Financial Review for the year ended 31 July 2012
Welcome from the Chair of Governors and the Vice-Chancellor

We are very pleased to present the University's Financial Statements, including the Operating and Financial Review for 2012. The financial sections of this report show that we have had a very successful year, with a surplus in historic cost terms of £12.2m. This is in part due to continued strong recruitment of home and international students, and also to prudent cost control.

We have now produced a new strategic statement to cover the period to 2017. This does not involve any radical change in direction for the University, but recognises even more strongly the needs to offer an excellent experience to our students, to do all that we can to help prepare them for their future careers, to support our staff in the production of research of international quality, and to diversify our income sources through better exploitation of our ability to provide knowledge-based services to businesses and other organisations.

We are very pleased that we continue to show strongly in the National Student Survey and in the Destination of Leavers statistics gathered six months after students graduate. We have also been very pleased this year to be recognised in the Times Higher Education World University Rankings where we are the top Modern University in the UK, and are placed alongside prestigious institutions in many other countries.

The next Financial Statements will begin to reflect the substantial changes in government funding for teaching in higher education, for which we have been preparing now for two years. Major efforts were made in 2011/12 to ensure that we continue to be able to recruit home students up to our targets and the limits imposed by the government, and to maintain our numbers of international students. We have been successful in both of these ambitions, and continued strong recruitment is vital to the financial health of the University in the coming years.

Our ability to rise to these challenges is much enhanced by our current financial strength. Our greatest asset, however, is the commitment of our excellent staff and we thank them for all that they have done, and will do, to ensure that the University continues to thrive.

Stuart Iles, Chair of the Board of Governors

November 2012

Professor John Craven, Vice-Chancellor
Report of the Board of Governors and Financial Statements for the year ended 31 July 2012

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Board of Governors and Senior Financial Officers of the University of Portsmouth Higher Education Corporation
1 August 2011 – 19 November 2012

Board of Governors (who are also Trustees)

<table>
<thead>
<tr>
<th>External Members</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Dr Zenna Atkins</td>
<td></td>
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<tr>
<td>Michael Brooks</td>
<td></td>
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<tr>
<td>Dr Peter Bunyan</td>
<td></td>
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<tr>
<td>Janice Caplan</td>
<td></td>
</tr>
<tr>
<td>Marie Costa</td>
<td></td>
</tr>
<tr>
<td>Dr Graham Floater</td>
<td>Up to 31 July 2012</td>
</tr>
<tr>
<td>Mark Greenwood</td>
<td>Up to 28 May 2012</td>
</tr>
<tr>
<td>Adam Humphryes</td>
<td>Up to 31 July 2012</td>
</tr>
<tr>
<td>Stuart Iles</td>
<td>Chairman</td>
</tr>
<tr>
<td>Martin James</td>
<td>Deputy Chairman</td>
</tr>
<tr>
<td>Anne Lambert</td>
<td>From 4 October 2012</td>
</tr>
<tr>
<td>Mark Lemon</td>
<td></td>
</tr>
<tr>
<td>Deborah Owen-Ellis Clark</td>
<td></td>
</tr>
<tr>
<td>Mark Readman</td>
<td></td>
</tr>
<tr>
<td>Bill Salmond</td>
<td></td>
</tr>
<tr>
<td>Michael Staunton</td>
<td></td>
</tr>
<tr>
<td>Bernie Topham</td>
<td></td>
</tr>
<tr>
<td>Professor Nairn Wilson</td>
<td>From 4 October 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Student Governor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Ben Fishwick</td>
<td>Up to 31 July 2012</td>
</tr>
<tr>
<td>Paolo Enrico de Falco</td>
<td>From 1 August 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elected by</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Council</td>
<td></td>
</tr>
<tr>
<td>Dr Peter Starie</td>
<td></td>
</tr>
<tr>
<td>Dr Karl Nunkoosing</td>
<td>Up to 31 July 2012</td>
</tr>
<tr>
<td>David Smith</td>
<td>From 1 August 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elected by</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic Staff</td>
<td></td>
</tr>
<tr>
<td>Dr Sascha Bachmann</td>
<td></td>
</tr>
<tr>
<td>Professor Tara Dean</td>
<td>Up to 31 July 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elected by</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Support Staff</td>
<td></td>
</tr>
<tr>
<td>Riz McNaught</td>
<td>Up to 31 July 2012</td>
</tr>
<tr>
<td>Anne Burrill</td>
<td>From 1 August 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Elected by</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Student Body</td>
<td></td>
</tr>
<tr>
<td>Amy Baker</td>
<td>Up to 30 June 2012</td>
</tr>
<tr>
<td>Godfrey Atuahene Junior</td>
<td>From 1 July 2012</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vice-Chancellor</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Professor John Craven</td>
<td></td>
</tr>
</tbody>
</table>

Senior Financial Officers of the University

<table>
<thead>
<tr>
<th>Vice-Chancellor</th>
<th>Professor John Craven</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Finance</td>
<td>Emma Woollard</td>
</tr>
<tr>
<td>Deputy Director of Finance</td>
<td>Dr Elizabeth Bartle</td>
</tr>
</tbody>
</table>

| Secretary to the          |                      |
| Corporation and Clerk to  |                      |
| the Board of Governors    | Sally Hartley         |
The University’s income for 2011/12 totals £176.5 million, compared to £177.6 million in 2010/11. The surplus for the year is £12.2 million, which is 6.9% of turnover, compared with a 9.7% surplus for 2010/11.

The University’s financial position remains strong, enabling investment for the future and ensuring financial sustainability as the sector moves into the new funding environment. These results have been generated despite the continuing cuts to grants from the Higher Education Funding Council for England (HEFCE).

<table>
<thead>
<tr>
<th>Financial Summary</th>
<th>2011/12 £,000</th>
<th>2010/11 £,000</th>
<th>change £</th>
<th>change %</th>
</tr>
</thead>
<tbody>
<tr>
<td>INCOME</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding Council Grants</td>
<td>61,000</td>
<td>68,341</td>
<td>(7,341)</td>
<td>(10.7)</td>
</tr>
<tr>
<td>Tuition Fees:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Home/EU FT</td>
<td>51,547</td>
<td>48,882</td>
<td></td>
<td></td>
</tr>
<tr>
<td>International</td>
<td>20,575</td>
<td>18,866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>13,728</td>
<td>12,686</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>85,850</td>
<td>80,434</td>
<td>5,416</td>
<td>6.7</td>
</tr>
<tr>
<td>Research</td>
<td>7,476</td>
<td>7,231</td>
<td>245</td>
<td>3.4</td>
</tr>
<tr>
<td>Other Income</td>
<td>22,160</td>
<td>21,569</td>
<td>591</td>
<td>2.7</td>
</tr>
<tr>
<td>Total income</td>
<td>176,486</td>
<td>177,575</td>
<td>(1,089)</td>
<td>(0.6)</td>
</tr>
<tr>
<td>EXPENDITURE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Staff costs</td>
<td>103,502</td>
<td>99,126</td>
<td>4,376</td>
<td>4.4</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,426</td>
<td>10,411</td>
<td>1,015</td>
<td>9.7</td>
</tr>
<tr>
<td>Other</td>
<td>56,114</td>
<td>55,190</td>
<td>924</td>
<td>1.7</td>
</tr>
<tr>
<td>Total expenditure</td>
<td>171,042</td>
<td>164,727</td>
<td>6,315</td>
<td>3.8</td>
</tr>
<tr>
<td>Historical cost</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>surplus</td>
<td>12,152</td>
<td>17,237</td>
<td>(5,085)</td>
<td></td>
</tr>
<tr>
<td>Surplus as % of income</td>
<td>6.9%</td>
<td>9.7%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance Sheet Extracts</th>
<th>31 July 2012 £,000</th>
<th>31 July 2011 £,000</th>
<th>Difference £,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets</td>
<td>255,125</td>
<td>250,281</td>
<td>4,844</td>
</tr>
<tr>
<td>Cash and short term deposits</td>
<td>73,305</td>
<td>72,958</td>
<td>347</td>
</tr>
</tbody>
</table>
Grant Income

The reduction in funding council grants includes a £2.1 million cut in HEFCE (Higher Education Funding Council for England) recurrent teaching funds and also the exclusion of a one off grant of £3.7 million awarded in 2010/11 following a successful bid to the University Modernisation Fund (UMF). Income from the TA (Teaching Agency formerly the TDA, Teaching Development Agency) also fell by £0.2 million reflecting a decline in specific student grants.

The capital grant for equipment released in the year has reduced by £0.5 million as a result of a reduction in this funding stream.

The overall fall in grant funding was anticipated and included in the 2011/12 budget.

Tuition fee income

The income received from Home/EU full time students increased by £2.7 million, 5.5%, reflecting continuing strong recruitment in this area. The University recruited the maximum number of new entrant full time undergraduate students permitted by HEFCE.

International fee income increased by £1.7 million, 9.1%, in 2011/12. This included the second year of recruitment via the University’s partner organisation, International College Portsmouth.

The University is conscious that this market is highly competitive and vulnerable to any global economic downturn as well as adverse exchange rate movements. To mitigate this, the University continues to explore and develop areas of potential recruitment.

Other tuition fee income has risen by £1.0 million as a result of an increase to the University’s contract with the Probation Service.

Other sources of income

Income from research grants and contracts has grown by 2.7% in 2011/12. This shows the University’s improved performance in competing for funds, in an increasingly challenging environment. The University has had a particularly successful year with Research Council awards, demonstrating the high quality of research being carried out.

Other income has changed minimally. 2011/12 figures include £0.3 million in relation to the sale of Spirogen shares (a spin-out company) but excludes £0.4 million external income in relation to the New Theatre Royal project (one-off in 2010/11).

Expenditure

Expenditure has increased from £164.7 million to £171.0 million. This figure includes a 4.4% increase in staff costs. Academic staff numbers have increased in departments where the University has been actively filling vacant posts or recruiting to new areas of activity. The increase in staff costs also includes the effect of the annual pay award and a one-off staff bonus (£400 per full-time equivalent), in recognition of the significant contribution made by our staff throughout the year.

The University has initiated a number of significant investments in its capital infrastructure in 2011/12, focussing on improving the student experience and improving operational efficiency. This includes a major exercise to refurbish all teaching spaces as well as capitalised works (see below) including work on the Eldon Extension, purchase of new centralised support service & teaching space (St Andrew’s Court), purchase of land for an iconic new student residence and teaching block (the Victoria site).

Depreciation has increased by £1.0 million. This is mainly due to last year’s full revaluation exercise (where the University’s buildings assets were increased in value). There is a corresponding increase in release from the revaluation reserve for the historical cost depreciation charge to cover this.
The surplus on the University’s accounts is £12.2 million, compared to £17.2 million in 2010/11. The surplus is a consequence of strong home and international student recruitment and good expenditure controls. It is reduced compared to the previous year primarily due to cuts in grant funding. We will continue to keep costs under control and target expenditure towards enhancing the student experience. We will also continue to invest selectively in the research environment and support for knowledge services.

The consolidated balance sheet for the University decreased in value by £16.3 million. This decrease includes a large transfer to the pension reserve of £23 million which is required under the FRS17 reporting requirement (see below). This has partly been offset by the healthy surplus made in the year of £12.2 million. The remaining reduction being the transfer from the revaluation reserve of £6.7 million.

There was an overall increase in the University’s fixed assets after depreciation of £5.0 million which is predominantly the addition of St Andrew’s Court to the University’s buildings portfolio. There have been other additions on the capital buildings programme shown by the work in progress figure included in the fixed assets of £16.8 million, compared to £2.5 million in 2010/11.

The insurance value of the Estate as at 31 July 2012 is £333.4 million compared to £330.1 million at 31 July 2011. Cash and short term deposits remained fairly stable, increasing by £1.0 million in the year. The University sold its shares in Spirogen Ltd for £0.3 million.

The pensions liability increased by £23.0 million from £76.2 million to £99.2 million. This is the technical FRS17 liability on the pension fund in respect of the local government pension scheme and represents only half of the University’s complement of staff. It reflects changes in actuarial assumptions in relation to pension liabilities (mainly demographic and market-related). The liability shown here is not ‘real’ unless there is the unlikely event that Hampshire County Council take action to call upon its contributors to address the projected fund shortfall. We are not required to recognise a liability on our other pension schemes as they are multi employer final salary schemes and it is not possible to accurately allocate an appropriate share of assets and liabilities of the schemes to the member bodies.

The University adopts a risk based approach to treasury management. The Treasury Management Policy was formally updated in August 2011, approved by the Finance Committee of the Board of Governors in September 2011, and demonstrates the University’s commitment to ensuring its cash balances are as secure as possible. Investment income increased in 2011/12, after a number of years of reductions caused by falling interest rates.

The University’s financial results for 2011/12 remain extremely strong, both in terms of the level of surplus and the continuing healthy balance sheet. This is despite ongoing cuts to grant funding, demonstrating the University’s success in student recruitment and in tight cost control.

The University’s new strategy (2012-2017) clearly sets out our intention to maintain our position as a leading Modern University with excellent teaching, international quality research and knowledge enhancement.

The current financial position provides a strong base to plan for the years ahead. Early indications are that the University has recruited very successfully in 2012/13. However, the impact of the new funding environment will present considerable challenges, especially given continuing uncertainties surrounding government policy in relation to student recruitment. The potential for volatility during the early years of the new fees and funding regime should not be underestimated.

The risks from 2012/13, and the University’s response, are covered in more detail in subsequent sections of this document. The University remains confident that its strong financial position enables it to plan for these challenges in a measured and proactive manner, maximising the benefits realised from an increasing level of investment focussed on meeting strategic priorities and so ensuring its long term financial sustainability is secured.
Our University

The University of Portsmouth is a thriving Modern University, with a strong reputation for teaching and research.

We deliver a broad range of courses designed to support our students to fulfil their potential and equip them with knowledge and skills that prepare them for the modern workforce. Work-related learning is integrated into each of our courses and we have invested heavily in state-of-the-art simulated learning environments for our students. The majority of our students are on programmes accredited or validated by professional organisations, with many others offering an accelerated route to qualifying with a profession or obtaining chartered status.

Our research is world-class with an average 40% of the research submitted for the 2008 Research Assessment Exercise rated internationally excellent or world-leading, and 78% rated internationally recognised or above.

The University is an integral part of one of Britain’s most historic cities. In recent years we have invested significantly across our estate and offer excellent facilities for teaching, research, sport and leisure.

2011/12 Facts & Figures

Student Numbers (at 1.12.11)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Undergraduate</td>
<td>19,609</td>
</tr>
<tr>
<td>Postgraduate taught</td>
<td>3,072</td>
</tr>
<tr>
<td>Postgraduate research</td>
<td>558</td>
</tr>
<tr>
<td>Total HE students</td>
<td>23,239</td>
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Staff Full Time Equivalent Numbers (at 31.7.12)

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
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</thead>
<tbody>
<tr>
<td>Academic/research staff</td>
<td>1,114</td>
</tr>
<tr>
<td>Support staff</td>
<td>1,228</td>
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</tbody>
</table>
Strategic ambitions 2011/12

During the period covered by this review the University’s ambitions were set out in our Strategic Plan 2007 – 2012. The vision and aims of this plan were as follows:

The University of Portsmouth aims for excellence in the creation, interpretation and communication of knowledge

Headline aims

- To give an excellent student experience focused on knowledge and skills essential for roles in the global workforce
- To raise aspirations and promote access to the University
- To promote the discovery, development and application of knowledge through high quality research
- To contribute to sustainable economic social, cultural and community regeneration and development

Organisational sustainability

We can deliver these aims only if all students and clients receive good value for money and if the University is sustainable. This requires that:

- We recruit, support, develop and value high quality staff
- Our financial position is strong and enables necessary investments
- Our facilities and support services are sustainable and fit for purpose
- Our governance is excellent, our strategic direction is clearly stated, risks managed and progress reported to stakeholders

Values

We are determined to promote values that underpin a liberal and autonomous University. We are committed to:

- Ethical and responsible behaviour
- Institutional independence and autonomy
- Innovation, creativity and self determination
- Freedom of academic enquiry and expression
- Equality of access to all opportunities and services
- An inclusive community that celebrates diversity
- Openness and respect in relations within our community

Responding to national priorities

Our existing strengths across many subject areas enable us to respond creatively to national agendas. In particular we have strong research, knowledge exchange and teaching in priority areas of science, technology, engineering and mathematics, and we are leading developments in creative industries, in design and in enterprise. We promote languages to students across the University and produce graduates with the higher level skills required in the regional and national economy.

Our future strategy

Over the last year the University has developed a new strategy setting our direction and priorities to 2017. This strategy has been subject to wide consultation within the University and with our stakeholders.

The section of this document on ‘Strategic priorities 2012 onwards’ sets out our new strategy.
Distinctive features

Excellent student experience

The University is committed to ensuring that our students have the best possible learning experience. Student satisfaction at the University of Portsmouth in 2012 has risen to 87 per cent, placing Portsmouth joint top of the post-92 universities and in the top 25 of English mainstream universities.

We continue to make significant investment in staff and other resources. For example, in Summer 2012, approximately £1 million was spent on a teaching room improvement programme which refurbished lecture theatres and teaching spaces. A similar programme is planned for Summer 2013, as we continue to improve these facilities for our students.

Employability & enterprise

The University is committed to enhancing the employability of our students. Our Department for Employability works closely with faculties, with support for graduate employability embedded within our courses. Each faculty has a dedicated Employability and Enterprise Coordinator whose role includes ensuring that all students have opportunities available which prepare them for their working lives. Through our in-house recruitment agency, we offer support to our graduates for up to five years after completing their studies.

We nurture and encourage the development of entrepreneurial skills, providing incubator space for start-up businesses and running a programme of activities and events to encourage our students and graduates in this area.

Research strength

Significant progress has been made in raising the profile of research at the University. Our researchers continue to attract funding from across the UK Research Councils, with 16 such awards, worth £1.6 million, being made in 2011/12.

Following the successful establishment of the University of Portsmouth Environment Network; the University of Portsmouth Ageing Network has been established to co-ordinate and enhance cross-departmental activities and strengths which exist across the institution.

Business partnerships

The University works with businesses of all sizes, helping them to develop new products and services and improve their competitiveness.

Our engagements with business are wide-ranging and include Collaborative Research and Development, Knowledge Transfer Partnerships, Workforce Training and Student Projects. In 2011/12 we have worked with a variety of partners including Flight Data Services, Hewlett-Packard and Xyratex.

Social Regeneration

The University is at the forefront of the social and cultural regeneration of Portsmouth. Through our educational outreach programmes we work hard to improve educational aspirations within the city; through our research activity we deliver direct social benefits to the local region; and through our continued involvement in, and support of, the arts we seek to enrich the city’s cultural landscape. The University was a Podium Gold Award Winner for our contribution to the Cultural Olympiad, through our involvement in the Creative Campus Initiative.
# Key Performance Indicators related to the University of Portsmouth’s Strategic Plan 2007 – 2012

<table>
<thead>
<tr>
<th>Strategic Aim (Responsible Committee)</th>
<th>Topic</th>
<th>Monitored through</th>
<th>Comment</th>
<th>Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Headline Aim 1</strong></td>
<td>1. Student Nos: Home/EU</td>
<td>HEFCE funded students</td>
<td>Excellent recruitment position with minor penalty for full-time undergraduate over-recruitment.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Student Numbers: International</td>
<td>International students</td>
<td>Maintained the excellent recruitment position achieved last year.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>International fee income</td>
<td>Fee income of £21.1m in 2011/12 compared to the budget minimum of £16m.</td>
<td></td>
</tr>
<tr>
<td><strong>Headline Aim 1</strong></td>
<td>3. Quality of student experience</td>
<td>Withdrawal rates</td>
<td>Further improvement in withdrawal rates monitored by HEFCE.</td>
<td>D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Non-completions</td>
<td>Reduction in full-time non-completions from 10% to 8% in 2010/11.</td>
<td>D</td>
</tr>
<tr>
<td></td>
<td></td>
<td>National Student Survey</td>
<td>Above sector average for overall satisfaction. Improved feedback for many aspects of survey.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Quality reviews</td>
<td>Satisfactory reviews &amp; inspections.</td>
<td></td>
</tr>
<tr>
<td><strong>Headline Aim 1</strong></td>
<td>4. Student outcomes</td>
<td>Undergraduate degrees</td>
<td>Significant improvement in total proportion awarded 1st and 2.1 degrees.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Student employment</td>
<td>Progression rate to employment/further study maintained at above sector average.</td>
<td>S</td>
</tr>
<tr>
<td><strong>Headline Aim 2</strong></td>
<td>5. Promoting Access</td>
<td>HESA PIs on W.P.</td>
<td>Key WP recruitment &amp; retention indicators close to, or at benchmark.</td>
<td>J</td>
</tr>
<tr>
<td><strong>Headline Aim 3</strong></td>
<td>6. Research &amp; Knowledge Exchange</td>
<td>Research &amp; Knowledge Exchange income</td>
<td>1% decline in income in 2011/12.</td>
<td></td>
</tr>
<tr>
<td><strong>Headline Aim 4</strong></td>
<td>7. Economic &amp; social regeneration</td>
<td>Range of activity</td>
<td>Continuing lead role in regeneration through promoting inward investment, cultural developments &amp; partnership working.</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainability Aim 1</strong></td>
<td>8. Human resources</td>
<td>Staff survey feedback</td>
<td>Positive staff feedback, above HE sector benchmarks, in 2011 survey.</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>Sustainability Aim 2</strong></td>
<td>9. Financial position</td>
<td>Financial surplus</td>
<td>Healthy surplus in 2011/12 as anticipated, including additional student fee income.</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainability Aim 3</strong></td>
<td>10. Building quality</td>
<td>Estates condition</td>
<td>The condition of our estate remains well above average for the sector, with no space classed as unsuitable.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>11. Space utilisation</td>
<td>Space use data</td>
<td>The vast majority of space is now pooled, enabling greater efficiency of use.</td>
<td></td>
</tr>
<tr>
<td><strong>Sustainability Aim 4</strong></td>
<td>12. Governance</td>
<td>Risk and KPIs</td>
<td>HEFCE’s annual assessment of institutional risk judged Portsmouth to be ‘Not at higher risk’.</td>
<td></td>
</tr>
<tr>
<td>Strategic Aim</td>
<td>Topic</td>
<td>Monitored through</td>
<td>Comment</td>
<td>Performance by calendar year</td>
</tr>
<tr>
<td>---------------</td>
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</tr>
<tr>
<td>Headline Aim 1</td>
<td>13. Student demand</td>
<td>Home/EU Full-time undergraduate recruitment</td>
<td>New entrants will be at least 12% lower in 2012/13 due to cuts in our Student Number Control. Other uncertainties include the impact of higher fees and the AAB+ policy.</td>
<td>Q 1</td>
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<td></td>
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<td>Q 2</td>
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<td></td>
<td>Q 4</td>
</tr>
<tr>
<td>International applications</td>
<td></td>
<td></td>
<td>International application levels are healthy.</td>
<td>Q 1</td>
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<td>Q 2</td>
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<td>Q 3</td>
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<td></td>
<td></td>
<td></td>
<td>Q 4</td>
</tr>
<tr>
<td>Sustainability Aim 2</td>
<td>14. Financial position</td>
<td>Cashflow</td>
<td>We continue to remain significantly in excess of the required minimum cash balances.</td>
<td>Q 1</td>
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<td></td>
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<td></td>
<td>Q 2</td>
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<td>Q 3</td>
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<td></td>
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<td></td>
<td>Q 4</td>
</tr>
</tbody>
</table>

Notes on coding of performance:

- **GREEN**: Good: Performing at or above management expectations
- **AMBER**: Mixed: some concerns which need to be addressed
- **RED**: Problematic: serious concerns, overall performance below management expectations

Dates for future data:

<p>| | |</p>
<table>
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<tbody>
<tr>
<td>D</td>
<td>December 2012</td>
</tr>
<tr>
<td>J</td>
<td>June 2013</td>
</tr>
<tr>
<td>S</td>
<td>September 2013</td>
</tr>
</tbody>
</table>
### Progress Against Headline Aims

#### Aim 1
**To give an excellent student experience focused on knowledge and skills essential for roles in the global workforce**

The University has continued to recruit successfully across each of our five faculties. We successfully met HEFCE targets for the recruitment of Home/EU students, and once again saw an increase in the numbers of International Students registered in 2011/12.

In recent years the University has invested heavily in state-of-the-art learning facilities to ensure our students possess the knowledge and transferrable skills required to succeed in their careers. In 2011/12 we invested in an extension to the University Library IT suite, which increased the resources available to our students, as well as providing students access to self-service netbooks in the University Library. This year we successfully piloted 24/7 opening of the University Library in the lead up to the examinations and, as a result, this will continue throughout term-time during 2012/13.

Our Department of Employability collaborates with the faculties in ensuring that our graduates are well-equipped and supported as they prepare to enter the job market. In addition to providing careers information to our existing students and graduates, the department is heavily involved in supporting and developing Personal Development Planning, which all students engage with, through an E-Portfolio.

In addition to the improvement in overall satisfaction rates in the 2012 National Student Survey; the 2011 Destination of Leavers from Higher Education (DLHE) survey showed 87% of our full-time UK-based undergraduates going into employment or further study and training within six months of graduation.

#### Aim 2
**To raise aspirations and to promote access to the University**

The University is committed to ensuring the realisation of academic potential. Progression to HE is under 26% in our local area, and as low as 16% in some wards. We invest significantly in our outreach programmes, which aim to raise aspirations of individuals from all backgrounds. The University works closely with local schools and colleges to provide opportunities including summer schools, mentoring, subject conferences and financial advice for applicants and their parents.

Our Admissions policy values and seeks diversity in the student community. We welcome motivated applicants from all backgrounds and aim to identify students with the potential to benefit from our courses using contextual data, as appropriate, in our offer making.

We continue to perform well, against external benchmarks, in the recruitment of new entrants from traditionally low-participation backgrounds. We awarded approximately 5,000 bursaries to eligible full-time undergraduate students in 2011/12, worth in excess of £6 million. The University offers support and guidance to all students through our dedicated Student Finance Centre.

In 2012/13, the University will invest over £9 million in a new fee discount and bursary scheme along with broader support for recruitment and retention of widening participation students. This investment is beyond that required by the Office for Fair Access (OFFA) and includes guaranteed bursaries and fee reductions for all eligible students from low-income households.
Aim 3  
To promote the discovery, development and application of knowledge through high quality research

A University Research Conference was held in January 2012 and was attended by over 300 researchers, together with a number of high-profile external speakers. A Research Development Fund has been launched that supports initiatives that build our research capacity and profile, in line with our strategic research objectives.

In 2011/12, our total research income was £7.4 million. Of this, £1.6 million was awarded to University of Portsmouth researchers by the UK Research Councils. These sixteen awards represented success with six of the seven Research Councils across a range of funding streams, indicating the breadth of research across the University and demonstrating that high quality research conducted by excellent researchers at the University of Portsmouth continues to attract funding and support, in a highly competitive environment.

The development of a sustainable collaborative research culture underpins a number of our strategic objectives. This year we have been awarded funding in the region of £2.5 million from the European Union to participate in multi-national research projects and are proud to host a number of high-profile international Fellowships. Additionally our staff generated £11.5 million in Knowledge Services income for a broad range of activities in the region.

Aim 4  
To contribute to sustainable economic, social, cultural and community regeneration and development

We are major contributors to the continued development of the city of Portsmouth; through the registration of over 23,000 students and as one of the city’s principal employers.

Our Vice-Chancellor sits on the board of the Solent Local Enterprise Partnership, an organisation led by the business community that plays a central strategic role in determining priorities in the area, and which undertakes activities to drive economic growth and the creation of jobs in the region. Other staff contribute to raising educational standards in Portsmouth, through their role as governors at local schools and colleges.

Our contributions to culture and the arts are manifold, and include the delivery of public shows, lectures and exhibitions, which enrich the cultural landscape. Work continues on the New Theatre Royal regeneration project which will result in our Creative Arts provision being integrated with one of the principal cultural focal points in the city.

Our community interactions include students working with industry, charities and local education and health providers to contribute to the well-being of Portsmouth.
Progress Against Sustainability Aims

Our staff

Our continued success depends on the talent, commitment, creativity and professionalism of our staff. The University is one of the city’s largest employers with over 2,500 staff. Our last staff survey in 2011 provided positive feedback on staff motivation and commitment to the University. 94% of staff were proud to work for the University, with respondents having significantly higher motivation and job satisfaction than the average for Universities.

We are responding to strategic challenges and financial pressures by thinking creatively about the skill mix needed to deliver our objectives. Investments have included the introduction of new Learning Support Tutor roles and Online Course Developers to contribute to delivery of an excellent student experience. These new roles have underpinned the successful move to the Moodle virtual learning environment from September 2012.

A new HR strategy is under development, to underpin delivery of our new University strategy 2012-2017. The overarching themes of our current HR strategy are:

- Contribution, performance and reward, including changes to the appraisal and contribution pay processes
- Developing leaders through early identification of potential, supported through appropriate coaching and mentoring
- Engaging and supporting our staff with more two-way communication processes and new policies to improve work/life balance.

Equal opportunity and diversity

The University is committed to meeting the legal requirements of the Equality Act 2010 and to being an exemplar of best practice around equality, diversity and inclusion for staff. We are proactive in having our employment practices and policies audited externally to ensure we meet the highest of standards. This includes the Stonewall Workplace Equality Index (lesbian, gay and bisexual equality audit), Working Families (family friendly audit) and Mindful Employer (audit of Mental Health inclusion). During the development or review of University policies and procedures, Equality Analysis is undertaken to ensure relevant consideration is given to equality impact and due regard for all protected characteristics. The University provides a range of equality and diversity resources and learning to ensure staff have the knowledge and support to deliver to our expectations.

The University publishes equality objectives, annual reports and data to ensure that its aims and work around equality and diversity are transparent to both staff and the wider community. The last staff survey highlighted that the vast majority of staff believed that the University was committed to equality and diversity.

Employee involvement

The University values communication and staff involvement and has various mechanisms to promote this. Staff are encouraged to participate in formal and informal consultation at University, Faculty and Departmental level, often through the membership of Committees. The Board of Governors has four staff members and has committed itself to maintain this representation and to encourage full participation of staff in the activities of the Board. The 2011 staff survey found that staff view communication in the University as very effective.

The University recognises two Trades Unions for collective bargaining purposes (UCU and UNISON) and has regular dialogue with them through formal and informal channels. The University has staff associations for academic and support staff. We also have staff networks covering disability, sexual orientation, race and parenting/caring responsibilities. Within the University’s equality impact assessment process, staff from minority groups are involved in assessment panels that review all University policy and practice.
The approved programme of buildings investment has continued throughout 2011/12. Construction work on the building to enhance facilities for the Faculty of Creative and Cultural Industries continued throughout the year and this remains on schedule for completion in mid-2013 in time for the 2013/14 academic year.

In autumn 2011 St Andrew’s Court was purchased. This building is at the centre of the University’s campus and has been configured to house a number of our professional services. This will facilitate more effective and efficient working between these departments, which have recently moved into the building. It has also enabled the disposal of a small building at the periphery of the University’s campus.

The opportunity afforded by the purchase of St Andrew’s Court enabled the University to reconsider its capital building plans. These had included an essential major refurbishment of Mercantile House; a building which was not suited to large scale teaching of students. The decision was taken to seek a developer to convert the building into student residential accommodation. The University has appointed a partner to take this project forward. We will take the opportunity to relocate one of our data centres, currently situated in Mercantile House. This will take place during 2012/13.

Planning for the new building to provide academic space for the School of Education and Continuing Studies and the Institute of Criminal Justice Studies has continued during 2011/12.

In addition, a major programme has been established to upgrade teaching spaces. A substantial amount of work was completed during summer 2012 and this will continue into 2013 and beyond. Major refurbishment and upgrading of engineering workshops and computing laboratories has also been undertaken. Plans to further expand our open access IT facilities and provide more social learning space for students are in the later stages of development and work is expected to take place during 2013.
## Future risks and trends

<table>
<thead>
<tr>
<th>ISSUE</th>
<th>RISKS</th>
<th>MITIGATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes to HEFCE recruitment controls</td>
<td>Further removal of controls on the recruitment of highly qualified students will impact on undergraduate recruitment levels. Continued expansion of other institutions creating greater competition for potentially fewer students.</td>
<td>We will aim to recruit the maximum number of ‘controlled’ students permitted. We will maximise our recruitment of new entrants deemed to fall outside of these controls, by continuing to improve and offer an excellent student experience.</td>
</tr>
<tr>
<td>Changes to Government HE Legislation, Including the Introduction of Higher Fees</td>
<td>Deregulation of HE, allowing providers from the private sector access to fundable students. Impact on demand for undergraduate and Master’s courses.</td>
<td>We will ensure our course offering remains competitive and that we continue to provide an excellent student experience.</td>
</tr>
<tr>
<td>Changes to UKBA Regulations for International Students</td>
<td>Increased regulation and limitations being imposed on students from outside the EU wishing to study in the UK may have a detrimental effect on demand. Increased interventions from government and its agencies may be detrimental to the reputation of the UK HE sector abroad.</td>
<td>We will ensure that robust administration procedures are in place to satisfy current UKBA requirements comprehensively and in a timely manner, on behalf of our international applicants and registered students.</td>
</tr>
<tr>
<td>Concentration of Research Funding</td>
<td>Difficulty in winning research funding awards from a shrinking pot. Maintaining our upward trajectory in this area will be challenging.</td>
<td>We will ensure that staff are trained and supported in the selective submission of high-quality research bids, in preparation for the REF. We will continue to develop areas of strength within the University and improve the efficiency of collaborations both internally and externally.</td>
</tr>
<tr>
<td>Spending cuts in other parts of the Public Sector</td>
<td>Additional cuts in public spending, outside HE, may impact on revenues raised through provision to clients including the NHS and Probation Service.</td>
<td>We will work with partners to ensure our courses continue to meet their needs, and offer good value for money.</td>
</tr>
</tbody>
</table>
Strategic priorities 2012 onwards

Introduction
The University’s newly agreed Strategy 2012-2017 sets out our ambitions and priorities in the coming years.

Our Vision for the University
We will enhance our position as a leading Modern University through the delivery of excellent teaching, through engagement in research of international quality and in knowledge services of the highest standard, enabling us to make a major contribution to social, cultural, educational and economic development.

Values underpinning the strategy
We will be a socially responsible university, serious about inclusivity and committed to improving social mobility. We will maintain the highest levels of academic and professional integrity and will ensure that we deliver our obligations in relation to corporate social responsibility. Our strategy will be driven by values of equality, openness, tolerance and respect. We will demonstrate and expect of others ethical and responsible behaviours.

Excellent in all we do
Excellence is at the heart of our strategy. We aim for the highest quality in all we do, achieved through a culture of evaluation and continuous enhancement. The full commitment of our staff and constructive staff support and development are essential to the delivery of our vision for the success of the university.

An integrated and broad base
As a major distinctive feature of our provision, we will exploit the interrelations and interdependencies of teaching, fundamental and applied research, and our work in knowledge services, to benefit our students and partners. Securely founded in the disciplines, we will create a knowledge base that is leading edge and relevant and our activities will make a major contribution to cross-disciplinary and thematic developments. We will maintain a broad base of subjects, and levels and modes of study, built on foundations of research and professional practice.

Outstanding teaching and support
We will be transformative in our educational vision, known for outstanding, innovative and inspiring teaching and support for learning, which will deliver life-enhancing opportunities for our students. We will provide high quality support for our students’ academic and personal development and for their preparation for successful and rewarding future careers. We will ensure that our curriculum enables students to develop the skills and capabilities we specify as defining the Portsmouth graduate and that we embed employability as a core aspect of our teaching. Our students at all levels will experience intellectual challenge and a curriculum informed by the best and most up to date research and professional practice. We will work more closely with students to enhance all aspects of their experience.

Commitment to social inclusion and widening access
Our commitment to social inclusion will be demonstrated in our recruitment of and support for students from under-represented social groups. Our Admissions Policy will reflect this commitment and our Education Strategy will recognise the diverse academic and personal needs of our students.

Excellence in research and knowledge services
Our research and our knowledge services will be of excellent quality and supportive of our ambitions for outstanding teaching. Our strategy for research will be ambitious, selective and oriented to impact. It will be responsive to the external research context and funding opportunities, so that we maximise research income in order to create a sustainable research environment. We will create a new structure and strategy for knowledge services which will support expansion of our activities and raise the University’s profile as a provider of choice for research-led innovation.
We aspire to be the first choice for students, educational and research partners and those accessing our knowledge services. In order to achieve this, we will ensure that our educational, research and commercial offer is of the highest quality and relevance, and that we demonstrate responsiveness, flexibility and an enterprising approach in all our activities. Our students and graduates are a testimony to our success and we will ensure that our continued relationship with them through our Alumni Association is strengthened.

We have a special responsibility to our local community, particularly in the city of Portsmouth. In addition to the economic benefit we bring and our location in the heart of the city, our influence will extend to the provision of intellectual and cultural leadership, support for educational aspiration and attainment and benefits to businesses and local organisations through our knowledge services and student volunteering programmes. We will seek further opportunities to contribute to strategic discussions and actions around the planning and development of the city.

Our business is also global, most immediately in terms of our recruitment, overseas partnerships and research strategy, but as significantly, in the global perspective of our curriculum, promoting a world view essential for contemporary employment and professional development. We are able to harness our global networks and influence to benefit our students and partners, and will seek to extend our international collaborations in relation to all three core strategies.

We will develop and enhance the estate and facilities of the University to support our core business. This will require a combined strategic approach across the University and significant further investment to ensure that our estate and facilities are first class. We will create an operating environment which is effective, efficient and addresses environmental and financial sustainability.

We have agreed a new set of Key Performance Indicators that will be monitored regularly to review progress with implementation of this strategy.
The University of Portsmouth is a Higher Education Corporation and, as such, is an exempt charity regulated by HEFCE on behalf of the Charity Commission for England and Wales. Our primary purpose, as contained in the Education Reform Act 1988 (as amended), is the provision of education, including Higher Education, and carrying out and publishing research. The members of the Board of Governors, who include the Vice-Chancellor and staff and student members, are the trustees of the charity. As such, the Board of Governors, as trustees, have due regard to the Charity Commission’s general guidance on public benefit.

The charity’s direct beneficiaries are the students registered on our programmes of study, and those who benefit from research undertaken at the University. Our University strategy sets key targets across teaching, research, knowledge services, access, and community engagement. The aims of our strategy demonstrate our focus on the delivery of Higher Education and quality research. Through the delivery of the Strategic Plan the University also addresses wider social and economic concerns locally, regionally, nationally and internationally.

Progress made against our strategy is described in more detail in separate sections of this Operating and Financial Review. This section sets out to document ways in which the University carried out its activities for the public benefit during the year.

The University delivers a wide range of undergraduate and postgraduate provision. Excellent teaching is at the heart of what we do and, through a considered and coherent curriculum, we strive to provide the national economy with well-qualified graduates in possession of the knowledge and skills it requires. The University continues to invest in, and recruit to, strategically important and vulnerable subjects, in response to employer demands for high-quality graduates in these areas.

Compulsory units on employability and career management form a part of our degree programmes, with all courses incorporating opportunities for work-related learning and volunteering – providing additional benefits to the companies and organisations who work with us.

Many of our students use their knowledge and skills to engage in activities which benefit the local community, as well as contributing to their own development. For example, as part of their degree programme, students in our Department of Sport and Exercise Science visit local schools and clubs to deliver coaching sessions to young people, in association with the University’s ‘UP for Sport’ project.

In addition student volunteers from our Faculty of Creative and Cultural Industries plan and deliver creative briefs and lesson plans to Year 10 pupils in local schools. To date over 50 of our students and 250 Year 10 pupils have taken part in these sessions.
Promoting access and aspiration

The University is committed to raising aspiration and the promotion of access to Higher Education. Fair and equal treatment of applicants is at the centre of our Admissions Policy, which seeks to ensure that those who can benefit from our courses do so, including applicants with specific learning needs, medical conditions and physical disabilities. Our dedicated Additional Support and Disability Advice Centre support these students.

The University works closely with local schools and colleges to raise the educational aspirations of pupils from all socio-economic backgrounds. Through our award-winning ‘UP for It’ initiative we work with pupils from Year 5 through to post-16, with the aim of changing pupil and family perceptions about Higher Education. Our outreach work ensures that we continue to recruit significant numbers of new entrants from traditionally low-participation areas.

The University has received a BUTLE UK Quality Mark in recognition of the targeted assistance we provide to care leavers through an annual bursary, priority accommodation and a personal support advisor.

In common with other Higher Education Institutions in England, the University charges tuition fees which, for UK/EU students, are subject to statutory regulation. For 2011-12, the fee for full-time undergraduate UK and EU students was set at £3,375. Most of these students are eligible for UK government funded tuition fee loans that are repayable only once students have completed their studies and are earning in excess of £15,000 per annum. We offer additional financial support to students from less affluent households and further support to students from local schools and colleges. We awarded approximately 5,000 bursaries to full-time undergraduate students in 2011/12, worth in excess of £6 million.

In response to changes in the funding of Higher Education, undergraduate tuition fees will be substantially higher in 2012/13. The University remains committed to widening access and participation and will provide additional financial support to students, above and beyond the statutory requirements of OFFA and the new National Scholarship Programme. All eligible students from low-income families will receive generous bursaries and fee-discounts, with no limits on the total number of awards of this type that may be made.

In the coming year, and beyond, the University has committed to undertake additional outreach work in the Access Agreement. In 2012/13 £0.88m has been allocated for delivery of a range of targeted activities aimed at aspiration raising and widening access - to include workshops, campus visits and a three-day Science Fair for primary school pupils; taster-days, parents events, residential summer schools and mentoring for secondary school pupils; and sessions for post-16 and mature learners, including taster lectures and bridging units.

Research Benefits

The University of Portsmouth has many internationally recognised researchers and our research benefits society, the economy and the environment. Research at Portsmouth ranges from the purest sciences – investigating the evolution of galaxies - to the most economically and technologically applied ones – computer games design. Through studies of history, literature and society, our researchers develop and communicate new insights on topics ranging from Conan-Doyle to the European Union, and from the challenges of ageing to new methods of fraud prevention. The results of our research deliver benefits locally, nationally and internationally.

Research at the University is carried out in accordance with an institution-wide Ethics policy. All research and activities undertaken by staff and students of the University conform to our policy for ethical review.

We work with business partners of all sizes, to assist in the creation of jobs, wealth and prosperity through collaborative research and consultancy. We provide our business partners with access to world-class facilities and laboratories, as well as providing direct business advice and support to SMEs in the local area.
Our Dental Academy has provided access to NHS dental services to 2,000 new patients and has provided continuing care to around 4,000 other patients from the region, as well as offering weekly emergency access clinics for patients who have contacted the local NHS dental helpline. Additionally, staff and students have delivered oral health programmes to priority groups; infants, children and young males.

A significant proportion of our students are involved in a range of voluntary work, providing their knowledge, skills and time for the benefit of the wider community. For example, in 2011/12 a number of our students worked with Refugee Action in the capacity of Voluntary Caseworker, providing vital support to the local services of the charity.

Students from our Business School are involved in the set up and delivery of numerous community clinics and workshops. The School of Law has a number of Clinical Legal Education projects, each of which involves students working in the community, providing support to members of the public with clinics being provided which cover areas including Employment Law, Intellectual Property, Consumer Advice and Debt Issues. Students also work with the local constabulary as Police Support Volunteers, and are involved in a number of crime prevention activities.

The University works closely with the schools and colleges in the local area. Our Faculty of Creative and Cultural Industries leads an annual ‘New Creatives’ project, designed to showcase the creative work of young people from Further Education and Sixth Form Colleges in the Portsmouth region. We also support the development of languages teaching capability in local schools by providing free access to classes delivered through our Institution Wide Language Programme to local primary school teachers.

The University contributes significantly to cultural activities in the city. These include free, and publicly-accessible, exhibitions of work by Fine Art, Photography and Illustration students at venues across the city. In addition members of staff from our School of Creative Arts, Film and Media work in partnership with the Portsmouth Film Society to create a programme of independent cinema open to the general public.

Staff from our School of Social, Historical and Literary Studies have developed close links with local heritage bodies, notably between History staff and the National Museum of the Royal Navy, particularly in relation to planned work on gallery development. In addition the Centre for Studies in Literature (CSL) has developed links with Portsmouth City Council and the City Museum in the area of literary-heritage studies, particularly in relation to Dickens and Conan-Doyle, who both have strong links with the city. Activities in relation to the Dickens bicentennial in the past twelve months have included public talks, the screening of a series of Dickens adaptations and the creation of an online interactive map, charting locations in the city associated with Dickens.
Environmental sustainability

Our commitment

Our vision is to become a low-carbon university with a strong commitment to improving our environmental sustainable performance by working towards achieving a more energy efficient and socially responsible future.

This commitment is governed by our Carbon and Environment Programme Board who this year have seen the University achieve certification to the ISO 14001 standard and become a top 20 performer in the Universities’ annual ‘Green League’.

ISO 14001

In April 2012 we became one of a limited number of Universities to be certified to the international standard for environmental management systems ISO 14001 [accredited by UKAS]. External auditors from SGS were able to confirm that the management system developed in house met the requirements of the international standard. Environmental audits of selected buildings also confirmed that controls were in place and improvements under way.

Carbon Management Plan

The University’s Carbon Management Plan, endorsed by the Carbon Trust, outlines a 5 year approach (2011-2016) to reducing carbon emissions. The University is investing in projects to achieve an intended reduction in carbon emissions of 30% by 2016.

Carbon footprint

Indications are that since 2010 our carbon footprint has reduced by 8% when taking into account emissions from energy consumption, waste disposal and fleet vehicle fuel use.

Communicating low-carbon

‘Good housekeeping’ is our major carbon reduction project, where we are challenging the daily use of energy in our buildings to achieve greater efficiency. To help us we have subscribed to the Green Impact programme developed by the National Union of Students where our 45 ‘Green Champions’ will use an on-line tool to audit their offices and promote our ‘Green Building Challenge’. Two other behaviour change programmes ‘Student Switch Off’ and ‘Student Recycling’ will also be used for the first time with students in halls.

A low-carbon estate

To further our low-carbon vision the University’s Estate Strategy requires new buildings to use the BREEAM approach to sustainable building design and, within the realms of affordability and value for money, aspires to achieve a BREEAM rating of ‘Excellent’. To achieve this rating, energy efficient technologies are adopted at the design stage. Successfully completed projects include the use of natural ventilation in the University Library and the Dennis Sciama building.

Another initiative adopted across academic buildings is the installation of lighting movement sensors along corridors and on stairwells. Halls of Residence are using the same approach and investing in low energy light fittings.

1 BREEAM (Building Research Establishment Environmental Assessment Method) is an environmental assessment method for buildings. It sets the standard for best practice in sustainable design and has become the de facto measure used to describe a building’s environmental performance.
Energy Performance Certificates

A visual measure of energy efficiency is required by law in the 33 University buildings which have public access. The energy performance certificate A-G rating indicates the energy efficiency of a building compared to national benchmarks. The objective is that buildings with below typical ratings can be identified and targeted for energy efficiency improvements. Changes to the regulation will require another 13 buildings to be certificated from January 2013.

CRC Energy Efficiency Scheme

The new Carbon Reduction Commitment tax cost the University £182,000, to purchase 15,207 tonnes of carbon allowance calculated from one year of electricity and gas consumption. The aim of our Carbon Management Plan is to reduce our electricity and gas consumption and in turn reduce the amount of carbon allowances that must be purchased.

Ethical business partnerships and investment

Our Ethical Investment policy is another key component in the University’s approach to achieving environmental sustainability. The Policy requires investments to be governed by environmental and social practices which aim to control any harm to the environment and communities worldwide. In addition the University’s Ethics Committee has developed a Charter for Ethical Business Partnerships based on the ten principles of the United Nations Global Compact. In future, contracts with our business partners will start to reference the Charter.

The University continues to retain its Fairtrade status through our cafe and refectory outlets stocking a range of Fairtrade products from which the producers receive a fair price.
# The University’s Structure of Corporate Governance

## Membership

The University’s Board of Governors draws its authority from the University’s Articles and Instrument of Government\(^2\). The majority of Governors are external to the University, and the Board also includes student and staff members, together with the Vice-Chancellor and the President of the Students’ Union (both *ex officio*). The roles of Chairman and Deputy Chairman of the Board are separate from the role of the University’s Chief Executive, which is the Vice-Chancellor.

## Governors’ Remuneration

Governors receive no remuneration from the University in respect of activities undertaken while acting as Governor, but are paid expenses for travel and subsistence and training in relation to duties undertaken as a consequence of Board membership.

## Governors’ Insurance

The University maintains insurance for its Governors in respect of their duties as Governors of the institution.

## CUC Governance Code of Practice and Principles

The University operates in accord with the Committee of University Chairs (CUC) Governance Code of Practice and Principles and maintains a live document which benchmarks the University against that Code\(^3\). An internal audit of Corporate Governance in May 2010 confirmed that the University remained well aligned with that Code.

## Responsibilities

The University’s Board of Governors is responsible for the ongoing strategic direction of the University and approval of major developments. The Board takes an overview of the inherent risks facing the institution. The Governors discharge the responsibilities set out in the CUC Guide for Members of Higher Education Governing Bodies in the UK, including responsibilities for the proper conduct of public business, strategic planning, monitoring performance, finance, audit, estate management, charitable status, staffing, the Students’ Union and health and safety. The matters reserved specifically for the Board for decision are set out in the Articles of Government of the University (the Articles) and under the model Financial Memorandum with the Higher Education Funding Council for England (HEFCE). The Board receives regular reports from executive officers on the day-to-day operations of the University’s business and its subsidiary companies.

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\(^2\) The Articles of Government can be found at: [http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,77031,en.pdf](http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,77031,en.pdf)

The Instrument of Government can be found at: [http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,77030,en.pdf](http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,77030,en.pdf)

\(^3\) The document that benchmarks the University against the Code can be found at: [http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,113342,en.pdf](http://www.port.ac.uk/departments/services/boardofgovernors/aboutus/filetodownload,113342,en.pdf)
### Statement of Primary Responsibilities

In accord with the CUC Governance Code of Practice, the Board of Governors maintains a Statement of Primary Responsibilities which summarises the key concerns of the Governors. This confirms that the Board of Governors shall be responsible for the following:

<table>
<thead>
<tr>
<th>Role</th>
<th>Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategy</strong></td>
<td>Approving the mission and strategic vision of the institution, including the determination of the educational character and mission of the University and for oversight of its activities, long-term business plans, key performance indicators (KPIs) and annual budgets, and ensuring that these meet the interests of stakeholders; enabling the institution to achieve and develop its primary objectives of teaching and research, which includes considering and approving the institution’s strategic plan which sets the academic aims and objectives of the institution and identifies the financial, physical and staffing strategies necessary to achieve these objectives.</td>
</tr>
<tr>
<td><strong>Vice-Chancellor</strong></td>
<td>Appointing the head of the institution as chief executive of the institution and putting in place suitable arrangements for monitoring his/her performance.</td>
</tr>
<tr>
<td><strong>Clerk to the Board of Governors</strong></td>
<td>Appointing the Clerk to the Board of Governors and putting in place suitable arrangements for monitoring his/her performance.</td>
</tr>
<tr>
<td><strong>Senior postholders</strong></td>
<td>The appointment, grading, suspension, dismissal and determination of the pay and conditions of service of the holders of senior posts, including the Vice-Chancellor.</td>
</tr>
<tr>
<td><strong>Staff</strong></td>
<td>Setting a framework for the pay and conditions of service of all other staff.</td>
</tr>
<tr>
<td><strong>Stewardship</strong></td>
<td>Ensuring the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, clear procedures for handling internal grievances and for managing conflicts of interest; for the effective and efficient use of resources, the solvency of the University and the Corporation and for safeguarding their assets; for approving annual estimates of income and expenditure and for approving annual actuals of income and expenditure.</td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td>Monitoring regularly institutional performance against its planned strategies and operational targets and approved Key Performance Indicators (KPIs), which should be, where possible and appropriate, benchmarked against other institutions.</td>
</tr>
<tr>
<td><strong>Corporate governance</strong></td>
<td>Observing the highest standards of corporate governance, including ensuring and demonstrating integrity and objectivity in the transaction of Board business, and wherever possible following a policy of openness and transparency in the dissemination of Board decisions.</td>
</tr>
<tr>
<td><strong>Audit</strong></td>
<td>Directing and overseeing the institution’s arrangements for internal and external audit.</td>
</tr>
</tbody>
</table>
| Estates and Information Technology | Oversight of the strategic management of the institution’s land and buildings and the physical resources to support Information Technology (IT). As part of this responsibility it considers, approves and keeps under review:  
- an estate strategy which identifies the property and space requirements needed to fulfil the objectives of the institution’s strategic plan, and also provides for a planned programme of maintenance;  
- an IT Strategy which identifies the hardware and software requirements and the related business processes and infrastructure needed to fulfil the objectives of the institution’s Strategic Plan, and provides for a planned programme of maintenance. |
| Students’ Union | To take such steps as are reasonably practicable to ensure that the Students’ Union operates in a fair and democratic manner and is accountable for its finances. (Education Act 1994) |
| Health and Safety | The health and safety of employees, students and other individuals whilst on the institution’s premises and in other places where they may be affected by its operations, including ensuring that the institution has a written statement of policy on health and safety and arrangements for the implementation of that policy. (Health and Safety at Work Act 1974) |
| Equality and diversity | Ensuring the University provides an inclusive environment for work and study through embedding diversity and equal opportunities into everything the University does, particularly in those core functions and activities that directly affect staff and students at work and study. |
| Board’s reserved powers | The Board of Governors shall not delegate the following:  
- the determination of the educational character and mission of the University;  
- the approval of the annual estimates of income and expenditure;  
- ensuring the solvency of the University and the Corporation and the safeguarding of their assets;  
- the appointment or dismissal of the Vice-Chancellor; and  
- the varying or revoking of the Articles of Government. |
<table>
<thead>
<tr>
<th><strong>Board and Committee Meetings</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>The Board meets five times a year and has several committees. All of the committees are formally constituted with terms of reference and are chaired by an external member of the Board. The committees are Audit and Quality Committee, Finance Committee, Human Resources Committee, Estate and Information Technology Committee, Students’ Academic and General Affairs Committee (SAGA), Nominations Committee and Remuneration Committee.</td>
</tr>
<tr>
<td><strong>Audit and Quality Committee</strong></td>
</tr>
<tr>
<td>This committee meets four times a year with the External Auditors and Internal Auditors of the University and reviews their work. The Committee has responsibility for overseeing the development and implementation of risk management. The Committee considers detailed reports together with recommendations for the improvement of the University’s systems of internal control, including business, operational and compliance controls in addition to financial controls, management’s response thereto and implementation plans. In addition, it considers matters relating to academic quality assurance. It also receives and considers reports from the HEFCE as they affect the University’s business and monitors adherence to the regulatory requirements. It reviews the University’s annual financial statements together with the accounting policies. The Committee has responsibility for confirming and promoting Value for Money. Whilst senior executives attend meetings of the Audit and Quality Committee, they are not members of the Committee and the Committee’s terms of reference provide that members have a regular opportunity to meet on their own with the External and Internal Auditors for independent discussions.</td>
</tr>
<tr>
<td><strong>Finance Committee</strong></td>
</tr>
<tr>
<td>This committee examines and monitors, on behalf of the Board, all areas of the University’s financial policy and strategy and makes recommendations and proposals and provides advice thereon. As part of its remit, it also recommends to the Board the University’s annual revenue and capital budgets and monitors performance against the approved budgets.</td>
</tr>
<tr>
<td><strong>Human Resources Committee</strong></td>
</tr>
<tr>
<td>This committee considers and approves the pay and conditions of service for staff other than the holders of senior posts as defined in the Articles.</td>
</tr>
<tr>
<td><strong>Estate and Information Technology Committee</strong></td>
</tr>
<tr>
<td>This committee is concerned with strategic and operational planning, including the formulation of the Estate and IT Strategies.</td>
</tr>
<tr>
<td><strong>Students’ Academic and General Affairs (SAGA) Committee</strong></td>
</tr>
<tr>
<td>This committee is the principal medium through which the governors are directly able to hear the views and concerns of the students through the Students’ Union’s Sabbatical Officers.</td>
</tr>
<tr>
<td><strong>Nominations Committee</strong></td>
</tr>
<tr>
<td>This committee considers and recommends nominations for appointments to the Board membership in accord with the Instrument of Government.</td>
</tr>
<tr>
<td><strong>Remuneration Committee</strong></td>
</tr>
<tr>
<td>This committee determines the annual remuneration of the Vice-Chancellor, other holders of Senior Posts and the Clerk to the Board, as required by the Articles.</td>
</tr>
</tbody>
</table>
Risk Management

The current Risk Management Policy was approved by the Board of Governors in June 2010 and is received annually at the October Board meeting in accord with the agreed reporting schedule. The maintenance and update of the Risk Register is the responsibility of the University Secretary. As one means of complying with the key principles of risk management, all committees of the Board of Governors conduct their work in the context of the Strategic Plan and the Risk Management Policy. In essence, committees will examine the inherent risks in the strategic objectives of the committees as they contribute to the Strategic Plan.

Risk Categories

The risk categories match the headline aims and the sustainability objectives of the University’s Strategic Plan. The emphasis placed on particular risks varies in response to external pressures and challenges facing the University and progress with major initiatives and changes to activity.

Risk categories are:

- Failure in student recruitment and experience
- Failure to widen participation
- Failure to maintain research reputation and generate income
- Community hostility
- Failure to control costs
- Failure to attract and retain staff
- Failure in infrastructure
- Serious governance failure

In common with the rest of the Higher Education sector, the biggest risk currently facing the University is the economic climate and consequential reductions to public sector funding. This is covered in more detail in the report from the Director of Finance and in the specific section on future risks and trends.
2011/12 Financial Responsibilities of the University’s Board of Governors

In accordance with the University’s Articles, the Board is responsible for the management of the affairs of the University and is required to present audited financial statements for each financial year.

The Board is responsible for keeping proper accounting records which 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, the Statement of Recommended Practice: Accounting for Further and Higher Education and other relevant Accounting Standards. In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCE and the University, the Board, through its designated office holder, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University at the year end and of the surplus or deficit and cash flows for that year.

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

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

The Board has taken reasonable steps to:

- 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 Funding Council and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and managerial controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University and to prevent and detect fraud;
- secure the economical, efficient and effective management of the University’s resources and expenditure.

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

2011/12 Statement of Internal Control

The governing body of the University of Portsmouth has responsibility for maintaining a sound system of internal control that supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which it is responsible, in accordance with the responsibilities assigned to the governing body in the Statutes and Articles and the Financial Memorandum with the HEFCE.
The system of internal control is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. This process has been in place for the year ended 31 July 2011 and up to the date of approval of financial statements. It continues to be reviewed and refined in accordance with HEFCE guidance.

The governing body is responsible for reviewing the effectiveness of the system of internal control. The following processes have been established:

- The Board meets five times a year together with an annual strategic event to consider the plans and strategic direction of the institution.
- The Board receives periodic reports from the chairman of the Audit and Quality Committee concerning internal control, and requires regular reports from managers on the steps they are taking to manage risks in their areas of responsibility, including progress reports on key projects.
- Audit and Quality Committee has responsibility for overseeing the development and implementation of our Risk Management Policy.
- The Audit and Quality Committee receives regular reports from the University’s internal auditors, which include the internal auditor’s independent opinion on the adequacy and effectiveness of the institution’s system of internal control, together with recommendations for improvement.
- Risk awareness training takes place, predominantly through Management Information Briefing sessions (MIBS).
- A system of key performance and risk indicators has been developed and is reported to the Board at each meeting in the quarterly operating statements.
- Reports are received from budget holders, department heads and project managers on internal control activities.

The Board’s review of the effectiveness of the system of internal control is informed by the HEFCE Assurance Service, which operates to standards defined in the HEFCE Audit Code of Practice. The University was last reviewed by the HEFCE Assurance Service in June 2010 and the review confirmed HEFCE’s confidence in the effectiveness of the University’s management and governance. HEFCE’s overall conclusion was that it was ‘able to place reliance on the accountability information provided by the University of Portsmouth’, which is the highest achievement in the HEFCE lexicon of conclusions. The next review will take place in during 2014/2015. In addition, HEFCE makes an annual risk assessment of the University which was last confirmed in October 2012. The internal auditors submit regular reports which include their independent opinion on the adequacy and effectiveness of the institution’s system of internal control, with recommendations for improvement.

The review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have responsibility for the development and maintenance of the internal control framework, and by comments made by the external auditors in their management letter and other reports.
Independent Auditor’s Report to the Board of Governors of the University of Portsmouth

INDEPENDENT AUDITOR’S REPORT TO THE BOARD OF GOVERNORS OF THE UNIVERSITY OF PORTSMOUTH

We have audited the financial statements of the University of Portsmouth for the year ended 31 July 2012 which comprise the consolidated Income and Expenditure Account, the consolidated and University Balance Sheets, the consolidated Cash Flow Statement, the consolidated Statement of Total Recognised Gains and Losses and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Statement of Recommended Practice: Accounting for Further and Higher Education.

This report is made solely to the Board of Governors in accordance with the Financial Memorandum effective August 2010. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board of Governors and auditor

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view of the state of the University’s and the Group’s affairs as at 31 July 2012 and of its surplus for the year then ended; and
• have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice and the Statement of Recommended Practice: Accounting for Further and Higher Education.
Opinion on other matters prescribed by the Higher Education Funding Council for England Audit Code of Practice

In our opinion:

- in all material respects, income from the Funding Council, the Training and Development Agency for Schools and the Skills Funding Agency, grants and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2012 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2012 has been applied in accordance with the University’s statutes and, where appropriate, with the Financial Memorandum, with the Higher Education Funding Council for England, the funding agreement with the Training and Development Agency for Schools and the funding agreement with the Skills Funding Agency.

Matter on which we are required to report by exception

We have nothing to report in respect of the following matter where the Higher Education Funding Council for England Audit Code of Practice requires us to report to you if, in our opinion:

- the Statement of Internal Control (included as part of the Corporate Governance Statement) is inconsistent with our knowledge of the University.

Deloitte LLP
Chartered Accountants and Statutory Auditor
Reading
20 November 2012
Statement of Principal Accounting Policies

1. Accounting Convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings. They are in accordance with both the Statement of Recommended Practice (revised and reissued July 2007): Accounting for Further and Higher Education (SORP) applicable Accounting Standards and HEFCE Accounts Direction.

2. Basis of Consolidation

The consolidated financial statements consolidate the financial statements of the University and its subsidiary and quasi subsidiary undertakings for the financial year to 31 July 2012. The South East Hampshire and Isle of Wight Educational Trust has been consolidated as a quasi-subsidiary on the basis that the University is responsible for the appointment of Trustees and therefore has indirect control over the Trust.

The consolidated financial statements do not include those of the University of Portsmouth Students’ Union as it is a separate entity.

3. Recognition of Income

Income from restricted expendable endowments, donations, research grants, contracts and other services rendered is included to the extent of the expenditure incurred during the year. This is generally equivalent to the sum of the direct expenditure incurred during the year and any related contributions towards indirect costs.

Tuition fee income is recognised net of all discounts in accordance with application note G to FRS 5 “Reporting for the substance of transactions”.

Gifts in kind, other than tangible fixed assets, are credited to donations in the income and expenditure account. Donated tangible fixed assets are valued and the amount credited to deferred capital grants.

Capital grants are deferred and amortised in the Income and Expenditure Account over the estimated lives of the related assets.

Where the institution disburses funds it has received as a paying agent on behalf of a funding body, or other body, and has no beneficial interest or risks related to the receipt and subsequent disbursement of the funds, these funds are excluded from the Income and Expenditure Account.

All other income is credited to the Income and Expenditure Account on a receivable basis.

4. Pension Schemes

The two principal pension schemes for the University’s staff are the Teachers’ Pension Scheme (TPS) and the Hampshire County Council administered Local Government Pension Scheme (LGS).

Under the provisions of FRS17, the TPS is accounted for under the same terms as a defined contribution scheme, the LGS is accounted for under the terms of a defined benefit scheme. The schemes are externally administered and contracted out of the State Earnings-Related Pension Scheme.

The TPS is valued every five years by the Government Actuary. The LGS is valued every three years by an independent actuary using a market led approach, the rates of contribution payable being determined by the actuary.
5. Foreign Currencies

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

6. Leases

Rental costs under operating leases are charged to the Income and Expenditure Account in the year in which they arise.

7. Land and Buildings

Land and Buildings are included in the financial statements at cost or valuation.

The University’s freehold buildings were revalued as at 31 July 2011. This revaluation was conducted by Jones Lang LaSalle. The basis of revaluation is depreciated replacement cost. The next interim valuation is planned for 31 July 2014. As required under FRS 15, the University had adopted a 5 year cyclical review for the valuation of its properties, with interim valuation at the end of year 3.

Buildings under construction are accounted for at direct cost incurred to 31 July. They are not depreciated until they are brought into use.

Buildings are depreciated over their expected remaining useful lives (50 years or less). Freehold land is not depreciated.

Where buildings 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 buildings.

The University’s leasehold buildings are separated into three types. Leaseholds in excess of 99 years are treated as freehold buildings and held at cost pending valuation. Leaseholds between 99 years and 20 years (long leaseholds) are held at the lower of cost or valuation, the leasehold is depreciated over the term of the lease. Leaseholds less than 20 years (short leaseholds) are held at cost and depreciated over the term of the lease. Tenant improvements to leasehold or rented property are capitalised and depreciated over the expected remaining useful lives (50 years or less).

An annual review of buildings is undertaken to determine if there has been any impairment in the accounting period. Any impairment is charged to the Revaluation Reserve to the extent that previous gains exist to absorb the reduction in value. Where there are no previous gains or previous gains are insufficient to absorb the reduction in value then this impairment is charged to the Income and Expenditure account.

Expenditure to ensure that a tangible fixed asset maintains its previously recognised standard of performance is recognised in the income and expenditure account in the period it is incurred. The Institution has a planned maintenance programme, which is reviewed on an annual basis.

Land and buildings inherited from the Local Education Authority (LEA) and buildings acquired since incorporation are stated in the balance sheet at valuation on the basis of depreciated replacement cost, as the open market value for existing use is not readily obtainable. Where it is not possible to obtain a reliable cost or valuation or where the cost of obtaining a valuation is greater than the benefit to the users of the financial statements for inherited or donated assets these assets are excluded from capitalisation.
8. Equipment

Non-computer equipment costing less than £15,000 per individual item or group of related items is written off in the year of acquisition. All other equipment, including computers where they are part of the University network, is capitalised.

Capitalised equipment is stated at cost and depreciated over its expected useful life, as follows:

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>AV equipment</td>
<td>3 years</td>
</tr>
<tr>
<td>IT infrastructure</td>
<td>5 years</td>
</tr>
<tr>
<td>Other equipment</td>
<td>5 years</td>
</tr>
<tr>
<td>Specialist scientific equipment</td>
<td>10 years</td>
</tr>
<tr>
<td>Vehicles</td>
<td>5 years</td>
</tr>
</tbody>
</table>

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

An annual review of equipment is undertaken to determine if there has been any impairment in the accounting period. Any impairment is charged to the Income and Expenditure account.

9. Investments

Endowment Asset Investments are included at current market values. All other investments are included at the lower of cost and net realisable value.

10. Stocks

Stocks are valued at the lower of cost and net realisable value.

11. Cash Flows and Liquid Resources

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

Liquid resources comprise assets held as a readily disposable store of value. They include term deposits held as part of the University’s treasury management activities. They exclude any such assets held as Endowment Asset Investments.

12. Maintenance of Premises

The University has a rolling maintenance plan which is reviewed on an annual basis. The cost of routine corrective maintenance is charged to the Income and Expenditure Account as incurred.

13. Taxation Status

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of 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 of Chargeable Gains Act 1992 to the extent that such income or gains are applied to exclusively charitable purposes. This exemption does not extend to the subsidiaries, UPEL and UPIL, where any profits or gains arising are chargeable to corporation tax. The Group receives no similar exemption in respect of Value Added Tax.
14. Provisions and contingent liabilities

Provisions are recognised when the institution 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.

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

15. Payment of Creditors

It is the University’s policy to obtain the best terms for all business and therefore terms are negotiated individually with suppliers. The University’s policy is to abide by specific payment terms made in those agreements. On average the University took 32 days to pay its creditors from the date of issue of the invoice (2010/11 32 days).

16. Comparatives

Where notes have been enhanced to provide additional information comparative figures have been amended accordingly.

17. Intra-group transactions

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

for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Funding council grants</td>
<td>1</td>
<td>61,000</td>
</tr>
<tr>
<td>Tuition fees and education contracts</td>
<td>2</td>
<td>85,850</td>
</tr>
<tr>
<td>Research grants and contracts</td>
<td>3</td>
<td>7,476</td>
</tr>
<tr>
<td>Other income</td>
<td>4</td>
<td>21,640</td>
</tr>
<tr>
<td>Endowment and investment income</td>
<td>5</td>
<td>520</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td></td>
<td><strong>176,486</strong></td>
</tr>
</tbody>
</table>

| Expenditure | | |
| Staff costs | 6 | 103,502 | 99,126 |
| Depreciation | 12 | 11,426 | 10,411 |
| Other operating expenses | 8 | 52,400 | 51,509 |
| Interest payable | 9 | 3,714 | 3,681 |
| **Total Expenditure** | | **171,042** | **164,727** |

**Surplus after depreciation of assets at valuation and before tax**

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Taxation</td>
<td>10</td>
<td>59</td>
</tr>
<tr>
<td><strong>Surplus after depreciation of assets at valuation and tax</strong></td>
<td></td>
<td><strong>5,385</strong></td>
</tr>
</tbody>
</table>

The consolidated income and expenditure account is wholly in respect of continuing operations.

## Consolidated statement of historical cost surpluses and deficits

for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus after depreciation of assets at valuation and tax</td>
<td></td>
<td><strong>5,385</strong></td>
</tr>
</tbody>
</table>

Difference between an historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Historical cost surplus for the year after taxation</strong></td>
<td></td>
<td><strong>12,152</strong></td>
</tr>
</tbody>
</table>
University of Portsmouth  
Financial Statements for the Year Ended 31 July 2012

Consolidated Balance Sheet 
for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012</th>
<th>2012</th>
<th>2011</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tangible assets</td>
<td>12</td>
<td>255,038</td>
<td>250,193</td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>13</td>
<td>87</td>
<td>88</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>255,125</td>
<td>250,281</td>
<td></td>
</tr>
<tr>
<td>Endowment Assets</td>
<td>14</td>
<td>1,794</td>
<td>1,718</td>
<td></td>
</tr>
<tr>
<td>Current Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock</td>
<td>15</td>
<td>362</td>
<td>311</td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td></td>
<td>7,815</td>
<td>7,205</td>
<td></td>
</tr>
<tr>
<td>Short term deposits</td>
<td>72,439</td>
<td>71,415</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>866</td>
<td>1,543</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>61,482</td>
<td>80,474</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due within one year</td>
<td>16</td>
<td>(20,292)</td>
<td>(20,144)</td>
<td></td>
</tr>
<tr>
<td>Net Current Assets</td>
<td></td>
<td>61,190</td>
<td>60,330</td>
<td></td>
</tr>
<tr>
<td>Total Assets less Current Liabilities</td>
<td>318,109</td>
<td>312,329</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creditors: amounts falling due after one year</td>
<td>17</td>
<td>(11,085)</td>
<td>(12,084)</td>
<td></td>
</tr>
<tr>
<td>Net Assets excluding Pension Liability</td>
<td>307,024</td>
<td>300,245</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Pension Liability</td>
<td>20</td>
<td>(99,230)</td>
<td>(76,150)</td>
<td></td>
</tr>
<tr>
<td>Net Assets including Pension Liability</td>
<td>207,794</td>
<td>224,095</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Deferred Capital Grants | 19 | 42,945 | 43,097 |       |

Restricted Expendable Endowments | 20 | 1,794 | 1,718 |       |

Reserves |       |       |       |       |
| General Reserve excluding Pension liability | 21 | 120,003 | 107,281 |       |
| Pension Reserve   | 28   | (99,230) | (76,150) |       |
| General Reserve including Pension liability | 21 | 21,703 | 31,131 |       |
| Revaluation Reserve | 21 | 141,382 | 148,149 |       |
| Total Reserves   | 21   | 163,055 | 179,280 |       |
| Total           | 21   | 207,794 | 224,095 |       |

The notes on pages 40 to 55 form part of these financial statements  
Report of the Auditor page 30

These financial statements were approved by the Board of Governors on 19 November 2012

S. Iles  
Chairman of Governors

J. A. G. Craven  
Governor & Vice-Chancellor
University of Portsmouth  
Financial Statements for the Year Ended 31 July 2012

University Balance Sheet  
for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2012 £000</th>
<th>2012 £000</th>
<th>2011 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Fixed Assets</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>255,007</td>
<td>250,180</td>
<td>Investements</td>
<td>287</td>
</tr>
<tr>
<td>13</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>1,794</td>
<td></td>
<td>Endowment Assets</td>
<td>1,718</td>
</tr>
<tr>
<td>15</td>
<td>348</td>
<td>303</td>
<td>Current Assets</td>
<td>7,367</td>
</tr>
<tr>
<td>72,498</td>
<td>71,415</td>
<td></td>
<td>Stock</td>
<td></td>
</tr>
<tr>
<td>633</td>
<td>1,253</td>
<td></td>
<td>Debtors</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>(20,130)</td>
<td>(19,925)</td>
<td>Short term deposits</td>
<td>81,387</td>
</tr>
<tr>
<td>17</td>
<td></td>
<td></td>
<td>Cash at bank and in hand</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>61,246</td>
<td>60,413</td>
<td>Net Current Assets</td>
<td>318,336</td>
</tr>
<tr>
<td>19</td>
<td></td>
<td></td>
<td>Total Assets less Current Liabilities</td>
<td>(11,085)</td>
</tr>
<tr>
<td>20</td>
<td></td>
<td></td>
<td>Creditors: amounts falling due after one year</td>
<td>20,821</td>
</tr>
<tr>
<td>21</td>
<td>121,130</td>
<td>107,551</td>
<td>Net Assets excluding Pension Liability</td>
<td>307,251</td>
</tr>
<tr>
<td>22</td>
<td>(99,230)</td>
<td>(76,150)</td>
<td>Net Pension Liability</td>
<td></td>
</tr>
<tr>
<td>23</td>
<td></td>
<td></td>
<td>Net Assets including Pension Liability</td>
<td>208,021</td>
</tr>
</tbody>
</table>

Deferred Capital Grants  
19  42,946  43,097

Restricted Expendable Endowments  
20  1,794  1,718

Reserves  
| General Reserve excluding Pension liability | 21  121,130  107,551 |
| General Reserve including Pension liability | 22  (99,230)  (76,150) |
| Revaluation Reserve | 21  141,362 | 148,149 |

Total Reserves  
21  163,282  179,550

Total  
21  208,021  224,365

The notes on pages 40 to 55 form part of these financial statements
Report of the Auditor page 30

These financial statements were approved by the Board of Governors on 19 November 2012

S. Iles  
Chairman of Governors  

J. A. G. Craven  
Governor & Vice-Chancellor
### Consolidated Cash Flow Statement

for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Decrease)/Increase in cash</td>
<td>(Decrease)/Increase in cash</td>
</tr>
<tr>
<td>22</td>
<td>14,682</td>
<td>23,952</td>
</tr>
<tr>
<td>23</td>
<td>(252)</td>
<td>(1,012)</td>
</tr>
<tr>
<td>10</td>
<td>(22)</td>
<td>0</td>
</tr>
<tr>
<td>24</td>
<td>(13,134)</td>
<td>(4,390)</td>
</tr>
<tr>
<td>25</td>
<td>(1,024)</td>
<td>(17,587)</td>
</tr>
<tr>
<td>26</td>
<td>(922)</td>
<td>(852)</td>
</tr>
<tr>
<td>27</td>
<td>(672)</td>
<td>111</td>
</tr>
</tbody>
</table>

### Reconciliation of net cashflow to movement in net funds

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>(672)</td>
<td>111</td>
</tr>
</tbody>
</table>

### Statement of Consolidated Total Recognised Gains and Losses

for the year ended 31 July 2012

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Surplus after depreciation of assets at valuation and tax</td>
<td>5,385</td>
</tr>
<tr>
<td>Movement in endowment asset funds</td>
<td>35</td>
</tr>
<tr>
<td>Endowment income retained/(withdrown) for year</td>
<td>28</td>
</tr>
<tr>
<td>External endowments received</td>
<td>13</td>
</tr>
<tr>
<td>Unrealised surplus on revaluation of properties</td>
<td>0</td>
</tr>
<tr>
<td>Actuarial loss in respect of pension scheme</td>
<td>(21,610)</td>
</tr>
</tbody>
</table>

**Total recognised (losses)/gains relating to the year**

<table>
<thead>
<tr>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>(16,149)</td>
<td>52,555</td>
</tr>
</tbody>
</table>

### Reconciliation

<table>
<thead>
<tr>
<th>Note</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Opening reserves</td>
<td>179,280</td>
<td>126,866</td>
</tr>
<tr>
<td>Opening endowments</td>
<td>1,718</td>
<td>1,577</td>
</tr>
<tr>
<td>Total recognised (losses)/gains for the year</td>
<td>(16,149)</td>
<td>52,555</td>
</tr>
<tr>
<td>Closing funds</td>
<td>164,849</td>
<td>180,998</td>
</tr>
</tbody>
</table>
### 1. Funding council grants

**Recurrent grants**
- Higher Education Funding Council for England (HEFCE) £57,045  £59,185
- Skills Funding Agency (SFA) £249  £303
- Young People’s Learning Agency (YPLA) £446  £376
- Teaching Agency (TA) £706  £885

Total recurrent grants £58,446  £60,749

**Specific grants**
- Higher Education Innovation Fund (HEIF) £773  £1,546
- Internships £0  £11
- Joint Information Systems Committee (JISC) Digitisation Programme £220  £163
- Matched Funding £59  £57
- University Modernisation Fund £0  £3,748
- Widening Participation £0  £19
- SFA Grants £7  £6
- TA Grants £198  £236

Total specific grants £1,257  £5,786

Deferred capital grants released in year
- Buildings:
  - HEFCE £767  £767

- Equipment:
  - HEFCE £530  £1,039

Total deferred capital grants released in year £61,000  £68,341

### 2. Tuition fees and education contracts

**UK higher education students** £48,212  £45,863
**European Union students** £3,335  £3,019
**Non-EU students** £20,575  £18,666
**UK further education students** £27  £37
**Part time fees** £4,341  £4,139
**Short course fees** £796  £844
**Education contracts** £7,587  £6,673
**Research training support grants** £115  £27
**Franchise fee income** £862  £966

Total tuition fees and education contracts £85,850  £80,434

### 3. Research grants and contracts

**Research councils** £2,381  £2,678
**UK based charities** £902  £1,141
**UK government/health authority** £1,093  £931
**UK based industry/commerce** £655  £483
**EU government** £1,717  £1,297
**EU other** £142  £58
**Other overseas** £269  £369
**Other** £317  £274

Total research grants and contracts £7,476  £7,231
### 4. Other income

<table>
<thead>
<tr>
<th>Description</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residences, catering and conferences</td>
<td>14,070</td>
<td>13,593</td>
</tr>
<tr>
<td>Other services rendered</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Rental and Building Services Income</td>
<td>757</td>
<td>599</td>
</tr>
<tr>
<td>- Contract Income (excluding Research Income)</td>
<td>2,249</td>
<td>2,334</td>
</tr>
<tr>
<td>- Miscellaneous</td>
<td>1,768</td>
<td>1,758</td>
</tr>
<tr>
<td>Total other services rendered</td>
<td>4,774</td>
<td>4,691</td>
</tr>
<tr>
<td>Health Authorities</td>
<td>1,311</td>
<td>1,481</td>
</tr>
<tr>
<td>Released from deferred capital grants</td>
<td>116</td>
<td>116</td>
</tr>
<tr>
<td>Other income -</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Erasmus</td>
<td>104</td>
<td>339</td>
</tr>
<tr>
<td>- Miscellaneous</td>
<td>1,205</td>
<td>973</td>
</tr>
<tr>
<td>Total other income</td>
<td>2,796</td>
<td>2,909</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td><strong>21,640</strong></td>
<td><strong>21,193</strong></td>
</tr>
</tbody>
</table>

Other income includes the profit on disposal of the University’s investment in Spirogen Ltd of £250,000 (see note 13).

### 5. Endowment and investment income

<table>
<thead>
<tr>
<th>Description</th>
<th>2011/12 £000</th>
<th>2010/11 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transferred from restricted expendable endowments</td>
<td>57</td>
<td>44</td>
</tr>
<tr>
<td>Income from short term investments</td>
<td>463</td>
<td>332</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>520</strong></td>
<td><strong>376</strong></td>
</tr>
</tbody>
</table>

### 6. Staff costs

The average weekly number of persons (including senior post-holders) employed by the University during the period, expressed as full-time equivalents, was:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic and research</td>
<td>1,097</td>
<td>1,062</td>
</tr>
<tr>
<td>Administration, Professional, Technical &amp; Clerical</td>
<td>1,217</td>
<td>1,213</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,314</strong></td>
<td><strong>2,275</strong></td>
</tr>
</tbody>
</table>

Staff full time equivalents are calculated quarterly and then averaged for the year.

Actual full time equivalent staff numbers by major category at year end:

<table>
<thead>
<tr>
<th></th>
<th>2011/12</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Number</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Academic and research</td>
<td>1,114</td>
<td>1,069</td>
</tr>
<tr>
<td>Administration, Professional, Technical &amp; Clerical</td>
<td>1,228</td>
<td>1,210</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2,342</strong></td>
<td><strong>2,279</strong></td>
</tr>
</tbody>
</table>
### 6. Staff costs (continued)

<table>
<thead>
<tr>
<th></th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td><strong>Staff costs for the above persons:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wages and salaries</td>
<td>85,363</td>
<td>81,802</td>
</tr>
<tr>
<td>Social security costs</td>
<td>7,029</td>
<td>6,616</td>
</tr>
<tr>
<td>Other pension costs</td>
<td>11,110</td>
<td>10,708</td>
</tr>
<tr>
<td></td>
<td><strong>103,502</strong></td>
<td><strong>99,126</strong></td>
</tr>
</tbody>
</table>

### Average full time equivalent staff numbers attributed to:

<table>
<thead>
<tr>
<th>Area</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic and student support areas</td>
<td>1,714</td>
<td>1,675</td>
</tr>
<tr>
<td>External contract income</td>
<td>86</td>
<td>87</td>
</tr>
<tr>
<td>Premises, catering and student residences</td>
<td>217</td>
<td>218</td>
</tr>
<tr>
<td>Administrative and other support services</td>
<td>297</td>
<td>295</td>
</tr>
<tr>
<td></td>
<td><strong>2,314</strong></td>
<td><strong>2,275</strong></td>
</tr>
</tbody>
</table>

### Staff costs attributed to:

<table>
<thead>
<tr>
<th>Area</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic and student support areas</td>
<td>78,899</td>
<td>75,171</td>
</tr>
<tr>
<td>External contract income</td>
<td>4,835</td>
<td>5,103</td>
</tr>
<tr>
<td>Premises, catering and student residences</td>
<td>7,326</td>
<td>6,900</td>
</tr>
<tr>
<td>Administrative and other support services</td>
<td>12,442</td>
<td>11,952</td>
</tr>
<tr>
<td></td>
<td><strong>103,502</strong></td>
<td><strong>99,126</strong></td>
</tr>
</tbody>
</table>

### 7. Higher paid staff emoluments

<table>
<thead>
<tr>
<th>Emoluments of the Vice-Chancellor</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>£000</strong></td>
<td>196</td>
<td>196</td>
</tr>
</tbody>
</table>

The emoluments of the Vice-Chancellor are shown on the same basis as for higher paid staff, and exclude the University’s pension contributions to the Teachers Pension Scheme (TPS). The pension contributions are paid at the same rates as for other academic staff, up to the maximum notional earning cap and amounted to £18,274 (2010/11 £17,710).

### Remuneration of other higher paid staff

Remuneration of other higher paid staff, excluding employer's pension contributions, including consultancy payments made in respect of work undertaken through the University’s subsidiary company, University of Portsmouth Enterprise Limited.

<table>
<thead>
<tr>
<th>Emoluments of other higher paid staff</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£100,000 - £109,999</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>£110,000 - £119,999</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>£120,000 - £129,999</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>
## Notes to the Accounts

### 8. Other Operating Expenses

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Academic and student support areas</td>
<td>26,830</td>
<td>26,410</td>
</tr>
<tr>
<td>External contract income</td>
<td>2,013</td>
<td>3,605</td>
</tr>
<tr>
<td>Premises, catering and student residences</td>
<td>18,057</td>
<td>16,468</td>
</tr>
<tr>
<td>Administrative and other support services</td>
<td>5,500</td>
<td>5,026</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>52,400</strong></td>
<td><strong>51,509</strong></td>
</tr>
</tbody>
</table>

Other operating expenses include:

- External auditor remuneration in respect of audit services: 46 (46)
- External auditor remuneration in respect of non audit services: 10 (0)
- External auditor remuneration in respect of non audit services - former: 0 (37)
- Internal auditor remuneration: 77 (68)
- Losses on disposal/demolition of tangible fixed assets: 205 (25)
- Operating lease rentals - land and buildings: 3,559 (3,421)
- Operating lease rentals - vehicles: 124 (112)
- Governors and Trustees expenses: 5 (5)

### 9. Interest Payable

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans not wholly repayable within 5 years</td>
<td>1,044</td>
<td>1,111</td>
</tr>
<tr>
<td>Finance Cost on Pension Fund Liability</td>
<td>2,670</td>
<td>2,570</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,714</strong></td>
<td><strong>3,681</strong></td>
</tr>
</tbody>
</table>

### 10. Taxation

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK corporation tax payable on the profits of and by University of Portsmouth Enterprise Limited and University of Portsmouth Investments Limited</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>Adjustment to 2010/11</td>
<td>37</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
<td><strong>0</strong></td>
</tr>
</tbody>
</table>

No tax charge has arisen as a result of the activities of the University of Portsmouth in the year.

### 11. Surplus on Continuing Operations for the Period

The surplus on continuing operations for the period is made up as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Year ended 31 July 2012</th>
<th>Year ended 31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>University's surplus for the period</td>
<td>5,342</td>
<td>12,678</td>
</tr>
<tr>
<td>Surplus generated by subsidiary undertakings</td>
<td>43</td>
<td>170</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>5,385</strong></td>
<td><strong>12,848</strong></td>
</tr>
</tbody>
</table>
### 12. Tangible Fixed Assets

#### (a) Consolidated

<table>
<thead>
<tr>
<th></th>
<th>Freehold Properties £000</th>
<th>Leasehold Properties £000</th>
<th>Land &amp; Buildings £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost or valuation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>236,440</td>
<td>5,415</td>
<td>241,855</td>
<td>19,583</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>15,384</td>
<td>0</td>
<td>15,384</td>
<td>1,792</td>
</tr>
<tr>
<td>Disposals/Demolitions</td>
<td>(870)</td>
<td>0</td>
<td>(870)</td>
<td>(240)</td>
</tr>
<tr>
<td><strong>At 31 July 2012</strong></td>
<td>250,954</td>
<td>5,415</td>
<td>256,369</td>
<td>21,135</td>
</tr>
</tbody>
</table>

|                      |                          |                           |                       |            |
| **Depreciation:**    |                          |                           |                       |            |
| At 1 August 2011     | 4                        | 0                         | 4                     | 11,249     | 310 | 11,563  |
| Depreciation for the year | 8,910               | 112                       | 9,022                 | 2,402      | 2   | 11,426  |
| Disposals/Demolitions| 0                        | 0                         | 0                     | (205)      | 0   | (205)   |
| **At 31 July 2012**  | 8,914                    | 112                       | 9,026                 | 13,446     | 312 | 22,784  |

|                      |                          |                           |                       |            |
| **Net Book Value**   |                          |                           |                       |            |
| At 31 July 2012      | 242,040                  | 5,303                     | 247,343               | 7,689      | 6   | 255,038 |
| At 31 July 2011      | 236,436                  | 5,415                     | 241,851               | 8,334      | 8   | 250,193 |

The land and buildings were revalued as at 31 July 2011, on the basis of depreciated replacement cost. The University appointed Jones Lang LaSalle to undertake a valuation of the land and buildings.

Included in Land and Buildings there is £16,765,000 (2011: £2,450,000) of work in progress valued at cost and these assets are not depreciated until they are brought into use.
Notes to the Accounts

12. Tangible Fixed Assets

<table>
<thead>
<tr>
<th></th>
<th>Freehold Properties £000</th>
<th>Leasehold Properties £000</th>
<th>Land &amp; Buildings Total £000</th>
<th>Equipment £000</th>
<th>Vehicles £000</th>
<th>Total £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>(b) University</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost or valuation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>236,436</td>
<td>5,415</td>
<td>241,851</td>
<td>19,496</td>
<td>320</td>
<td>261,667</td>
</tr>
<tr>
<td>Additions at cost</td>
<td>15,383</td>
<td>0</td>
<td>15,383</td>
<td>1,764</td>
<td>0</td>
<td>17,147</td>
</tr>
<tr>
<td>Disposals/Demolitions</td>
<td>(870)</td>
<td>0</td>
<td>(870)</td>
<td>(240)</td>
<td>0</td>
<td>(1,110)</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>250,949</td>
<td>5,415</td>
<td>256,364</td>
<td>21,020</td>
<td>320</td>
<td>277,704</td>
</tr>
<tr>
<td>Depreciation:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11,175</td>
<td>312</td>
<td>11,487</td>
</tr>
<tr>
<td>Depreciation for the year</td>
<td>8,909</td>
<td>112</td>
<td>9,021</td>
<td>2,392</td>
<td>2</td>
<td>11,415</td>
</tr>
<tr>
<td>Disposals/Demolitions</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(205)</td>
<td>0</td>
<td>(205)</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>8,909</td>
<td>112</td>
<td>9,021</td>
<td>13,362</td>
<td>314</td>
<td>22,697</td>
</tr>
<tr>
<td>Net Book Value</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>242,040</td>
<td>5,303</td>
<td>247,343</td>
<td>7,658</td>
<td>6</td>
<td>255,007</td>
</tr>
<tr>
<td>At 31 July 2011</td>
<td>236,436</td>
<td>5,415</td>
<td>241,851</td>
<td>8,321</td>
<td>8</td>
<td>250,180</td>
</tr>
</tbody>
</table>

The land and buildings were revalued as at 31 July 2011, on the basis of depreciated replacement cost. The University appointed Jones Lang LaSalle to undertake a valuation of the land and buildings.

Included in Land and Buildings there is £16,765,000 (2011: £2,450,000) of work in progress valued at cost and these assets are not depreciated until they are brought into use.
Notes to the Accounts

13. Investments

<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment in subsidiary companies at cost brought forward</td>
<td>0</td>
<td>0</td>
<td>200</td>
<td>3,920</td>
</tr>
<tr>
<td>Liquidation of University of Portsmouth Training Limited shares</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>(3,720)</td>
</tr>
<tr>
<td>Investment in subsidiary companies at cost carried forward</td>
<td>0</td>
<td>0</td>
<td>200</td>
<td>200</td>
</tr>
</tbody>
</table>

Other Fixed Asset Investments:
- CVCP Properties plc: 37 37 37 37
- Investment in Spirogen Ltd: 0 1 0 1
- Investment in LenSE Ltd: 50 50 50 50

Total: 87 88 287 288

The investments in subsidiary companies shares comprises the following:

<table>
<thead>
<tr>
<th>Holding</th>
<th>Nature of Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of Portsmouth Enterprise Limited: 100,002 Ordinary Class A £1 Shares fully paid (at cost)</td>
<td>Consultancy and bars</td>
</tr>
<tr>
<td>University of Portsmouth Investments Limited: 2 Ordinary Class A £1 Shares fully paid (at cost)</td>
<td>Recruitment services in China</td>
</tr>
<tr>
<td>University of Portsmouth Services Limited: 1 Ordinary Class A £1 Share fully paid (at cost)</td>
<td>Dormant</td>
</tr>
</tbody>
</table>

All subsidiary companies are registered in England and Wales. The University owns 100% of the shares in each of the subsidiary companies. The results of subsidiary companies are consolidated with those of the University.

The University disposed of its investment in Spirogen Ltd for £251,000. The profit on sale is included in other income (see note 4).

14. Endowment assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated 2012</th>
<th>University 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of investments at 1 August</td>
<td>1,718</td>
<td>1,577</td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>29</td>
<td>23</td>
</tr>
<tr>
<td>Sales of investments</td>
<td>(27)</td>
<td>(14)</td>
</tr>
<tr>
<td>Appreciation of investments</td>
<td>35</td>
<td>94</td>
</tr>
<tr>
<td>Increase/(decrease) in cash balances held at fund managers</td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Value of investments at 31 July</td>
<td>1,794</td>
<td>1,718</td>
</tr>
<tr>
<td>Fixed Interest Stocks</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Equities</td>
<td>1,395</td>
<td>1,360</td>
</tr>
<tr>
<td>Cash held by Investment Managers</td>
<td>217</td>
<td>178</td>
</tr>
<tr>
<td>Bank Balances</td>
<td>174</td>
<td>172</td>
</tr>
<tr>
<td>Total Endowment Asset Investments</td>
<td>1,794</td>
<td>1,718</td>
</tr>
</tbody>
</table>

All endowment funds have been accounted for as restricted expendable as they relate to a particular objective specified by the donor. The investments are managed by an external fund manager.

15. Debtors

<table>
<thead>
<tr>
<th>Description</th>
<th>Consolidated 2012</th>
<th>University 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amounts falling due within one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debtors</td>
<td>2,016</td>
<td>1,912</td>
</tr>
<tr>
<td>Amounts owed by subsidiary undertakings</td>
<td>0</td>
<td>138</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>5,651</td>
<td>5,554</td>
</tr>
<tr>
<td>Amounts falling due after one year:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amounts owed by subsidiary undertakings</td>
<td>0</td>
<td>215</td>
</tr>
<tr>
<td>Prepayments and accrued income</td>
<td>148</td>
<td>186</td>
</tr>
<tr>
<td>Total</td>
<td>7,815</td>
<td>7,367</td>
</tr>
</tbody>
</table>
16. Creditors: Amounts falling due within one year

<table>
<thead>
<tr>
<th></th>
<th>Consolidated</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2011</td>
</tr>
<tr>
<td>Mortgages</td>
<td>986</td>
<td>909</td>
</tr>
<tr>
<td>Trade creditors</td>
<td>513</td>
<td>1,264</td>
</tr>
<tr>
<td>Other creditors</td>
<td>7,364</td>
<td>5,819</td>
</tr>
<tr>
<td>Amounts owed to subsidiary undertakings</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Social security and other taxation payable</td>
<td>4,164</td>
<td>3,612</td>
</tr>
<tr>
<td>Deferred Corporation Tax</td>
<td>59</td>
<td>0</td>
</tr>
<tr>
<td>Accruals and payments received in advance</td>
<td>7,206</td>
<td>8,540</td>
</tr>
<tr>
<td></td>
<td>20,292</td>
<td>20,144</td>
</tr>
</tbody>
</table>

17. Creditors: Amounts falling due after more than one year

<table>
<thead>
<tr>
<th>Mortgages secured on residential and other property:</th>
<th>Consolidated</th>
<th>University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due between one and two years</td>
<td>1,008</td>
<td>919</td>
</tr>
<tr>
<td>Due between two and five years</td>
<td>5,031</td>
<td>3,277</td>
</tr>
<tr>
<td>Due in five years or more</td>
<td>4,746</td>
<td>7,588</td>
</tr>
<tr>
<td></td>
<td>10,785</td>
<td>11,784</td>
</tr>
<tr>
<td>Other creditors</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Unsecured loans repayable between 2012 and 2034</td>
<td>11,085</td>
<td>12,084</td>
</tr>
</tbody>
</table>

18. Borrowings

The bank mortgages are repayable over 25 years. Interest is charged at the rates shown below and all rates are fixed until the end of loan term.

<table>
<thead>
<tr>
<th>Mortgage</th>
<th>Term</th>
<th>Interest rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,817</td>
<td>25 years</td>
<td>7.4% fixed until May 2021</td>
</tr>
<tr>
<td>3,475</td>
<td>25 years</td>
<td>8.65% fixed until November 2020</td>
</tr>
<tr>
<td>6,479</td>
<td>25 years</td>
<td>8.6% fixed until November 2020</td>
</tr>
</tbody>
</table>

The mortgages are secured on the residential and academic accommodation to which they relate.
Notes to the Accounts

19. Deferred capital grants

<table>
<thead>
<tr>
<th></th>
<th>Funding Council</th>
<th>Other Grants &amp; Benefactions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>36,780</td>
<td>4,739</td>
<td>41,519</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,578</td>
<td>0</td>
<td>1,578</td>
</tr>
<tr>
<td>Total</td>
<td>38,358</td>
<td>4,739</td>
<td>43,097</td>
</tr>
<tr>
<td>Cash received</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>910</td>
<td>0</td>
<td>910</td>
</tr>
<tr>
<td>Equipment</td>
<td>351</td>
<td>0</td>
<td>351</td>
</tr>
<tr>
<td>Total</td>
<td>1,261</td>
<td>0</td>
<td>1,261</td>
</tr>
<tr>
<td>Released to income and expenditure</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>(767)</td>
<td>(116)</td>
<td>(883)</td>
</tr>
<tr>
<td>Equipment</td>
<td>(530)</td>
<td>0</td>
<td>(530)</td>
</tr>
<tr>
<td>Total</td>
<td>(1,297)</td>
<td>(116)</td>
<td>(1,413)</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>36,923</td>
<td>4,623</td>
<td>41,546</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,399</td>
<td>0</td>
<td>1,399</td>
</tr>
<tr>
<td>Total</td>
<td>38,322</td>
<td>4,623</td>
<td>42,945</td>
</tr>
</tbody>
</table>

All endowment funds have been accounted for as restricted expendable as they relate to a particular objective specified by the donor. The investments are managed by an external fund manager.

Representing:

- Chairs and Lectureship Funds: 1,621
- Prize and Support Funds: 173

Total: 1,794

20. Endowments

<table>
<thead>
<tr>
<th></th>
<th>Consolidated and University</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>1,718</td>
</tr>
<tr>
<td>External endowments received</td>
<td>13</td>
</tr>
<tr>
<td>Appreciation of endowment asset investments</td>
<td>35</td>
</tr>
<tr>
<td>Income for year</td>
<td>85</td>
</tr>
<tr>
<td>Transferred to Income and Expenditure Account (Note 5)</td>
<td>(57)</td>
</tr>
<tr>
<td>Movement in funds</td>
<td>76</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>1,794</td>
</tr>
</tbody>
</table>

21. Movement in Reserves

<table>
<thead>
<tr>
<th></th>
<th>Consolidated and University</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
</tr>
<tr>
<td>21 (a) Revaluation Reserve</td>
<td>£000</td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>148,149</td>
</tr>
<tr>
<td>Transfer from revaluation reserve to general reserve in respect of depreciation on revalued assets</td>
<td>(6,767)</td>
</tr>
<tr>
<td>Unrealised surplus on revaluation of properties</td>
<td>0</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>141,382</td>
</tr>
</tbody>
</table>
21. Movement in Reserves (continued)

21 (b) Income and Expenditure Reserve

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2012</th>
<th>University 2011</th>
<th>Consolidated 2012</th>
<th>University 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>At 1 August 2011</td>
<td>107,281</td>
<td>88,914</td>
<td>107,551</td>
<td>89,354</td>
</tr>
<tr>
<td>Surplus before transfer from revaluation reserve</td>
<td>5,385</td>
<td>12,848</td>
<td>5,342</td>
<td>12,678</td>
</tr>
<tr>
<td>Transfer from revaluation reserve</td>
<td>6,767</td>
<td>4,389</td>
<td>6,767</td>
<td>4,389</td>
</tr>
<tr>
<td>Transfer from pension reserve</td>
<td>1,470</td>
<td>1,130</td>
<td>1,470</td>
<td>1,130</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>120,903</td>
<td>107,281</td>
<td>121,130</td>
<td>107,551</td>
</tr>
</tbody>
</table>

21 (c) Total Reserves

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>At 1 August 2011</td>
<td>179,280</td>
<td>126,866</td>
<td>179,550</td>
<td>127,306</td>
</tr>
<tr>
<td>Surplus before transfer from revaluation reserve</td>
<td>5,385</td>
<td>12,848</td>
<td>5,342</td>
<td>12,678</td>
</tr>
<tr>
<td>Unrealised surplus on revaluation of properties</td>
<td>0</td>
<td>44,966</td>
<td>0</td>
<td>44,966</td>
</tr>
<tr>
<td>Actuarial loss in respect of pension scheme</td>
<td>(21,610)</td>
<td>(5,400)</td>
<td>(21,610)</td>
<td>(5,400)</td>
</tr>
<tr>
<td>At 31 July 2012</td>
<td>163,055</td>
<td>179,280</td>
<td>163,282</td>
<td>179,550</td>
</tr>
</tbody>
</table>

Represented by

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and Expenditure Reserve excluding Pension Reserve</td>
<td>120,903</td>
<td>121,130</td>
</tr>
<tr>
<td>Pension reserve</td>
<td>(99,230)</td>
<td>(99,230)</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>141,382</td>
<td>141,382</td>
</tr>
<tr>
<td>Total reserves as at 31 July 2012</td>
<td>163,055</td>
<td>163,282</td>
</tr>
</tbody>
</table>

22. Reconciliation of consolidated operating surplus to net cash inflow from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus after depreciation of assets at valuation and before tax</td>
<td>5,444</td>
<td>12,848</td>
</tr>
<tr>
<td>Depreciation</td>
<td>11,426</td>
<td>10,411</td>
</tr>
<tr>
<td>Interest payable</td>
<td>3,714</td>
<td>3,681</td>
</tr>
<tr>
<td>Deferred capital grants released to income</td>
<td>(1,413)</td>
<td>(1,922)</td>
</tr>
<tr>
<td>Interest receivable</td>
<td>(520)</td>
<td>(376)</td>
</tr>
<tr>
<td>Loss on disposal of tangible fixed assets</td>
<td>205</td>
<td>25</td>
</tr>
<tr>
<td>Profit on sale of investment</td>
<td>(250)</td>
<td>0</td>
</tr>
<tr>
<td>Increase in stock</td>
<td>(51)</td>
<td>(9)</td>
</tr>
<tr>
<td>Increase in debtors</td>
<td>(610)</td>
<td>(25)</td>
</tr>
<tr>
<td>(Decrease)/increase in creditors</td>
<td>(2,063)</td>
<td>759</td>
</tr>
<tr>
<td>Pension cost less contributions payable</td>
<td>(1,200)</td>
<td>(1,440)</td>
</tr>
<tr>
<td>Net cash inflow from operating activities</td>
<td>14,682</td>
<td>23,952</td>
</tr>
</tbody>
</table>

23. Returns on investments and servicing of finance

<table>
<thead>
<tr>
<th></th>
<th>2012 £000</th>
<th>2011 £000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest received</td>
<td>520</td>
<td>376</td>
</tr>
<tr>
<td>Interest paid</td>
<td>(789)</td>
<td>(1,398)</td>
</tr>
<tr>
<td>Income from endowments</td>
<td>17</td>
<td>10</td>
</tr>
<tr>
<td>Net cash outflow from returns on investments and servicing of finance</td>
<td>(252)</td>
<td>(1,012)</td>
</tr>
</tbody>
</table>
Notes to the Accounts

24. Capital expenditure and financial investment

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to acquire tangible assets</td>
<td>(14,631)</td>
<td>(6,970)</td>
</tr>
<tr>
<td>Payments on prize funds</td>
<td>(27)</td>
<td>(14)</td>
</tr>
<tr>
<td>Profit on sale of investment</td>
<td>250</td>
<td>0</td>
</tr>
<tr>
<td>Deferred capital grant received</td>
<td>1,261</td>
<td>2,581</td>
</tr>
<tr>
<td>Endowments received</td>
<td>13</td>
<td>13</td>
</tr>
<tr>
<td>Net cash outflow from investing activities</td>
<td>(13,134)</td>
<td>(4,390)</td>
</tr>
</tbody>
</table>

25. Management of liquid resources

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment from deposits</td>
<td>1,024</td>
<td>17,587</td>
</tr>
<tr>
<td>Net cash inflow from management of liquid resources</td>
<td>1,024</td>
<td>17,587</td>
</tr>
</tbody>
</table>

26. Financing

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage principal payment</td>
<td>(922)</td>
<td>(852)</td>
</tr>
<tr>
<td>Net cash outflow from financing</td>
<td>(922)</td>
<td>(852)</td>
</tr>
</tbody>
</table>

27. Analysis of changes in net funds

<table>
<thead>
<tr>
<th></th>
<th>At 1 August 2011</th>
<th>Cash Flows</th>
<th>Other flows</th>
<th>31 July 2012</th>
<th>At 1 August 2012</th>
<th>Cash Flows</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td></td>
<td>£000</td>
<td>£000</td>
<td>£000</td>
<td></td>
<td>£000</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>1,543</td>
<td>(677)</td>
<td>0</td>
<td>866</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment assets</td>
<td>166</td>
<td>5</td>
<td>0</td>
<td>171</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,709</td>
<td>(672)</td>
<td>0</td>
<td>1,937</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liquid resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short term deposits</td>
<td>71,415</td>
<td>1,024</td>
<td>0</td>
<td>72,439</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt due within one year</td>
<td>(909)</td>
<td>922</td>
<td>(999)</td>
<td>(986)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt due after one year</td>
<td>(12,084)</td>
<td>0</td>
<td>999</td>
<td>(11,085)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net funds</td>
<td>60,131</td>
<td>1,274</td>
<td>0</td>
<td>61,405</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Notes to the Accounts

28. Pension and similar obligations

The two principal pension schemes for the University’s staff are the Teachers’ Pension Scheme (TPS) and the Hampshire County Council administered Local Government Pension Scheme (LGS). These are both independently administered schemes.

TPS

Under the definitions set out in Financial Reporting Standard17 "Retirement benefits" (FRS17), the TPS is a multi-employer defined benefit pension scheme. The University is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the University has taken advantage of the exemption in FRS17 and has accounted for its contributions as if it were a defined contribution scheme.

Retirement and other pension benefits, including annual increases payable under the Pensions (Increase) Acts, are, as provided for in the Superannuation Act 1972, paid out of monies provided by Parliament. Under the TPS, which is an unfunded scheme, teachers’ contributions on a pay-as-you-go basis together with employers contributions, are credited to the Exchequer under arrangements governed by the above Act.

The teachers’ pension regulations require an annual account, the Teachers’ Pension Account, to be kept of receipts and expenditure (including the cost of pensions increases). From 1 April 2001, the Account has been credited with a real rate of return (in excess of price increases and currently set at 3.5%), which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Contribution amounts outstanding as at 31 July 2012 and included in Social security and other taxation payable creditors is £783,888 (2011: £722,251)

As from 1 January 2007, as part of the cost-sharing agreement between employers’ and teachers’ representatives, the SCR has been assessed at 19.75%, plus a supplementary contribution rate of 0.75% (to balance assets and liabilities as required by the regulations within 15 years); a total contribution rate of 20.5%. This translates into an employee contribution rate of 6.4% and an employer contribution rate of 14.1% payable. The cost sharing agreement has also introduced - effective for the first time with effect from the 2008 valuation, a 14% cap on employer contributions payable.

Not less than every four years the Government Actuary (GA), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions.

The contribution rate paid into TPS is assessed in two parts. First, a standard contribution rate (SCR) is determined. This is the contribution, expressed as a percentage of the salaries of lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial investigation, it is found that accumulated liabilities of the Account for benefits to past and present lecturers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions.

The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 - 31 March 2004. The GA’s report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 millions. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) was £163,240 millions. The assumed real rate of return is 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth is assumed to be 1.5%. The assumed gross rate of return is 6.5%.

The contribution amounts outstanding as at 31 July 2012 and included in Social security and other taxation payable creditors is £783,888 (2011: £722,251)
Pension and similar obligations (continued)

LGS

The LGS is a defined benefit scheme based on final pensionable salary.

The most recent valuation was carried out as at 31 March 2010, and has been updated by independent actuaries to the Hampshire County Council Pension Fund to take account of the requirements of FRS 17 in order to assess the liabilities of the Fund as at 31 July 2012.

The main assumptions used for the purposes of FRS 17 are as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>4.1%</td>
<td>5.3%</td>
<td>5.4%</td>
<td>6.0%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Rate of increase of salaries</td>
<td>4.6%</td>
<td>5.2%</td>
<td>5.0%</td>
<td>5.2%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Rate of increase of pension in payment</td>
<td>2.1%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>3.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Rate of increase in deferred pensions</td>
<td>2.1%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>3.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Rate of inflation RPI</td>
<td>3.1%</td>
<td>3.7%</td>
<td>3.5%</td>
<td>3.7%</td>
<td>3.8%</td>
</tr>
<tr>
<td>Rate of inflation CPI</td>
<td>2.1%</td>
<td>2.8%</td>
<td>2.8%</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Rate of return on equities</td>
<td>7.5%</td>
<td>7.9%</td>
<td>8.2%</td>
<td>8.0%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Rate of return on government bonds</td>
<td>2.5%</td>
<td>3.9%</td>
<td>4.2%</td>
<td>4.5%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Rate of return on corporate bonds</td>
<td>3.2%</td>
<td>4.7%</td>
<td>4.9%</td>
<td>5.9%</td>
<td>6.5%</td>
</tr>
<tr>
<td>Rate of return on property</td>
<td>7.0%</td>
<td>7.4%</td>
<td>7.7%</td>
<td>7.0%</td>
<td>6.8%</td>
</tr>
<tr>
<td>Rate of return on cash</td>
<td>1.4%</td>
<td>1.5%</td>
<td>1.4%</td>
<td>0.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Rate of return on other</td>
<td>7.5%</td>
<td>7.9%</td>
<td>8.2%</td>
<td>0.9%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Average rate of return</td>
<td>5.8%</td>
<td>6.7%</td>
<td>6.7%</td>
<td>6.5%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

Assets are valued at bid value, and comprise:

<table>
<thead>
<tr>
<th></th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
<th>£000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>60,240</td>
<td>65,627</td>
<td>56,192</td>
<td>45,694</td>
<td>48,100</td>
</tr>
<tr>
<td>Bonds</td>
<td>32,173</td>
<td>26,995</td>
<td>24,985</td>
<td>21,508</td>
<td>21,830</td>
</tr>
<tr>
<td>Property</td>
<td>8,875</td>
<td>8,307</td>
<td>6,130</td>
<td>4,210</td>
<td>5,470</td>
</tr>
<tr>
<td>Cash</td>
<td>3,772</td>
<td>3,011</td>
<td>5,573</td>
<td>5,052</td>
<td>4,600</td>
</tr>
<tr>
<td>Other</td>
<td>5,880</td>
<td>0</td>
<td>0</td>
<td>76</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>110,940</td>
<td>103,840</td>
<td>92,880</td>
<td>76,540</td>
<td>80,000</td>
</tr>
</tbody>
</table>

FTSE 100 Index (for information)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FTSE 100 Index (for information)</td>
<td>5700</td>
<td>5815</td>
<td>5258</td>
<td>4600</td>
<td>5412</td>
</tr>
<tr>
<td>FTSE All Share Index (for information)</td>
<td>2950</td>
<td>3026</td>
<td>2715</td>
<td>2350</td>
<td>2749</td>
</tr>
</tbody>
</table>

We have allowed for the change in the mortality assumptions approximately by taking account of the Employer’s split of liabilities between the pensioners and non pensioners and the relevant weighted average.

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fair value of share of assets in LGS Pension Fund</td>
<td>110,940</td>
<td>103,840</td>
<td>92,880</td>
<td>76,540</td>
<td>80,000</td>
</tr>
<tr>
<td>Present value estimate liabilities</td>
<td>(200,790)</td>
<td>(170,740)</td>
<td>(153,440)</td>
<td>(146,140)</td>
<td>(120,970)</td>
</tr>
<tr>
<td>Present value estimate unfunded liabilities</td>
<td>(9,380)</td>
<td>(9,250)</td>
<td>(9,060)</td>
<td>(9,870)</td>
<td>(9,030)</td>
</tr>
<tr>
<td>Net value of University of Portsmouth’s share of deficit in Scheme</td>
<td>(99,230)</td>
<td>(76,150)</td>
<td>(68,630)</td>
<td>(79,470)</td>
<td>(50,000)</td>
</tr>
</tbody>
</table>
Notes to the Accounts

28. Pension and similar obligations (continued)

LGS pension costs have been recognised in accordance with FRS17, the following components of the pension charge have been recognised in the income and expenditure account and statement of recognised gains and losses for the year ended 31 July 2012;

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
</tbody>
</table>

Analysis of amounts charged to income and expenditure account:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current service cost</td>
<td>(5,090)</td>
<td>(4,780)</td>
</tr>
<tr>
<td>Past service cost</td>
<td>(60)</td>
<td>(120)</td>
</tr>
<tr>
<td>Total operating charge</td>
<td>(5,150)</td>
<td>(4,900)</td>
</tr>
</tbody>
</table>

Financing:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>expected return on pension scheme assets</td>
<td>6,910</td>
<td>6,230</td>
</tr>
<tr>
<td>interest on expected scheme liabilities</td>
<td>(9,580)</td>
<td>(8,800)</td>
</tr>
<tr>
<td>net return</td>
<td>(2,670)</td>
<td>(2,570)</td>
</tr>
<tr>
<td>Total expense recognised in income and expenditure account</td>
<td>(7,820)</td>
<td>(7,470)</td>
</tr>
</tbody>
</table>

Analysis of amounts recognised in statement of total recognised gains and losses:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total actuarial loss on funded liabilities</td>
<td>(21,360)</td>
<td>(5,070)</td>
</tr>
<tr>
<td>Total actuarial loss on unfunded liabilities</td>
<td>(250)</td>
<td>(330)</td>
</tr>
<tr>
<td>Total actuarial loss recognised</td>
<td>(21,610)</td>
<td>(5,400)</td>
</tr>
</tbody>
</table>

Movement in year:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>current service</td>
<td>(5,090)</td>
<td>(4,780)</td>
</tr>
<tr>
<td>interest cost</td>
<td>(9,110)</td>
<td>(8,340)</td>
</tr>
<tr>
<td>contributions by the participants</td>
<td>4,840</td>
<td>4,730</td>
</tr>
<tr>
<td>net benefits paid out</td>
<td>(60)</td>
<td>(120)</td>
</tr>
<tr>
<td>actuarial loss</td>
<td>(18,600)</td>
<td>(6,780)</td>
</tr>
<tr>
<td>Total movement in year</td>
<td>(200,790)</td>
<td>(170,740)</td>
</tr>
</tbody>
</table>

The changes to the fair value of assets during the year is made up as follows:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening fair value of assets</td>
<td>103,840</td>
<td>92,880</td>
</tr>
</tbody>
</table>

Movement in year:

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>expected return on assets</td>
<td>6,910</td>
<td>6,230</td>
</tr>
<tr>
<td>contributions by the University</td>
<td>5,760</td>
<td>5,740</td>
</tr>
<tr>
<td>contributions by the participants</td>
<td>2,030</td>
<td>2,010</td>
</tr>
<tr>
<td>net benefits paid out</td>
<td>(4,840)</td>
<td>(4,730)</td>
</tr>
<tr>
<td>actuarial (loss)/gain on assets</td>
<td>(2,760)</td>
<td>1,710</td>
</tr>
<tr>
<td>Closing fair value on assets</td>
<td>110,940</td>
<td>103,840</td>
</tr>
</tbody>
</table>
Notes to the Accounts

28. Pension and similar obligations (continued)

<table>
<thead>
<tr>
<th></th>
<th>31 July 2012</th>
<th>31 July 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual return on assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expected return on assets</td>
<td>6,910</td>
<td>6,230</td>
</tr>
<tr>
<td>Actuarial (loss)/gain on assets</td>
<td>(2,760)</td>
<td>1,710</td>
</tr>
<tr>
<td>Actual return on assets</td>
<td>4,150</td>
<td>7,940</td>
</tr>
</tbody>
</table>

The experience gains and losses for the year ended 31 July 2012 were as follows:

Difference between the expected and actual return on scheme assets:

During the year ended 31 July 2012, the investment return on the Fund's assets was lower than the assumptions set at the start of the year. This has resulted in a loss in the actual return less expected return on pension scheme assets

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>(2,760)</td>
<td>1,710</td>
<td>6,970</td>
<td>(12,800)</td>
<td>(10,780)</td>
</tr>
<tr>
<td>Percentage of scheme assets</td>
<td>-2.5%</td>
<td>1.6%</td>
<td>7.5%</td>
<td>-16.7%</td>
<td>-13.5%</td>
</tr>
</tbody>
</table>

Experience gains or losses on scheme liabilities

As the results of the actuarial valuation as at 31 March 2010 are available, differences between actual experience since the previous valuation, and that assumed in previous years, can be observed in the experience gains and losses.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>(700)</td>
<td>(2,210)</td>
<td>1,590</td>
<td>(500)</td>
<td>(940)</td>
</tr>
<tr>
<td>Percentage of present value of scheme liabilities</td>
<td>-0.3%</td>
<td>-1.2%</td>
<td>1.0%</td>
<td>-0.3%</td>
<td>-0.7%</td>
</tr>
</tbody>
</table>

Change in Assumptions

The financial assumptions underlying the calculation of the liabilities differ between the two accounting periods. This has increased the value placed on liabilities.

The demographic assumptions are the same as those used last year and are consistent with those used for the most recent actuarial valuation of the Fund as at 31 March 2010, apart from updating the allowance for future mortality improvements. This has increased the value placed on liabilities.

The overall effect of these changes is to place a value on the liabilities at the year end that is higher than was anticipated, resulting in a loss in the "change of assumptions".

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>18,150</td>
<td>4,900</td>
<td>(4,780)</td>
<td>14,670</td>
<td>(5,310)</td>
</tr>
<tr>
<td>Percentage of the present value of scheme liabilities</td>
<td>8.6%</td>
<td>2.7%</td>
<td>-2.9%</td>
<td>9.4%</td>
<td>-4.1%</td>
</tr>
</tbody>
</table>

Total actuarial losses

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>(21,610)</td>
<td>(5,400)</td>
<td>13,340</td>
<td>(27,970)</td>
<td>(6,410)</td>
</tr>
<tr>
<td>Percentage of the present value of scheme liabilities</td>
<td>-10.3%</td>
<td>-3.0%</td>
<td>8.2%</td>
<td>-17.9%</td>
<td>-4.9%</td>
</tr>
</tbody>
</table>

The total pension charge for the University and its subsidiaries can be analysed as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>£000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TPS</td>
<td>5,807</td>
<td>5,768</td>
</tr>
<tr>
<td>LGS</td>
<td>5,150</td>
<td>4,900</td>
</tr>
<tr>
<td>Other, including NHS</td>
<td>1,353</td>
<td>1,480</td>
</tr>
<tr>
<td>FRS17</td>
<td>(1,200)</td>
<td>(1,440)</td>
</tr>
<tr>
<td>Total pension cost (Note 6)</td>
<td>11,110</td>
<td>10,708</td>
</tr>
</tbody>
</table>

The University's regular contributions to the fund for the accounting period ending 31 July 2013 are estimated to be £5.89m. It expects to pay £0.62m directly to beneficiaries in respect of previous members of staff who took early retirement under enhanced terms and conditions applicable at the date of their retirement. This payment is in respect of members of both TPS and LGS.
29. Capital commitments

<table>
<thead>
<tr>
<th></th>
<th>Consolidated 2012</th>
<th>2011</th>
<th>University 2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitments contracted at 31 July</td>
<td>11,327</td>
<td>1,654</td>
<td>11,327</td>
<td>1,654</td>
</tr>
<tr>
<td>Authorised but not contracted at 31 July</td>
<td>19,165</td>
<td>34,254</td>
<td>19,165</td>
<td>34,254</td>
</tr>
<tr>
<td></td>
<td>30,492</td>
<td>35,908</td>
<td>30,492</td>
<td>35,908</td>
</tr>
</tbody>
</table>

These commitments exclude any costs included in work in progress - see note 12.

30. Financial Commitments

<table>
<thead>
<tr>
<th></th>
<th>Consolidated and University 2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land and Buildings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between two and five years</td>
<td>42</td>
<td>118</td>
</tr>
<tr>
<td>In more than five years</td>
<td>3,783</td>
<td>3,675</td>
</tr>
<tr>
<td></td>
<td>3,825</td>
<td>3,793</td>
</tr>
<tr>
<td>Vehiches</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between two and five years</td>
<td>124</td>
<td>112</td>
</tr>
<tr>
<td></td>
<td>124</td>
<td>112</td>
</tr>
</tbody>
</table>

31. Contingent Liability

There are no contingent liabilities.

32. Related Party Transactions

The University has had transactions with its subsidiary companies, University of Portsmouth Enterprise Limited and University of Portsmouth Investments Limited. These transactions are eliminated on consolidation and accordingly the Corporation has availed itself of the dispensation in FRS 8 not to disclose such items in these financial statements.

33. Access and Hardship Funds

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£000</td>
<td>£000</td>
</tr>
<tr>
<td>HEFCE Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance unspent b/fwd</td>
<td>151</td>
<td>127</td>
</tr>
<tr>
<td>Access &amp; Fee Waiver</td>
<td>424</td>
<td>432</td>
</tr>
<tr>
<td>PGCE Bursaries</td>
<td>34</td>
<td>155</td>
</tr>
<tr>
<td></td>
<td>609</td>
<td>714</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disbursed to students</td>
<td>(458)</td>
<td>(563)</td>
</tr>
<tr>
<td>Balance unspent</td>
<td>151</td>
<td>151</td>
</tr>
<tr>
<td>SFA Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance unspent b/fwd</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>SFA Residential &amp; Childcare</td>
<td>145</td>
<td>117</td>
</tr>
<tr>
<td></td>
<td>145</td>
<td>117</td>
</tr>
<tr>
<td>Interest Earned</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Disbursed to Students</td>
<td>(117)</td>
<td>(117)</td>
</tr>
<tr>
<td>Balance unspent</td>
<td>28</td>
<td>0</td>
</tr>
<tr>
<td>Non funding council grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance unspent b/fwd</td>
<td>395</td>
<td>313</td>
</tr>
<tr>
<td>Other</td>
<td>369</td>
<td>578</td>
</tr>
<tr>
<td></td>
<td>764</td>
<td>891</td>
</tr>
<tr>
<td>Disbursed to students</td>
<td>(632)</td>
<td>(496)</td>
</tr>
<tr>
<td>Balance unspent</td>
<td>132</td>
<td>395</td>
</tr>
<tr>
<td>TA Grants</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance unspent b/fwd</td>
<td>45</td>
<td>(47)</td>
</tr>
<tr>
<td>Initial Teacher Training Bursaries</td>
<td>540</td>
<td>915</td>
</tr>
<tr>
<td>Student Associate Scheme Bursaries</td>
<td>14</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>599</td>
<td>685</td>
</tr>
<tr>
<td>Disbursed to students</td>
<td>(979)</td>
<td>(923)</td>
</tr>
<tr>
<td>Balance unspent</td>
<td>20</td>
<td>45</td>
</tr>
</tbody>
</table>

Access and Hardship Funds are available solely for students, the University acts only as a paying agent. The grants and related disbursements are therefore excluded from the Income and Expenditure Account. Funds not distributed by 31 July 2012 are held as creditors within the Balance Sheet.