department of Innovation, Universities and Skills, HEFCE announced that a portion of the ‘efficiencies’ they would have to deliver in the 2010/11 financial year would need to be passed on to universities during the 2009/10 academic year. A further consequence of this letter was that institutions were strictly forbidden from recruiting more full time undergraduates in 2009/10 than in 2008/09, due to a deficit in public funding for student support. This restriction was poorly defined and exacerbated the problems faced by institutions seeking to grow provision damaged by the ELQ legislation. Extra, unfunded spaces were later introduced.

While HEFCE funding was in turmoil, tuition fee income was relatively stable. The third cohort of students paying top-up fees entered universities, taking total fee income close to its new ceiling, and several institutions that had previously charged less than the maximum either began charging the full amount (TVU included) or announced that they would. The rushed ELQ legislation meant that many institutions had been slow to react in terms of their fee policies for ELQ entrants in 2008/9, so in early 2009 policies for 2009/10 were developed. While some more prestigious institutions could afford to ignore the legislation altogether, others were obliged to use high premiums to encourage ELQ students to enrol on exempted programs.

Financial strategy

The University's financial strategy is focused on future sustainability through a return to surplus. The following key themes have emerged in response to the step change in the level of HEFCE funding received by the University and the uncertainty over the scale of public funding of Higher Education in the future:

- Continued strong financial control and accountability, including transparency
- Continued focus on employer engagement and with the support of HEFCE (through a £6.5m grant) developing a sustainable third stream of income
- Divestment of unprofitable areas of operation and closure of unprofitable courses
- Improved efficiency of operation through technological improvements and improved processes
- Delivery of the estates strategy, with site closures giving cost savings and site disposals capital for future developments of the estate
- Delivering and achieving value for money.

The University's financial strategy is expressed through its rolling five year financial forecasts. The key elements are:

- Managing costs to meet the HEFCE norms when expressed as a % of income
- Aiming for an overall surplus of at least 2% (before taking into account one-off property profits)
- Delivering growth from international students
- Investing at an appropriate level to provide future sustainability in buildings and infrastructure
- Investing surplus funds for maximum returns consistent with liquidity and low risk
- Maintaining low levels of gearing.

The University needs to re-establish benchmark sector metrics, in particular the ratio of staff costs to turnover, following a substantial reduction in income in 2008/9. This is aligned with the need to divest part of the organisation, run out unprofitable courses and reduce the footprint of the estate. All this means that a return to surplus cannot be achieved immediately and therefore an operating deficit has been budgeted for 2009/10.

Financial performance in 2008/9

The table below shows the income and expenditure account for 2008/9:

	2008/9 £m	2007/8 £m
Income	109.8	110.1
Operating costs	(109.7)	(108.1)
Operating surplus	**0.1**	**2.0**
Restructuring costs	(4.3)	(6.6)
Additional FRS17 pension costs	(1.5)	(1.1)
Property disposals	-	12.3
2008/9 HEFCE clawback	(6.9)	-
Total (deficit)/surplus	**(12.6)**	**6.6**

After several years of deficits the University returned to surplus in 2007/8 with an operating surplus (before severance costs and FRS17 charges) of £2.0m and an overall surplus of £6.6m after including the profits from the sale of property. The basis for the Budget for 2008/9 and the longer term business plan was that the University would continue to deliver an operating surplus each year, although the need for further expenditure on restructuring during the next two years to reduce the cost base was acknowledged. During the first six months of 2008/9 the University was working within these parameters.

In the summer of 2008 a data audit, carried out by HEFCE, identified that there was a need to reclassify the funding status of a group of students who had not satisfied all the conditions required for them to be included as fully fundable students under the HEFCE teaching grant methodology. A number of students had not completed the number of modules they were expecting to complete when they enrolled. The students were able to continue with their studies under the University's academic regulations but technically they fell short of the HEFCE requirements and were therefore not fundable by HEFCE.

Although this issue was identified in the summer of 2008 discussions between the University and HEFCE on the reduction in the teaching grant continued for several months and it was not until the end of January 2009 that the level of repayment was agreed. The retrospective adjustment for 2008/9 has been confirmed following the assessment of the total number of fundable students for the year at £6.9m and this will be repaid to HEFCE. There was a small adjustment for 2007/8 which was fully provided within the financial statements for that year and there are no prior year adjustments.

The University has reviewed its academic processes and delivery and the Vice-Chancellor has personally led a project to ensure that the funding rules are applied throughout the student population and any differences between the Academic Regulations and HEFCE funding are understood and funding records maintained in accordance with the funding guidance. The internal auditors have reviewed the data reporting processes and the University is confident that its reporting now aligns precisely with the HEFCE methodology.

Income 2008/9

	2008/9 £m	2007/8 £m
Recurrent grants		
HEFCE	35.5	33.4
HEFCE clawback	(6.9)	(0.5)
LSC	20.6	21.5
Other	2.7	3.5
Tuition fees	25.0	22.2
Nursing and midwifery education contracts	17.1	19.1
Other income	8.9	10.9
Total income	**102.9**	**110.1**

The major change to income compared with last year is the reduction in the HEFCE teaching grant described above.

Income from tuition fees increased as an additional cohort of home and EU undergraduate students were charged top-up fees. This was partly offset by under recruitment of nursing and midwifery students. Income from overseas fees was lower by £0.2m.

Income from the nursing and midwifery contracts with the London and South Central Strategic Health Authorities was reduced by £2m. The NHS funds cohorts for three years and under recruitment of cohorts in 2007/8 and 2008/9 have replaced cohorts that were fully recruited. In addition, the NHS reduced the number of commissions by 30% over a three year period in 2006/7, so by 2008/9 the full impact of this was realised. In addition, in 2008/9 Imperial College cancelled its placements at TVU.

Other income fell, largely as a result of the ending of a number of commercial contracts which made little contribution to the profitability of the University and had been fostered in the past to raise headline income.

Operating costs 2008/9

	2008/9 £m	2007/8 £m
Staff costs	69.7	69.5
Non staff costs	40.0	38.6
Operating costs	**109.7**	**108.1**

The University implemented the final element of the nationally negotiated pay agreement 2006 to 2009 in full with a 5% increase in October 2008. The increase was set by reference to the Retail Prices Index (RPI) for the year to the end of September 2008. The increase in RPI substantially exceeded expert predictions made during the negotiation process in 2006 and even as recently as April 2008 when the UK Treasury predictions were for an increase in RPI of 2.9%. The rate also exceeded the amount allowed in the Budget and strong vacancy management has delivered only a very marginal increase year on year.

Non staff costs rose as a result of an additional cohort of home and EU undergraduate students being entitled to bursary payments, which cost an additional £0.7m. Payments to franchise partners increased by £1m, again as students were recruited while franchise costs increased in the year. Other costs were well managed by implementing tight controls on purchasing and the continued drive for procurement savings.

	2008/9 % of income	2007/8 % of income
Staff costs	67.7	63.1
Non staff costs	38.9	35.1
Operating costs	**106.6**	**98.2**

The cost base of the University has for many years been too high and the cost metrics have exceeded other Universities and the HEFCE norms. In 2006/7 the percentage of income spent on staff costs was 68% and it was a real achievement that this was brought down to 63% by 2007/8, moving towards the sector standard of 58%. The 2008/9 percentage of income spent on staff costs has increased sharply as a result of the HEFCE clawback; the percentage before clawback was 63.5% and shows that without clawback the 5% increase in payroll would have been absorbed.

Segmental results 2008/9

In 2004 the University merged with the Reading College of Art and Drama and a Further Education provision has since been operated in Reading at the site of the former College. The merger has not delivered the original objectives of increased progression and the imposition of a Higher Education cost base on a Further Education college funded by a different funding Council is not financially sustainable. As set out above the decision to divest the FE operation at Reading, subject to finding an acceptable settlement, has been taken.

In 2008/9 the FE provision at Reading returned an operating deficit of £3.4m, whilst the remainder of TVU returned a surplus of £3.5m before the clawback of £6.9m. It can be seen that the remainder of the University showed a strong performance before clawback.

Restructuring

Following a voluntary redundancy programme with enhanced terms for leavers by 31 March 2008 another similar scheme was launched in October 2008 leading to a headcount reduction of nearly 100. A similar scheme has been launched in 2009/10 with enhanced terms for leavers by end November and the take up on this has exceeded 30. Further reductions in staff are required and the University has advised the trade unions that this will now move to a compulsory redundancy position

Cash resources and borrowing facilities

Over the last three years £12.4m has been spent on restructuring. This was funded from the sale of a property in December 2007 for £20m. At 31 July 2009 the University had net cash resources of £12.1m and £2.7m of cash resources remained undrawn under a Revolving Credit Facility. There were no long-term borrowings held by the University at 31 July 2009.

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. During 2008/9 the average monthly investment was £17.3m with an average monthly return of £720k.

The Revolving Credit Facility expired in August 2009 and under the term-out arrangements of that facility the University has entered an arrangement for a ten year borrowing of £7.5m at a small margin linked to base rate.

Further funds for the long-term development of the estate are planned to come from the sale of surplus estate and through external borrowings.

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. A risk register is maintained to ensure that operational risks are managed and mitigated wherever possible, while the reporting of key risks to Governors and senior management allows the threat of circumstances that could contribute to the institution's failure to be monitored.

Five key risks, each corresponding to cataclysmic scenarios that would lead to the institution's closure or at least its failure to meet its strategic objectives, have been identified and agreed by the Board of Governors.

These risks are:

1. Financial instability and recurring deficits.
2. The institution's reputation irreparably damaged.
3. Third stream activities are not sustainable.
4. Erosion of funding by HEFCE and NHS trusts.
5. The New Futures plan is not successful.

The probability of these occurring is assessed by considering the likelihood of a set of contributing risks, some of which are drawn from the risk register.

A set of Key Performance Indicators has been agreed by the Board which support these key risks. The Board has discussed the inherent tendency for performance indicators to reflect what has happened rather than what needs to be reacted to now or what needs to be prepared for the future. The performance indicators have therefore been designed to be predictive wherever possible and to extrapolate observed trends to enable trajectories to be reported, rather than histories.

Sustainability

The University has a Sustainability Policy, the policy embraces:

- Embedding environmental sustainability in the curriculum;
- Further developing Estates strategies for recycling, energy saving and energy efficient buildings;
- Enhancing the existing Green transport activities;
- Fair Trade status;
- Increasing sustainability criteria in procurement through a sustainable procurement policy;
- Implementing a major campaign to reduce use of paper;
- Developing financial appraisal procedures that consider life cycle costs of capital acquisitions;
- Consideration of ethical investment criteria.

Equality and diversity

Thames Valley University aims to be an 'employer of choice': that is an employer with a reputation that will attract a diverse and effective workforce of high caliber staff with a wide range of abilities, experience and skills. It aims to develop and use individual talent to the full so that no source of potential is untapped.

It is the policy of Thames Valley University to contribute to equality and social justice by ensuring that all members of staff and applicants for employment shall receive equality of opportunity irrespective of sex, gender (including gender reassignment), sexual orientation, sexuality, race, colour, creed, religion, political beliefs, ethnic or national origin, age, marital status or disability. The University is striving to break down barriers, extend opportunities and improve access. It aims to reach out to all sections of the community as employees, students, clients, partners and suppliers.

Thames Valley University is committed to providing equal opportunities to employees to progress to the level of their potential. Recruitment, selection, promotion and general policies and practices are periodically reviewed.

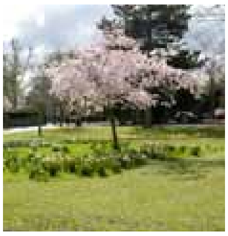
Disability statement

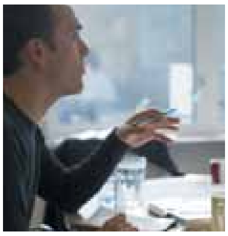
The University seeks to achieve the objectives set down in the Disability Discrimination Act 1995 as amended by the Special Educational Needs and Disabilities Act 2001.

Payment of creditors

The University is fully committed to the prompt payment of suppliers' bills and supports the Confederation of British Industry's Prompt Payment Code. 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
Chair 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) The integrity of the financial information included on the University's website is maintained. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

It has taken reasonable steps to:

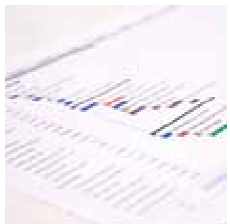
i) Ensure that funds from the HEFCE are used only for the purposes for which they have been given and in accordance with the Financial Memorandum with the HEFCE and any other conditions which the HEFCE may from time to time prescribe;

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;

iiii) 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) The Board meets 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 the Audit & Risk Committee.

iii) The full Governing Body receives and considers an annual report on risk management.

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 together with recommendations for improvement.

The University's Executive, 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.

The register of Strategic Risks which includes an identification of 'risk owners' is supported by local risk registers. The risks are ranked high, medium and low and movements within each category are highlighted to and discussed by the Audit and Risk Committee.

Our regular review of the effectiveness of the system of internal control is informed by:

i) The University's 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.

ii) The work of the Vice-Chancellor's Executive (VCE) which has the responsibility for the development and maintenance of the internal control framework.

iii) 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 Instrument and Articles of Government 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 as 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.

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 (currently vacant)

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. As identified below and following an extensive public recruitment campaign, two independent members joined the Board during the year. A new Academic Board representative joined the Board from 21 April 2009 following an election.

Board of Governors membership as at 31 July 2009

Independent Members	Mr Dino Adriano (Chair)
	Mr Mike Bellamy (with effect from 7 October 2008)
	Mrs Lucinda Bolton
	Mr Tony Coad
	Mr Gareth Cadwallader
	Mr Rod Kenyon OBE
	Mr Jonathan Lea
	Ms Justine Stephenson (with effect from 7 October 2008)
	Dr Alistair Stokes
	Mr John Taylor
	Mr Alistair Telfer
Vice-Chancellor & Chief Executive	Professor Peter John
Staff member	Mr Andrew Dunnett Alternate attendee (non voting):
	Ms Janet Rowson (with effect from 21 April 2009)
Academic Board Member	Dr Nadia MacDonald (with effect from 21 April 2009)
Students' Union Member	Mr Jared Mosley-Redman (Students' Union President)
	Alternate attendee (non voting): Ms Nishaant Kumar (Students' Union Vice President Education)

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 Deputy Vice-Chancellor 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 five 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 six times during the year.

Register of Interests & Related Party Transactions

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. Any Related party transaction involving either Governors or senior officers of the University have been disclosed in note 33.

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 2008/09 the work of the Audit & Risk Committee has been focussed 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 2008/09 are set out in the Committee's annual report to the Board. This report was considered by the Board on 17 November 2009 and will be submitted to the HEFCE.

The Audit & Risk Committee places 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 Governors and other interested bodies.

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

On 17 November 2009 the Governing Body received and discussed the Audit & Risk Committee's Annual Report for the year.

The Board has received from the Chair of the Audit & Risk Committee the necessary assurances about the adequacy of the internal controls in place throughout the year thus enabling these 2008/09 financial statements to be signed off and submitted to the HEFCE.

Independant 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 2009 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 22 to 25.

Respective responsibilities of the Board of Governors and auditors

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 Chairman's statement, the Message from the Vice-Chancellor and Chief Executive, the Corporate Governance Statement, the Statement of Governors' responsibilities and the Financial 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. 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 the affairs of the group as at 31 July 2009 and of its deficit 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.
- 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 2009.

BDO LLP
Chartered Accountants and Registered Auditors
Emerald House
East Street
Epsom
Surrey KT17 1HS
United Kingdom

23 November 2009

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

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

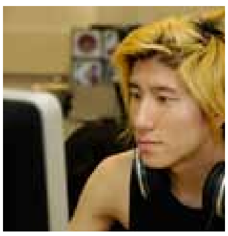
Purchased goodwill represents the excess of the fair value of the consideration given over the fair value of the separable net assets acquired arising on business combinations in respect of acquisitions.

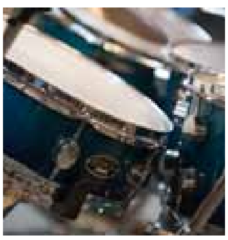
Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

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 Total 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 FRS 15. 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.

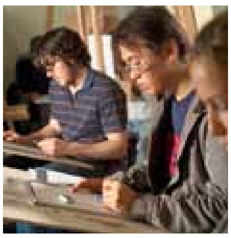
The rates of depreciation per annum are as follows:

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 company operates as a commercial organisation and is subject to corporation tax. The profits of this company 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 2009

	Note	2009 (£000)	2008 (£000)
Income			
Funding Council Grants	1	51,829	57,915
Tuition fees and education contracts	2	42,053	41,593
Research grants and contracts	3	856	565
Other income	4	7,344	8,828
Endowment and investment income	5	815	1,167
		102,897	**110,068**
Expenditure			
Staff costs	6	(69,729)	(70,137)
Exceptional staff costs	6	(4,282)	(6,574)
Other operating expenses	7	(34,609)	(33,012)
Depreciation and amortisation	13	(5,424)	(5,585)
Interest payable	8	(1,531)	(578)
		(115,575)	**(115,886)**
Group deficit on continuing operations after depreciation of tangible assets but before tax and exceptional items		**(12,678)**	**(5,818)**
Taxation	9	-	(41)
Profit on disposal of property and shares in subsidiary	10	-	12,320
Group (deficit)/surplus after depreciation of assets, disposal of assets and tax		**(12,678)**	**6,461**
Surplus for the year transferred from accumulated income in endowment funds	22	26	99
Group (deficit)/surplus for the year retained within general reserve		**(12,652)**	**6,560**

The income and expenditure account is in respect of continuing activities. The notes on pages 31 to 48 form part of these financial statements.

Consolidated historical cost surpluses & deficits

For the year ended 31 July 2009

	Note	2009 (£000)	2008 (£000)
(Deficit)/surplus on continuing operations after depreciation of tangible fixed assets and disposals but before taxation		(12,678)	6,502
Difference between historical cost depreciation and the actual charge for the period calculated on the re-valued amount		266	265
Historical cost (deficit)/surplus for the period before taxation		**(12,412)**	**6,767**
Taxation		-	(41)
Historical cost (deficit)/surplus for the period after taxation	9	**(12,412)**	**6,726**

Statement of total recognised gains & losses

For the year ended 31 July 2009

	Note	2009 (£000)	2008 (£000)
Deficit/(surplus) on continuing operations after depreciation of assets, disposal of assets and tax		(12,652)	6,560
Appreciation of endowment asset investments	22	-	(20)
Endowment income retained for the year	22	(26)	(99)
New endowments	22	12	129
Endowments released	22	(17)	(216)
Actuarial loss recognised in the pension schemes	30	(1,651)	(15,108)
Impairment of tangible fixed assets	23	(8,622)	-
Total recognised loss relating to the year		**(22,956)**	**(8,754)**
Reconciliation			
Opening reserves and endowments		48,256	57,010
Total recognised loss for the year		(22,956)	(8,754)
Closing reserves and endowments		**25,300**	**48,256**

Balance sheet

As at 31 July 2009

	Note	Consolidated 2009 (£000)	Consolidated 2008 (£000)	University 2009 (£000)	University 2008 (£000)
Fixed assets					
Tangible assets	13	95,707	102,889	95,707	102,889
Investments	14	109	117	109	117
Total fixed assets		**95,816**	**103,006**	**95,816**	**103,006**
Endowment assets	15	**428**	**459**	**428**	**459**
Current assets					
Stocks		113	95	113	95
Debtors	16	6,837	6,916	6,310	6,033
Cash at bank and in hand		17,695	22,227	17,647	22,174
Total current assets		**24,645**	**29,238**	**24,070**	**28,302**
Creditors					
Amounts falling due within one year	17	(29,176)	(27,623)	(28,569)	(26,646)
Net current assets/(liabilities)		**(4,531)**	**1,615**	**(4,499)**	**1,656**
Total assets less current liabilities		**91,713**	**105,080**	**91,745**	**105,121**
Creditors					
Amounts falling due after more than one year	18	(6,095)	(334)	(6,095)	(334)
General provisions	19	(500)	(1,714)	(500)	(1,714)
Provision for pensions	30	(35,666)	(32,496)	(35,666)	(32,496)
Net assets		**49,452**	**70,536**	**49,484**	**70,577**
Deferred capital grants	21	24,152	22,280	24,152	22,280
Endowments					
Expendable	22	258	287	258	287
Permanent	22	170	172	170	172
Reserves					
Revaluation reserve	23	16,155	25,043	16,155	25,043
General reserve	24	8,717	22,754	8,749	22,795
Total reserves		**24,872**	**47,797**	**24,904**	**47,838**
Total funds		**49,452**	**70,536**	**49,484**	**70,577**

The notes on pages 31 to 48 form part of these financial statements. The financial statements on pages 22 to 48 were approved by the Board of Governors on 23 November 2009 and signed on its behalf by:

Professor Peter John
Vice-Chancellor

Mr Dino Adriano
Chair of the Board of Governors

Consolidated cash flow

For the year ended 31 July 2009

	Note	2009 (£000)	2008 (£000)
Cash (outflow)/inflow from operating activities	25	(5,418)	4,803
Returns on investments and servicing of finance	26	(716)	589
Taxation	9	-	(41)
Capital expenditure	27	(1,726)	17,053
Cash (outflow)/inflow before financing		**(7,860)**	**22,404**
Financing	28	4,467	(2,330)
(Decrease)/increase in cash in the period	29	**(3,393)**	**20,074**
Reconciliation of net cash flow to movement in funds			
(Decrease)/increase in cash in the period		(3,393)	20,074
Change in net debt resulting from cash flows		**(4,467)**	**2,330**
Movement in (debt)/funds in period		(7,860)	22,404
Net funds/(debt) at 1 August		20,374	(2,030)
Net funds at 31 July	29	**12,514**	**20,374**

Notes to the financial statements

For the year ended 31 July 2009

1. Funding Council grants

	2009 (£000)	2008 (£000)
Recurrent grants:		
HEFCE	28,540	32,867
LSC	20,575	21,523
Specific grants:		
Continuing Vocational Education	1,695	1,516
Releases of deferred capital grants:		
Equipment (note 21)	555	883
Buildings (note 21)	464	1,126
	51,829	**57,915**

2. Tuition fees and education contracts

	2009 (£000)	2008 (£000)
UK Higher Education Students		
Full-time students	11,658	8,958
Part-time students	2,756	3,013
UK Further Education Students		
Full-time students	116	75
Part-time students	845	1,066
EU Students (excl UK Students)	1,226	984
Non EU Students	6,787	7,008
Short courses and examination fees	1,540	1,375
Nursing and midwifery education contracts	17,125	19,114
	42,053	**41,593**

3. Research grants and contracts

	2009 (£000)	2008 (£000)
Other grants and contracts	**856**	**565**

4. Other operating income

	2009 (£000)	2008 (£000)
Residences, catering and conferences	1,232	1,293
Other income-generating activities	4,633	4,674
Released from deferred capital grants (note 21)	301	196
Other income	1,178	2,665
	7,344	**8,828**

5. Endowment and investment income

	2009 (£000)	2008 (£000)
Income from endowment asset investments (note 22)	21	19
Other interest receivable	794	1,148
	815	**1,167**

6. Staff costs and exceptional staff costs

	2009 (£000)	2008 (£000)
Wages and salaries	57,684	58,059
Social security costs	4,625	4,571
Pension costs	7,420	7,507
Staff costs	**69,729**	**70,137**
Severance costs	4,282	6,389
Provision for pay harmonisation	-	185
Exceptional staff costs	**4,282**	**6,574**
Teaching departments	45,993	47,747
Teaching support services	6,293	4,664
Administration and central services	17,443	17,726
	69,729	**70,137**
Staff on permanent contracts	63,567	63,309
Staff on short-term and temporary contracts	6,162	6,828
	69,729	**70,137**

	2009 Number	2008 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	1,067	1,200
Teaching support services	152	236
Administration and central services	363	302
	1,582	**1,738**
The remuneration of higher paid staff, excluding pension contributions was:		
£100,000-£110,000	1	1
£110,000-£120,000	1	1
Over £190,000	1	1

	2009 (£000)	2008 (£000)
Vice-Chancellors' emoluments		
Salary	190	190
Benefits in kind	2	2
Pension contributions	22	16
Previous Vice-Chancellors emoluments		
(Part of year only)		
Salary	-	74
Benefits in kind	-	2
Pension contributions	-	9

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

	2009 (£000)	2008 (£000)
Other premises costs	6,097	6,984
Agency and consultancy	4,314	5,812
Equipment rent and maintenance	1,594	1,712
Consumables	1,007	1,097
Books and periodicals	1,498	1,502
Franchise payments	3,514	2,585
Advertising	2,335	2,229
Grants to Students' Union	386	501
Travelling and subsistence	803	1,045
Accommodation	621	317
Equipment not capitalised	497	423
Irrecoverable VAT	214	183
Rents	3,739	3,934
Auditors' remuneration	222	228
External auditors – other remuneration	39	19
Other expenses	7,729	4,441
	34,609	**33,012**
Included in the above operating expenses:		
External audit fee – University	68	65
External audit fee – Subsidiaries	5	5
Internal audit fee	96	135
Operating lease rentals	377	373

8. Interest payable

	2009 (£000)	2008 (£000)
On bank loans, overdrafts and other loans:		
Repayable within five years, by instalments	30	54
On pension scheme assets and liabilities		
Expected return on pension scheme assets	(3,896)	(4,125)
Interest cost on pension scheme liabilities	5,397	4,649
	1,531	**578**

9. Taxation

	2009 (£000)	2008 (£000)
Current year tax charge	-	41
(Deficit)/surplus on operation before tax	(12,652)	6,601
Expected tax charge	(3,795)	1,980
Effects of:		
Surplus not subject to UK corporation tax	3,795	(1,939)
UK corporation tax charge on profits of subsidiary	**-**	**41**

10. Profit on disposal of property and shares in subsidiary

	2009 (£000)	2008 (£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

	2009 (£000)	2008 (£000)
University's (deficit)/surplus for the period	(12,395)	6,894
Surplus/(deficit) generated by subsidiary undertakings	9	(69)
	(12,386)	**6,825**

12. Intangible assets

	Total (£000)
Cost as at 1 August 2008 and July 2009	2,410
Amortisation as at 1 August 2008 and July 2009	(2,410)
Net value July 2009	-

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 2008	27,434	65,815	33,630	6,194	13,030	146,103
Additions	-	-	-	8,000	-	8,000
Amounts written off to the Income and Expenditure Account	-	-	-	(1,130)	-	(1,130)
Reclassifications	-	6,398	4,044	(7,487)	(2,955)	-
Disposals	-	-	(22)	-	-	(22)
At 31 July 2009	**27,434**	**72,213**	**37,652**	**5,577**	**10,075**	**152,951**
Depreciation / impairment						
At 1 August 2008	980	15,095	25,689	-	1,450	43,214
Impairment (note 23)	6,755	1,867	-	-	-	8,622
Disposals	-	-	(16)	-	-	(16)
Charge for year	-	1,376	3,634	-	414	5,424
Reclassifications	-	748	-	-	(748)	-
At 31 July 2009	**7,735**	**19,086**	**29,307**	-	**1,116**	**57,244**
Net book value as at 31 July 2009	**19,699**	**53,127**	**8,345**	**5,577**	**8,959**	**95,707**
Net book value as at 31 July 2008	**26,454**	**50,720**	**7,941**	**6,194**	**11,580**	**102,889**

Depreciation was funded by:	2009 (£000)	2008 (£000)
Deferred capital grants released (note 21)	1,639	1,571
Revaluation reserve release (note 23)	266	265
General income	3,519	3,509
	5,424	**5,345**

14. Investments

	2009 (£000)	2008 (£000)
Balance at 1 August 2008	117	31
(Disposals)/additions	(8)	86
Balance at 31 July 2009	**109**	**117**

Listed investments include 5,648 Homeserve plc shares with a market value of £77,716. During the year the value of Homeserve shares decreased by £5,600 and shares in Bristol Water with a cost of £2,100 were sold.

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) and Plaskett Education Limited (2 £1 ordinary shares). All the companies are registered in England and Wales.

15. Endowment assets

	2009 (£000)	2008 (£000)
Balance at 1 August 2008	459	665
Additions	-	197
Disposals	(18)	(485)
Reclassified as investment	-	(86)
Appreciation on disposals/revaluation	-	(51)
(Decrease)/increase in cash balances held (note 29)	(13)	219
Balance at 31 July 2009	**428**	**459**
Represented by		
Equities	-	18
Bank Balances	428	441
Total Endowment assets	**428**	**459**
Equities at Cost	-	18

16. Debtors

	Consolidated		University	
	2009 (£000)	2008 (£000)	2009 (£000)	2008 (£000)
Trade debtors	5,300	4,575	4,215	3,757
Amounts owed by group undertakings	-	-	24	25
Other debtors	395	1,639	929	1,549
Prepayments	1,142	702	1,142	702
	6,837	**6,916**	**6,310**	**6,033**

17. Creditors: amounts falling due within one year

	Consolidated		University	
	2009 (£000)	2008 (£000)	2009 (£000)	2008 (£000)
Unsecured loans	5,134	333	5,134	333
Overdraft	475	1,627	475	1,627
Trade creditors	1,266	3,325	1,266	3,294
Amounts owed to subsidiaries	-	-	2,592	1,912
Social security and other taxation	2,258	2,601	2,258	2,601
Accruals and deferred income	20,043	19,737	16,844	16,879
	29,176	**27,623**	**28,569**	**26,646**

Unsecured loans include drawings of £4.8m under a Revolving Credit Facility of £7.5m. This facility was converted to a loan post year end.

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

	Consolidated		University	
	2009 (£000)	2008 (£000)	2009 (£000)	2008 (£000)
HEFCE (unsecured)	-	334	-	334
Amounts due to Funding Council	6,072	-	6,072	-
Other creditors	23	-	23	-
	6,095	**334**	**6,095**	**334**

An interest-free loan has been provided by HEFCE to finance re-developments at Slough and Ealing.

19. General provisions

	Pay Harmonisation (£000)	Contracts (£000)	Total (£000)
Balance at 1 August 2008	935	779	1,714
Provided for in the year	-	500	500
Released to the Income and Expenditure Account	(935)	(779)	(1,714)
Balance at 31 July 2009	**-**	**500**	**500**

20. Borrowings

	2009 (£000)	2008 (£000)
Repayments fall due within the following bands		
Within 1 year (note 17)	5,609	1,960
Within 2-10 years (note 18)	-	334
	5,609	**2,294**

21. Deferred capital grants

	HEFCE funded equipment (£000)	HEFCE funded buildings (£000)	Other grants (£000)	Total (£000)
At 1 August 2008	971	17,083	4,226	22,280
Reclassification	29	-	(29)	-
Cash received	-	750	386	1,136
Accrued income	915	1,470	-	2,385
Released to Income and Expenditure	-	(50)	(251)	(301)
Released to Income and Expenditure – annual depreciation	(555)	(464)	(319)	(1,338)
At 31 July 2009	**1,360**	**18,789**	**4,013**	**24,162**

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

22. Endowments

	Restricted Expendable (£000)	Restricted Permanent (£000)	Total (£000)
Balances brought forward			
Capital value	297	167	464
Accumulated income	(10)	5	(5)
At 1 August 2008	**287**	**172**	**459**
Additions	12	-	12
Income for the year (note 5)	20	1	21
Expenditure for the year	(44)	(3)	(47)
Released to Income and Expenditure –capital	(14)	-	(14)
Released to Income and Expenditure – accumulated income	(3)	-	(3)
At 31 July 2009	**258**	**170**	**428**
Represented by:			
Capital value	295	167	462
Accumulated income	(37)	3	(34)
At 31 July 2009	**258**	**170**	**428**

23. Revaluation reserve

	2009 (£000)	2008 (£000)
At 1 August 2008	25,043	25,308
Contributions to depreciation released in the year (note 13)	(266)	(265)
Impairment of tangible fixed assets	(8,622)	-
At 31 July 2009	**16,155**	**25,043**

24. Movement on general reserves

	Consolidated		University	
	2009 (£000)	2008 (£000)	2009 (£000)	2008 (£000)
(Deficit)/surplus after depreciation of assets and after tax	(12,652)	6,560	(12,661)	6,629
Release from revaluation reserve	266	265	266	265
Historical cost (deficit)/surplus after tax	**(12,386)**	**6,825**	**(12,395)**	**6,894**
Pension recognised gains and losses	(1,651)	(15,108)	(1,651)	(15,108)
Balance brought forward	22,754	31,037	22,795	31,009
Balance carried forward	**8,717**	**22,754**	**8,749**	**22,795**

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

	2009 (£000)	2008 (£000)
Deficit on continuing operations after depreciation of assets but before tax	(12,678)	(5,818)
Depreciation and amortisation (notes 13)	5,424	5,585
Deferred capital grants released to income (note 21)	(1,639)	(2,702)
Investment income (note 5)	(815)	(1,148)
Interest payable (note 8)	1,531	578
(Increase) /decrease in stocks	(18)	9
Decrease in debtors	2,454	838
(Decrease)/increase in creditors	(1,112)	5,335
Decrease in provisions	305	2,213
Endowments utilised	-	(87)
Releases from fixed assets	1,130	-
Net cash (outflow)/inflow from operating activities	**(5,418)**	**4,803**

26. Returns on investments and servicing of finance

	2009 (£000)	2008 (£000)
Income from endowments	21	19
Other interest received	794	1,148
Interest paid	(1,531)	(578)
Net cash (outflow)/inflow from returns on investments and servicing of finance	**(716)**	**589**

27. Capital expenditure

	2009 (£000)	2008 (£000)
Tangible assets acquired (other than leased equipment)	(2,889)	(12,529)
Fixed Assets investments acquired	-	(86)
Endowment asset investments acquired	-	(197)
Total investments fixed and endowment asset investments acquired	**(2,889)**	**(12,812)**
Receipts from endowment fund shares	18	485
Reclassify as investment	-	86
Sale of Investments	8	-
Sale of tangible fixed assets	7	27,968
Deferred capital grants received (note 21)	1,136	1,413
Endowments received	12	129
Transfer to operational cash	(18)	(216)
Net cash (outflow)/inflow from capital expenditure	**(1,726)**	**17,053**

28. Financing

	2009 (£000)	2008 (£000)
Repayments of debt	(333)	(2,330)
Loans drawn down	4,800	-
Net cash inflow/(outflow) from financing	**4,467**	**(2,330)**

29. Analysis of changes in net funds

	At 1 August 2008 (£000)	Non-cash movement 2009 (£000)	Cash flows 2009 (£000)	As at 31 July 2009 (£000)
Cash at bank and in hand				
Endowment assets (note 15)	441	-	(13)	428
Other	20,600	-	(3,380)	17,220
Debt due within one year (note 17)	(333)	(334)	(4,467)	(5,134)
Debt due after one year (note 18)	(334)	334	-	-
	20,374	**-**	**(7,860)**	**12,514**

30. Pension arrangements

The University's employees belong to the following principal pension schemes: the Teachers' Pension Scheme (TPS), the Universities' Superannuation Scheme (USS), and two Local Government Pension Schemes (LGPSs). The total pension cost for the period was £9,306,000 (2007/2008: £8,484,000).

Teachers' Pension Scheme (TPS)

The Teachers' Pension Scheme 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 contributions for the year were as follows:
Employer £4,147,320 (2007/2008: £4,185,030).

More information on the Teachers' Pension Scheme can be obtained from http://www.teacherspensions.co.uk/

Universities Superannuation Scheme (USS)

The Universities' Superannuation Scheme is a funded pension scheme where contributions payable are held in a trust separately from the University.

The contributions for the year were as follows:
Employer £40,663 (2007/2008: £70,313).

More information on the Universities' Superannuation Scheme can be obtained from http://www.usshq.co.uk/

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 is 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.

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 2009 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 2009 by qualified independent actuaries. The main results and assumptions of the most recent valuation for the schemes based on the projected unit method are as follows overleaf:

Amounts recognised in the balance sheet:	2009 (£000)	2008 (£000)
Present value of funded obligations	77,371	79,459
Fair value of plan assets	(49,833)	(55,493)
	27,538	23,966
Present value of unfunded obligations	8,128	8,530
Net liability in balance sheet	**35,666**	**32,496**

The amounts recognised in the Income and Expenditure account are as follows:	2009 (£000)	2008 (£000)
Current service cost	3,328	2,854
Interest on obligation	5,397	4,649
Expected return on plan assets	(3,896)	(4,125)
Past service cost	-	507
Losses on curtailments and settlements	289	344
Total charge to income and expenditure	**5,118**	**4,229**
Actual loss on plan assets	**(7,496)**	**(7,963)**

Amounts recognised in Statement of Total Recognised Gains and Losses:	2009 (£000)	2008 (£000)
Actual less expected loss on pension scheme assets	(11,392)	(11,818)
Experience gain/(loss) arising on the scheme liabilities	691	(1,518)
Changes in financial assumptions underlying the value of the scheme liabilities	9,050	(1,772)
Actuarial loss recognised in STRGL	**(1,651)**	**(15,108)**

Changes in the present value of the defined benefit obligation:	2009 (£000)	2008 (£000)
Opening defined benefit obligation	87,989	77,513
Reserves held elsewhere for Mental Health Officers	-	325
Service cost	3,328	2,854
Past service cost	-	507
Interest cost	5,397	4,649
Actuarial (loss) /gain	(9,741)	3,290
Losses on curtailments	289	344
Employee contributions	1,305	1,119
Benefits paid	(3,068)	(2,612)
Closing defined benefit obligation	**85,499**	**87,989**

Changes in the fair value of plan assets:	2009 (£000)	2008 (£000)
Opening fair value of plan assets	55,493	61,574
Expected return	3,896	4,125
Actuarial loss	(11,392)	(11,818)
Contributions by employer	3,599	3,105
Employee contributions	1,305	1,119
Benefits paid	(3,068)	(2,162)
Closing fair value of plan assets	**49,833**	**55,493**

Movement in deficit during the year:	2009 (£000)	2008 (£000)
Deficit at beginning of the year	(32,496)	(15,939)
Reserves held elsewhere for Mental Health Officers	-	(325)
Current service cost	(3,328)	(2,854)
Employer contributions	3,599	3,105
Past service costs	-	(507)
Impact of settlements and curtailments	(289)	(344)
Net return on assets	(1,501)	(524)
Actuarial loss	(1,651)	(15,108)
Deficit at end of year	**(35,666)**	**(32,496)**

The University expects to contribute £2.7m to the LGPS over 2009/10.

The major categories of plan assets as a percentage of total plan assets	2009 %	2008 %
Equities	63	71
Gilts	0	4
Other bonds	25	18
Property	9	4
Cash	3	3

The principal assumptions at the balance sheet date (expressed as weighted averages):	2009 %	2008 %
Discount rate of 31 July	6.50	6.10
Expected return on plan assets at 31 July	6.91	7.10
Future salary increases	4.90	5.05
Future pension increases	3.90	3.80
Future life expectancy for a male member aged 65	21.2 years	22.0 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:	2009 (£000)	2008 (£000)	2007 (£000)	2006 (£000)	2005 (£000)
Defined benefit obligation	(85,499)	(87,989)	(77,513)	(80,754)	(70,347)
Plan assets	49,833	55,493	61,574	54,473	45,657
Deficit	(35,666)	(32,496)	(15,939)	(26,281)	(24,690)
Experience (loss)/gain on plan liabilities	(691)	1,518	1,006	(1,060)	(1,650)
Experience (loss)/gain on plan assets	(11,392)	(11,818)	1,647	2,491	5,240

31. Capital commitments

	2009 (£000)	2008 (£000)
Commitments contracted	69	1,458

32. Financial Commitments

Annual rentals under operating lease commitments are as follows:	2009 Property (£000)	2009 Equiptment (£000)	2008 Property (£000)	2008 Equiptment (£000)
Expiring in 1-2 years	-	154	-	714
Expiring in greater than 5 years	652	-	3,307	-
Total commitments	**652**	**154**	**3,307**	**714**

33. Related party transactions

Mr G Cadwallader chairs the Audit and Risk Committee of the Learning and Skills Council and is a member of the Board of Governors of the University. During the year funding was received from the Learning and Skills Council on an arms length basis and is disclosed in note 1.

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 2009 were as follows:

	Total (£000)
Balance at 1 August 2008	130
Funds received	(489)
Interest earned	(5)
Loans repaid	22
Audit fee	1
Disbursement of funds	337
Balance at 31 July 2009	**(4)**

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 trading subsidiary company have been included within the University's financial statements.

TVU Commercial Limited

The company, which is incorporated in England and Wales, undertakes commercial work on behalf of the University.

The University also owns the following dormant companies:

(a) Plaskett Education Limited

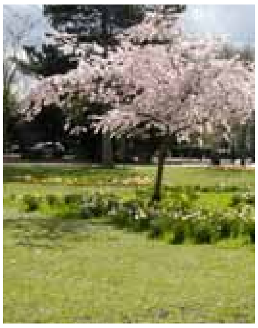
This company is incorporated in England and Wales. It has not traded in the year.

(b) London College of Music Limited

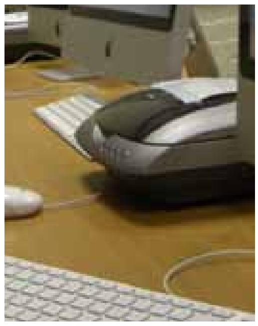
This company is incorporated in England and Wales. It has not traded in the year.

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







Advisors

As at 31 July 2009

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Internal Auditors

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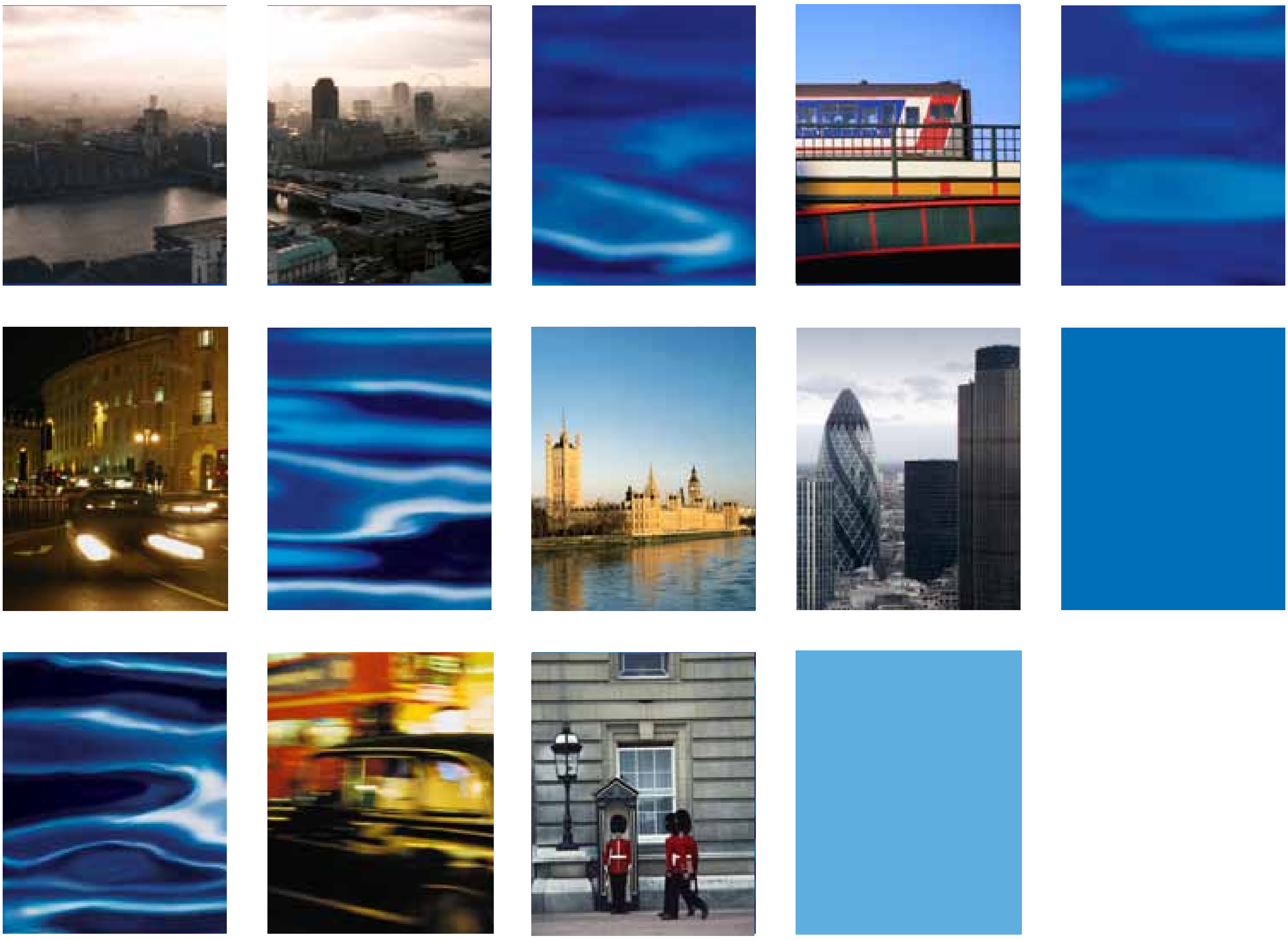

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