

Financial Statements

For the year ended 31 July 2012

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President's foreword

Reading is a university which attracts considerable loyalty, affection and respect amongst those who know it well. Among those who know it less well, its characteristics are becoming increasingly understood and appreciated with improving league table rankings showing it now to be a well-established Top 200 World university and a Top 30 British university. Its reach extends over a number of highly regarded disciplines, and its areas of research excellence are focused on contributing to the understanding and improvement of some of the most pressing issues we face, nationally and internationally. Reading provides a first class education in selected fields of science, across the arts and in preparation for the professions.

While the external environment presents a number of challenges, the University has many strengths and qualities which enable it to look to the future with a positive and confident attitude. In recent years there has been a considerable process of renewal in our physical infrastructure, in aligning the range of our activities with areas where we can make a significant and distinctive educational contribution and in creating the Henley Business School at the University of Reading. Currently we are concentrating on ensuring we have critical mass in our most influential areas of activity and in meeting the proper expectations of our students – undergraduate and postgraduate, domestic and overseas.

The Review which follows sets out the important developments and achievements of the last year. I would particularly note the refurbishment of our original home at London Road to provide a new home for our Institute of Education, the opening of our new film, theatre and television facilities, the substantial completion of the student accommodation replacement project, and the decision to open a major new campus in Malaysia in 2015.

Financially, the University enjoys a strong asset portfolio and in the course of last year has substantially reduced its borrowings. While its overall results have been positive, within these figures the University continues to incur underlying operating deficits; there are a number of specific reasons for this which are also planned to impact the current year. While the University has been in a position to accommodate this performance, it cannot be justified as a sustainable pattern and a positive underlying financial result needs to be delivered in the years ahead.

In January I was delighted to welcome Sir David Bell as our new Vice-Chancellor. He previously served as Permanent Secretary at the Department for Education. Sir David is a committed educationalist and he has a strong leadership track record, and I know he will bring sound judgement to calibrating our future ambitions.

The Council is the University's governing body, principally responsible for strategic leadership and financial stewardship. I would like to thank all of its members for their contributions over the last year. Let me conclude by also thanking all our staff for their hard work and for their commitment to our future success.

Christopher Fisher
President of the Council

23 November 2012

The Council

Ex officio

The Vice-Chancellor ¹
The Deputy Vice-Chancellor
The Pro-Vice-Chancellors

Fifteen persons not being employees or registered students of the University appointed by the Council

Mr T. Bartlam, BA, MA, FCA
Mr R. Buller, BSc (*until 31 July 2012*)
Ms J. Coope, MBA, FCIPD (*from 1 August 2012*)
Mr R. Dwyer, BSc, FCIPD (Vice-President of the Council) ^{1,6}
Dr P.A. Erskine, BA, Hon LLD
Mr R.E.R. Evans, BSc, FRICS
Mr J.D. Fishburn, BA (*until 31 July 2012*)
Mr C.C. Fisher, BA, MPP (President of the Council)^{1,4,5}
Professor S. Hawker, CB, MA, FIET
Mr H.W.A. Palmer, QC, MA
Dr P.R. Preston, BSc, PhD
Dr A.P. Reed, BSc, PhD¹
Mrs J.M. Scott, BSc, CEng, CITP, FBCS (Vice-President of the Council)^{1,2}
Mr S.P. Sherman, FCA^{1,3}
Mr I.P. Smith, BSc, FCA (*from 1 August 2012*)
Sir John Sunderland, MA
Ms S.M. Woodman, BA

The Deans of the Faculties

Dean of the Faculty of Arts, Humanities and Social Science
Dean of the Henley Business School
Dean of the Faculty of Life Sciences
Dean of the Faculty of Science

One member of the Senate not being a registered student of the University appointed by the Senate

Professor G. Marston, MA, DPhil, CChem, MRSC (*until 30 September 2011*)
Dr B. Cosh, BSc, PGCE, PhD (*from 1 October 2011*)

One member of the Academic Staff of the University elected from among their own number in such a manner and under such conditions as are prescribed by the Council for the election of members of the Academic Staff to the Senate under Statute XVI

Dr I. Mueller-Harvey, DiplChem, MSc, PhD, CChem, FRSC

One member of the staff of the University not being a member of the Academic Staff elected in such a manner as the Council shall from time to time determine

Mrs B. Edwards, BA, MA

One member of Convocation not being an employee or registered student of the University appointed as provided in Ordinances

Professor A.M. Hodge, MBE, BSc, PhD (*until 31 July 2012*)

Mrs S. Webber, BSc (*from 1 August 2012*)

Two officers of the Students' Union and two alternates as determined from time to time by the Council after consultation with the Students' Union

Mr J. Fletcher (The President of the Students' Union)

Ms K. Swift (The Vice-President (Academic Affairs) of the Students' Union)

Secretary: The University Secretary

1 Member of Remuneration Committee

2 Chair of Remuneration Committee

3 Chair of Audit Committee

4 Chair of Appointments Committee

5 Chair of Strategy and Finance Committee

6 Chair of Support Services Policy Committee

Officers of the University

Chancellor

Sir John Madejski, OBE, DL, Hon DLitt (Reading)

Vice-Chancellor

Sir David Bell, KCB, MA, MEd, DipEd (Glasgow), PGCE (Jordanhill College of Education), HonDUniv (Strathclyde), HonEdD (De Montfort)
(from 1 January 2012)

Acting Vice-Chancellor

Professor T.A. Downes, BA, BCL (Oxford) *(from 1 August 2011 to 31 December 2011)*

Deputy Vice-Chancellor

Professor T.A. Downes, BA, BCL (Oxford)

President of the Council

C.C. Fisher, BA (Reading), MPP (Harvard)

Vice-Presidents of the Council

Mr R. Dwyer, BSc (London), FCIPD

Mrs J.M. Scott, BSc (St Andrews), CEng, CITP, FBCS

Pro-Vice-Chancellors

Professor G. Brooks, BPharm, PhD (London), MRPharmS, FAHA
(from 1 January 2012)

Professor S.J. Mithen, BA (Sheffield), MSc (York), PhD (Cambridge), FSA, FSA(Scot), FBA

Professor R.L. Robson, BA (York), PhD (Wales) *(until 31 December 2011)*

Professor C.M. Williams, BSc, PhD (London)

Deans of the Faculties

Arts, Humanities and Social Science

Professor G.H. Tucker, MA, PhD (Cambridge)

Henley Business School

Professor J. Board, BA, PhD (Newcastle)

Life Sciences

Professor R.H. Ellis, BSc (Wales), PhD (Reading), CBiol, FIBiol

Science

Professor G. Brooks, BPharm, PhD (London), MRPharmS, FAHA
(until 30 September 2011)

Professor G. Marston, MA, DPhil (Oxford), CChem, MRSC
(from 1 October 2011)

Heads of Directorate *(until 31 July 2012)*

University Secretary and Director of Governance

Mr K.N. Hodgson, BA (Leicester)

Director of Student and Academic Services

Dr R.J. Messer, BA (Oxford), PhD (Birmingham)

Director of External Affairs

Mr S.P.R. Horan, LLB (Southampton), Barrister at Law

Director of Estates and Facilities Management

Mr C. Robbins, BSc (Portsmouth), FRICS

Director of Finance and Corporate Services

Mr D.C.L. Savage, BA (London), FCCA

Heads of Service *(from 1 August 2012)*

University Secretary

Mr K.N. Hodgson, BA (Leicester)

Head of University Administration

Dr R.J. Messer, BA (Oxford), PhD (Birmingham)

Chief Operating Officer

Mr D.C.L. Savage, BA (London), FCCA

Auditor

KPMG LLP

Operating and financial review

Introduction

This report presents the Group's results and activities for the year to 31 July 2012. It gives details of the key developments over the course of this financial year which have contributed towards building on the University's strengths and its reputation for providing excellent teaching and learning and for producing high quality research.

Key developments in the year

In December 2011 the University established a long-term partnership for the operation and management of its student accommodation with UPP, the UK's leading provider of campus infrastructure and residential management services. A new company, UPP (Reading I) Limited, was established in which the University holds a 20% interest. Under the terms of the agreement, UPP (Reading I) took over the management of 2,610 student bedrooms as well as the University accommodation office. In exchange for granting leasehold interests of 125 years to this company, the University received premiums totalling £96.4m giving rise to a profit on disposal of £15.0m reported in the income and expenditure account. In August 2012 UPP (Reading I) took possession of the site of the current Bridges Hall on which it will develop 649 new rooms. In October 2012 UPP (Reading I) received a further 898 rooms at the newly constructed Childs Hall and Stenton Townhouses. This completed the transfer of the University's student accommodation to UPP (Reading I).

Provision of high quality accommodation plays a huge part in the ongoing success of providing a first class student experience at Reading. By working with the leading professional managers of student accommodation in the UK higher education sector, the University will continue to provide a class of accommodation that will assist in attracting the brightest and best students to the University.

The significant funds generated by the transfer of student accommodation have allowed the University to concentrate its investment in research and teaching facilities and to repay part of its short term borrowings.

UPP (Reading I) is responsible for the management of the University accommodation transferred, including reactive maintenance, while the University retains responsibility for student welfare and pastoral matters, grounds maintenance, security and IT, as well as running catering throughout the University.

The University appointed a new Vice-Chancellor, Sir David Bell KCB, with effect from January 2012. Sir David joined the University from the Department for Education, where he was Permanent Secretary, and has 30 years' experience in the education sector. Under Sir David's leadership the University aims to build on the strong platform created in recent years to increase its appeal to high quality undergraduate and postgraduate students, to extend and deepen its research excellence in key areas, and to reach out regionally, nationally and internationally to be a world class educational institution.

The University launched its Academic Investment Project during the year to make 50 new senior academic appointments as part of a £50 million investment programme to further knowledge in research areas of critical global importance. This ambitious vision builds on Reading's reputation as one of the strongest research-led universities in the UK. The project will focus on six key interdisciplinary areas of excellence:

- Climate and environmental sciences
- Brain-computer interfaces
- Cardiovascular, metabolic and neuroscience biology
- Food security
- Law, business and finance
- Literacy and multilingualism

This investment in research will keep Reading at the forefront of work in a range of important areas.

In June 2012 the University opened its brand new teaching facilities in Johor Bahru in southern Malaysia as part of the establishment of University of Reading Malaysia (UoRM). UoRM delivers programmes for future business leaders through the University's Henley Business School, pre-sessional courses for students wishing to raise their English and academic levels before starting a university degree course and a one-year International Foundation Programme preparing students for an undergraduate business degree. The programmes are provided in a new purpose-built facility in the Kotaraya Office Tower in central Johor Bahru. This is the first phase of a major investment in Malaysia by UoRM. In 2015, the University will open its permanent campus in EduCity, Nusajaya within the Iskandar Development Area to deliver a wide range of undergraduate and postgraduate programmes.

Economic context

The UK economy has been through a difficult period in the last few years. The higher education sector has experienced its own challenges, particularly in respect of funding. The University has set the level of its fees at £9,000 per annum for all undergraduate programmes from 2012/13. The University remains committed to ensuring that talent and potential are the only factors that dictate attendance at the University of Reading and continues to offer a significant level of scholarships and bursaries to assist students where appropriate. The University also seeks to maximise its income from non-academic activities such as catering, sport and its investment portfolio.

Key achievements

Constantly striving to provide an excellent education for students while building on its position as one of the primary research institutions in the UK, the University is unashamedly proud of its achievements.

The University has been ranked 176th internationally in the latest Times Higher Education rankings of the world's top universities, re-affirming the University's strong reputation among academics worldwide. In the United Kingdom, the University improved its position in all UK national league tables this year including a climb to 24th in The Times Good University

Guide. The University scored very highly in a number of subjects, most notably Agriculture, Land and Property Management, Food Science, Archaeology and Art and Design.

The Department of Typography & Graphic Communication was awarded a Queen’s Anniversary Prize for Higher and Further Education. The award is the most prestigious form of national recognition open to a UK academic or vocational institution, recognising and celebrating outstanding work.

During the year the Whiteknights campus was voted one of the best green spaces in the country following a nationwide public poll of more than 1,000 public spaces. The campus was ranked fourth as part of the Green Flag scheme and was also the most highly rated university.

Ground-breaking robotics technology designed to support older people living at home was developed by the School of Systems Engineering and was selected as one of only two initiatives to be shown to the EU President and the EU Commissioner for Research, Innovation and Science at the European Innovation Convention in Brussels.

The School of Systems Engineering also received the Inspire mark for Education by the London 2012 Inspire programme for its Turing Test project. The Inspire mark recognises innovative and exceptional projects that are directly inspired by the 2012 Olympic and Paralympic Games. The Turing Test project helps to raise awareness of cyber-crime using artificial conversation systems to increase the detection rate for online deception and prevent the risk of internet grooming.

The University of Reading Boat Club had a very successful year. The women’s squad won five gold medals at the British Universities & Colleges Sport PwC Regatta. The lightweight women’s quad crew claimed gold at the European University Sports Association Rowing Championship and the women’s eight crew successfully defended their WIM1 title at the Head of the River race.

PhD student Anna Watkins and Reading graduate Alex Gregory both won gold medals for rowing in the Olympics this summer. Ric Egington who is also a Reading graduate and Alex Partridge who is studying at Henley Business School won bronze medals in the rowing. The Great Britain Olympic squad also included a number of others connected to the University, notably a large number of rowers and a member of the hockey team.

Statement on public benefit

The University is an independent corporation with charitable status established by Royal Charter granted in 1926. Its objects, powers and framework of governance are defined in the Charter and supporting Statutes. It 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 Para 1 of Schedule 6 to the Finance Act 2010. It is not required to be registered with the Charity Commission but is however subject to the Charity Commission’s regulatory powers which are monitored by the Higher Education Funding Council for England (HEFCE). The University’s Council has due regard to the Charity Commission’s public benefit guidance. The University’s Handbook for Council Members contains additional guidance on members’ responsibilities in respect of public benefit.

All charities must have charitable purposes and apply them for the public benefit. The University's core charitable purposes are the delivery of higher education teaching and research. The University seeks to achieve excellent standards in these areas which it believes are to the benefit of the local, national and international communities.

A key part of the University's strategy in ensuring it delivers its core purposes for the public benefit lies in its policy of equal opportunities for all. The University aims to encourage people of all backgrounds to participate in and benefit from its teaching, research and other activities.

The University's senior management have adopted a Corporate Plan which contains a range of closely monitored measures to ensure that the University will continue to deliver on its core objectives for the foreseeable future. The University constantly invests in new and improved facilities to allow it to enhance the quality of the teaching and research it provides.

The University and its subsidiaries also carry out teaching and research of a more commercial nature, for example in some of the programmes run by Henley Business School and in research carried out for private sector organisations. The University is careful to ensure that the extent of these activities does not conflict with or detract from its core charitable purposes.

Teaching and learning

The University's admissions policy is to attract and admit the most able and motivated undergraduate and postgraduate students with the greatest potential to contribute to, and to benefit from, the education provided, irrespective of their background. The admissions procedures and the provision of bursaries are designed to support this policy fully.

The University currently has over 9,000 undergraduate and over 7,500 postgraduate students. It promotes among all its students excellence in their studies and the other activities in which they participate while at Reading such as sporting, cultural and voluntary engagements, and encourages the opportunities these activities provide for stimulating personal development and the wellbeing of the community. When students complete their studies, they are able to use the skills they have acquired, both academic and non-academic, in their lives and careers beyond the University.

The University offers support to over 3,000 students through its access bursary scheme which allows it to recruit the most able students, regardless of financial background. The University aims to offer programmes of study that are attractive to a diverse range of potential students, have fair and transparent admission policies, and provide financial support to low income students. The University has a comprehensive Student Complaints Procedure to deal swiftly and effectively with problems which arise during a student's time at Reading.

The University seeks to encourage potential students to consider entering higher education and a range of methods are adopted including visits to schools and open days and events aimed at schools.

During the year the University hosted the Thames Valley UCAS Higher Education Conference which attracted 7,500 prospective students from

secondary schools across the region and included exhibits from 120 Higher Education institutions and professional organisations. The conference aimed to encourage young people to aspire to moving on to higher education.

Research

The University is highly regarded, nationally and internationally, for the quality of its research, and is committed to enhancing its position as a leading research university. It aims to deliver outstanding research, a significant proportion of which is specifically designed to make a significant impact on knowledge, people or the economy, or to enhance or change society for the better.

The University is aware that research often raises ethical issues which need to be considered before a decision is taken on whether to carry out the research. The University's Research Ethics Committee considers all areas of research which may give rise to ethical issues and makes judgments on whether approval should be given for the research to be carried out.

During the year the School of Biological Sciences in collaboration with laboratories in the United States developed a new drug which could reduce the spread of deadly diseases such as Lassa Fever and Aseptic Meningitis.

Researchers in the Department of Chemistry discovered a class of molecules that can selectively extract extremely radioactive components that remain in nuclear waste after spent fuel has been reprocessed. The research produced molecules capable of removing 99.9% of the radioactive components left after reprocessing spent fuel.

Community

The University is keen to encourage participation by, and engagement with, the local community. It works with local schools in a variety of ways to encourage young people to enjoy learning and achieve their potential in a stimulating environment.

Over thirty local schools have benefited from around 4,400 volunteers via the University's Student Tutoring Scheme which has been running for more than 20 years. The Scheme places students alongside teachers, to give help and to act as positive role models. It aims to raise the aspirations of pupils in schools and to encourage them to continue in their education.

The University provides facilities open to the public, including lectures and concerts, museums, sports facilities and other visitor attractions. This year's lectures have included subjects as diverse as the history of the Olympic Games, treating mental health and the economics of happiness.

Teaching and learning

As an established and highly successful research-led UK university, the University aspires to produce graduates who have developed skills and knowledge of life-long value, have the confidence and enthusiasm to fulfil their personal ambitions, and seek to make a difference in the world in which they live. These goals are pursued by providing a stimulating and challenging educational experience, which is responsive to the needs of

students and society at large, within a welcoming and supportive learning and teaching community.

In the Times Higher Education Student Experience Survey, students rated the University as one of the best places to study in the country. Reading was placed 12th out of 105 UK universities in the survey which assessed quality of teaching, social life, academic facilities and sporting facilities.

The University also scored well in the five main sections of the International Student Barometer (ISB), an independent survey of overseas students at more than 200 international universities. The ISB found that 92% of overseas students were satisfied or very satisfied with the support they received while at Reading.

Around 6,000 students commenced their studies at the University during the year, with the University receiving around six times this number of applications.

Research

The University is highly regarded, nationally and internationally, for the quality of its research, and is committed to enhancing its position as a leading research university. Reading's particular research priorities and internationally acknowledged expertise extends across a broad range of disciplines in the environmental, physical and life sciences, arts and humanities, business and social sciences.

Overall, research grant income was some £34.0m from around 650 awards during the year. The University is always seeking to increase its share of research grant income including sharing good practice across Faculties.

The University is ranked in the top 20 most successful UK higher education institutions in securing grants from UK research councils. The University's Academic Investment Project to make 50 new senior academic appointments as part of a £50 million investment programme will grow the University's reputation and future research strength.

During the year the University led on a €4.1 million project to tackle the challenges of producing healthy and sustainable animal feeds as part of an EU programme to train a new generation of researchers. The Legume-Plus project investigated alternative foods for cattle, sheep and goats in the light of the impact that climate change will have on animal feeds.

The University is leading a new €5.3m European Union funded research centre that will examine the social and ethical challenges faced in respect of CCTV, publicly accessible web-cams and video technology. The new centre will examine the possibility of integrating video analysis and context information to provide privacy-awareness filtering at the camera end, reducing the amount of unnecessary CCTV recording.

The Universities and Science Minister, David Willetts, visited the facilities at the University's food pilot plant during the year. The plant is the largest in the UK and provides vital research in food security.

Enterprise

The University is located at the heart of the Thames Valley cluster of established and developing high-technology and research led companies in a diverse range of fields. It is uniquely positioned to support and respond to their needs.

The University has taken advantage of its excellent track record in research and its location to build good relationships with business and to provide and develop commercial services. It has defined an Enterprise Strategy which focuses on enhancing research excellence, enriching the student experience, providing high quality services and promoting public service. The interaction between the corporate world and academic researchers is a potent tool for the advancement of knowledge and is one which the University is actively pursuing and aims to extend further. The University's relationships with the corporate world also provide opportunities for academics to participate in cutting-edge commercial research and 'real-world' application.

As a world-class research institution, the University seeks actively to develop long-lasting relationships with commercial organisations. Many businesses are taking advantage of the University's expertise, knowledge and facilities through collaborative research, consultancy, Knowledge Transfer Partnerships, licensing of intellectual property, use of high-quality leading-edge equipment, business incubation services, managed office and lab space, and graduate recruitment and placement services.

Staff are actively encouraged to work with business and to turn their own business ideas into reality through the formation of spin-out companies.

The University's Student Employment, Experience and Careers Centre once again ran its successful Summer Enterprise Experience and Discovery initiative (SEED) which offers valuable paid summer work experience for students, as well as providing local companies and organisations with welcome additional resources. Companies, organisations and charities take on students for eight weeks over the summer to work on specific projects.

During the year the University became a member of the International Space Innovation Centre (ISIC) which aims to create new space-related technologies and applications and intellectual property that will promote growth in the sector. The University will be using its strong track record on space-related research and links to industry to drive innovation and enterprise in the area and will initially focus on earth observation and space weather.

The University is one of the leading centres in the UK for developing and managing Knowledge Transfer Partnerships (KTPs). These programmes allow businesses of all sizes from a wide range of industries and sectors to access the expertise of academics and researchers in the University, helping them address issues in the development of commercial applications.

Environmental policy

The University of Reading takes its environmental responsibilities seriously and aims to manage its operations in ways that are environmentally sustainable, economically feasible and socially responsible. The University is committed to achieving the highest standards of environmental performance, preventing pollution and minimising the impact of its operations. The University sets challenging targets to continually improve its performance and these are reviewed and updated annually.

The University will be taxed on its carbon emissions under the Carbon Reduction Commitment (CRC) scheme which is a requirement for organisations whose total electricity consumption is greater than 6,000MWh.

The University has its own Carbon Management Plan and is signed up to the Higher Education Carbon Management Programme (HECMP) with the Carbon Trust. The University is identifying carbon reduction opportunities and aims to reduce its carbon emissions by 35% over a 5 year period to 2016. The University has set a further stretching target to reduce carbon dioxide emissions by 45% by 2020. Progress to date has been promising with a 10% reduction reported for the year ended 31 July 2011. In November 2011, the University achieved Carbon Trust Standard accreditation, which verifies that the University has reduced its carbon emissions compared to the previous two years, as well as recognising that it has strong energy management processes in place to continue to reduce its carbon emissions year on year.

During the year the University gained the Gold EcoCampus award. EcoCampus is a scheme designed to help higher education institutions improve their environmental performance. The award recognised the University's commitment to behavioural change, its new Carbon Management Plan and its commitment to making its campuses as eco-friendly as possible. Initiatives to improve the University's environmental impact include:

- installing over 200 solar panels on building roofs
- recycling 98% of the masonry from the original 1960s halls in the foundations of the new Mackinder and Stenton Halls
- holding the annual Green Week in November to encourage staff and students to be even more environmentally friendly
- having over 250 'Environmental Champions' helping to change the working environment for the better
- making heating and lighting more responsive to building usage
- developing a University travel plan

Human resources

The University aims to be an employer of choice, and it works hard to create a stimulating and supportive working environment where people can flourish, with opportunities for individual professional and personal development and career progression. The University rewards staff who demonstrate exceptional performance, leadership and innovation.

The University values its highly skilled and dedicated staff. Many of the University's academic staff members are acknowledged to be world-leading experts in their field, working at the cutting edge of their area of specialism.

The University actively engages with staff on a regular basis using a variety of methods including publications, the intranet, staff briefing meetings led by the Vice-Chancellor and the appointment of staff representatives to Council. The University also consults regularly with recognised trade unions to discuss issues affecting staff.

A comprehensive range of training programmes for staff are available, designed to develop management and leadership capability, as well as a wide range of practical skills that staff need for their day to day work.

The University carried out a Staff Survey during the year. Following the Survey, a new HR Strategy, 'Working Together: A Strategy for Success' was launched. Alongside this the Promoting Excellence Project was

established to propose developments in respect of how the University's objectives are set and communicated, how recognition and reward arrangements could be improved, how leadership and management capabilities can be developed and ensure that all policies and procedures support the University's overarching objectives.

The University received reaccreditation of its Athena SWAN Bronze Award. Individual Bronze Awards were also received by the Schools of Human and Environmental Sciences and Chemistry, Food and Pharmacy. The awards recognise and celebrate good employment practice for women working in science, engineering and technology in higher education and research.

Health and safety

The University is committed to providing a healthy and safe environment for its students and staff. The Health and Safety Committee meets regularly and reports annually to the Senior Management Board and to Council. In previous years the University adopted the Health and Safety Management Profile (HASMAPP) system as the basis for a health and safety performance indicator. HASMAP gives each grouping audited a grading against twelve performance indicators. During the year, changes were made to simplify the assessment system to make it fit better with the standards and procedures promoted by Health and Safety Services.

Regular health and safety audits are carried out each year. The Faculty Management Boards and Central Services are required to report on health and safety matters to the Health and Safety Committee on a regular basis. The induction training programme for new Heads of School includes a module on health and safety management responsibilities and practice.

The developing internationalisation agenda of the University prompted the production of a Safety Guide on Travel during the year. A Summary Guide to Health and Safety Standards for Heads of School was also produced.

Communication

Excellent communication is at the heart of the University's drive to ensure it maintains and builds on its reputation as one of the world's leading universities. The University communicates with its staff, students and many external stakeholders in an open and engaged manner and encourages two-way interaction in order to strengthen these relationships and promote the University's key values in a consistent way.

In particular, corporate communications activity focuses on support for the University's internationalisation strategy and the University's market position for Home and EU student recruitment through an emphasis on the excellence of research, teaching and the quality of the student experience. Internal communications activity engaging University staff in the shared goals of the University has an increasingly important role to play, as does the work to demonstrate the value of the University and higher education to the local community, business and other key stakeholders.

Communications at an individual level also plays a significant part in developing a strong profile for the institution and the sum of the individual contributions of the University's talented staff are a key communication and engagement tool.

Equality and diversity

The University of Reading, in accordance with the specific provisions and general intention of its Charter, confirms its commitment to a comprehensive policy of equal opportunities in which individuals are selected, developed, appraised, promoted and otherwise treated on the basis of their relevant merits and abilities, and are given equal opportunities within the University. This means that no applicant, student, employee, supplier, provider, contractor or user of facilities shall be treated more or less favourably than any other.

The University's policy of equal opportunities for all includes ensuring that all applicants, including those with disabilities, receive full and fair consideration for job vacancies for which they are suitable applicants, and that staff and students who are disabled or become disabled are provided with reasonable adjustments and other practical, technical and personal support as needed.

A range of training initiatives, policies and procedures demonstrate the University's commitment to promote best practice in pursuing equality of opportunity.

Details of the University's Disability Equality Scheme, Gender Equality Scheme and Race Equality Policy are available on the University's website.

Fundraising activities

The University received £1.7m in philanthropic income in 2011/12, with a further £1.8m in new gifts and pledges to be realised over the next five years. Since the establishment of the Development & Alumni Relations Office (DARO) in 2004, over £30m has been secured in donations. These gifts come from a variety of sources – including companies, charitable trusts, individuals, and, in particular, alumni – for a variety of projects, such as professorships, research bursaries and prizes.

Summary of the Group financial performance in the year

A summary of the Group income & expenditure account is as follows:

	2012 £'000	2011 £'000
Income	222,006	221,195
Expenditure	230,735	218,817
(Deficit) / surplus before tax	(8,729)	2,378
Net share of operating deficit in associates	(2,703)	0
Tax	(11)	(238)
(Deficit) / surplus after tax	(11,443)	2,140
Exceptional items	15,036	0
Surplus after exceptional items	3,593	2,140
Deficit transferred from accumulated income in endowment reserves	1,096	1,352
Surplus for year	4,689	3,492

The consolidated results for the year show a surplus of £4,689,000. This result was largely due to the gain of £15,036,000 arising on the student accommodation transfer.

The University generated a deficit before tax and net share of operating deficit in associates of £8,729,000. This was against the background of

the current transitory period for funding within the sector, the establishment of the University's globalisation initiatives and the reshaping of the University's activities. The University has set out a long-term plan to generate annual operating surpluses within the next two years as a result of increased income generated through its international activities and the cost savings to be achieved through reshaping.

Group income

The Group's income can be analysed as follows:

	2012	2011	Increase / (decrease)	Increase / (decrease)
	£'000	£'000	£'000	%
Funding body grants	54,529	57,675	(3,146)	-5.5%
Tuition fees and education contracts	77,678	71,539	6,139	8.6%
Research grants and contracts	33,959	34,048	(89)	-0.3%
Other income	52,514	55,969	(3,455)	-6.2%
Endowment and investment income	3,326	1,964	1,362	69.3%
Total income	222,006	221,195	811	0.4%

Funding body grants fell by 5.5% this year due to a reduction in the HEFCE Teaching Grant and Research Grant. Last year also included income in relation to Lifelong Learning Networks and the Economic Challenge Investment Fund which both finished in that year.

Tuition fees and education contracts rose by 8.6% mainly due to a rise in student numbers both at home and internationally.

Research income remained steady at just under £34m, representing 15% of total income.

Other income dropped in the year with the transfer of the operation of most of the student accommodation.

Endowment and investment income rose, reflecting an improvement in investment returns achieved.

Group expenditure

A summary of the Group's expenditure is given below:

	2012	2011	Increase / (decrease)	Increase / (decrease)
	£'000	£'000	£'000	%
Staff costs	126,924	118,506	8,418	7.1%
Other operating expenses	80,208	78,046	2,162	2.8%
Depreciation	17,973	16,280	1,693	10.4%
Interest payable	5,630	5,985	(355)	-5.9%
Total expenditure	230,735	218,817	11,918	5.4%

Although overall staff costs increased over the previous year, the 2011 figure included a one-off gain of £12.8m arising on changes made to the UREPF pension scheme. Therefore the underlying staff costs actually reduced during the year.

Other operating expenses rose by 2.8% reflecting an inflationary rise across the University's overheads.

Depreciation rose by £1.7m as a result of the extensive capital programme undertaken in recent years.

Net assets

Overall the University has a solid balance sheet with consolidated net assets of £312m at 31 July 2012 (2011: £310m). The Group had net current liabilities of £41m (2011: £145m) which improved significantly in the year, largely due to the funds generated from the accommodation transfer and the conversion of a proportion of current debt into long-term borrowings. The position has further improved during 2012/13 such that at the end of October the Group had net current assets.

Fixed assets and capital investment programme

The University aims to provide a high quality environment that facilitates student recruitment and the retention of staff, providing the conditions in which teaching and research, students and staff, can flourish. Infrastructure developments are designed to enhance the University's academic activity and ensure that it continues to be regarded as one of the leading universities in the UK and internationally.

Significant progress has been made in recent years in providing high quality student accommodation. In September 2012 the new Childs Hall and Stenton Townhouses were formally opened by Jonty Clarke, a member of Team GB's Olympic men's hockey team and a former resident of the old Childs Hall. The £30 million construction project created 594 bedrooms in the new Childs Hall, providing bright, comfortable self-catering accommodation in modern well-appointed buildings. In addition, 25 townhouses were constructed, each boasting 12 study bedrooms arranged over 3 floors with a modern, spacious shared kitchen/dining and lounge area on the ground floor.

The University completed a major refurbishment of its London Road campus, the original home of the University in the heart of Reading. The £30 million investment in the University's academic infrastructure created a new London Road home for the University's Institute of Education which trains nearly 1,000 teachers every year. In June the Right Honourable Michael Gove MP officially opened the new facilities which boast dedicated state-of-the-art spaces for the teaching of subjects such as music, PE, drama, languages, the sciences, ICT and art as well as a unique programme in Theatre Arts, Education and Deaf Studies (TAEDS).

Over the last three years the University has invested £20 million in its catering outlets with a wide choice of food options at a consistently high standard. The Eat at the Square outlet, formerly The Cedars, reopened during the year after a complete refurbishment and a new café opened at the SportsPark. A fully flexible catered package now allows students living in catered accommodation to eat where they want, when they want using smartcard technology contained on their Campus Card.

During the year the University spent £50.8m on its capital investment programme, bringing to £315.4m the capital investment over the five years to July 2012.

Investments

The investments held by the University and its trusts within current asset investments and endowment assets have fallen in value by £1.3m over the

year to 31 July 2012. The University and its trusts hold some properties for their investment potential. These are carried at their market value which has decreased by £0.4m over the year.

Pensions

The primary pension schemes available to staff working for the University are the Universities Superannuation Scheme (USS), and the University's own pension schemes. The USS scheme is the national universities pension scheme. Most academic staff are members of the USS scheme but a significant number of staff are members of the University's own schemes. In common with the other members of USS the University made employer contributions to the scheme in 2011-12 equivalent to 16% of salary costs for the year.

The University's own schemes are the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS). UREPF is a defined benefit scheme which closed to new members on 31 July 2011. URPS is a defined contribution scheme which was established on 1 August 2011.

The financial statements report the deficit of the UREPF scheme on the balance sheet, in line with the requirements of FRS 17. Pension fund deficits represent an issue across a wide range of sectors in the economy. A triennial valuation of the scheme was carried out at 31 July 2011 and showed that the deficit on the scheme was £11.1m, which represented a reduction of £5.8m from the deficit reported in 2008.

Measures have been taken to make the UREPF scheme more affordable and to help reduce the funding gap. Since 1 August 2011, existing members have built up pensions based on their average salary each year. To reflect inflation, the entitlement each year is increased by the Consumer Price Index up to a maximum of 5% in any one year. This same measure is applied to pensions in payment. Benefits built up before 1 August 2011 are not affected by the changes which took place on that date. Throughout the year the University paid annual employer contributions of 24.1% of members' pensionable salaries. From 1 August 2012 the employer contributions have fallen to 18.2% but the University has also committed to paying £600,000 per annum towards the scheme's administration costs and to continuing to make additional cash payments until 2021.

The URPS scheme was introduced for new members on or after 1 August 2011. Under this arrangement, members are required to contribute a minimum of 4% of their pensionable salary and the University pays a contribution of 5% of the member's pensionable salary rising to 7% after five years' service. A range of investment funds are available in which members can choose to invest these contributions.

Cash flow and borrowings

The Group generated a net cash inflow from operating activities of £6.3m (2011: £20.1m). Fixed asset disposals generated £96.4m (2011: nil), mainly as a result of the student accommodation transfer. The extensive capital programme net of grants received contributed a cash outflow of £50.5m (2011: £60.8m). The Group's net cash inflow for the year was £8.0m (2011: £0.8m).

The University was able to repay borrowings of £30.5m as a result of the above. The University's borrowings include a £70m bond issued in 2007 and a £60m sterling long-term loan facility. At 31 July 2012 its borrowings net of cash balances and short-term investments totalled £132m (2011: £176m).

Professional indemnity

The University has professional indemnity cover in place for all members of staff and Council. This cover also extends to staff and members of Council who are appointed as directors to the boards of the University's subsidiaries.

Statement of disclosure of information to auditor

The Council members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the University's auditor is unaware. Each member of Council confirms that they have taken all the steps that they ought to have taken as a member of Council to make themselves aware of any relevant audit information and to establish that the University's auditor is aware of that information.

The future

The University recognises that to be attractive to students, sponsors and staff, it must continue to invest in its estates and facilities, and improve its teaching and research environment. This is balanced against the need to identify and achieve significant cost savings in the current economic climate. A key objective of the University is to generate operating surpluses at a level that is academically and economically sustainable, so as to build the University's reserves and borrowing capacity and to help fund its future plans. The University's overall financial position is extremely sound and it is expected that the University will continue as a going concern for the foreseeable future.

There are difficulties in setting targets over several years in the context of such a fast-moving external environment. Nonetheless, through careful management in times of change, the University seeks to build on its past successes and strengthen its position as a centre of high quality teaching, learning and research. The University will continue to work hard to adapt to the changing economic climate for higher education nationally and internationally. There is a clear need for prudent planning and for playing to the University's strengths in this process, to ensure that the University of Reading emerges in a stronger position, with its reputation as a leading, research-intensive centre of excellence for scholarship, teaching and learning enhanced.

Sir David Bell KCB
Vice-Chancellor

David Savage
Chief Operating Officer

23 November 2012

Governance statement

Responsibilities of the University’s Council and structure of corporate governance

The University is committed to the highest standards of governance and continues to review its processes and framework to refine its governance arrangements. In developing its approach the University has drawn on the Combined Code on Corporate Governance. In addition the University has referred to guidelines published by the Higher Education Funding Council for England (HEFCE), the British Universities Finance Directors Group (BUFDG) and the Committee of University Chairs (CUC) including the CUC Governance Code of Practice. This statement sets out how the University has applied the relevant corporate governance recommendations during the year.

The Council’s responsibilities include the management of the affairs of the University and it is required to present audited financial statements each year.

The Council has reviewed and continues to review the University’s governance arrangements and is satisfied that the University has fully complied with HEFCE’s guidelines throughout the financial year. The University’s practices are mostly consistent with the provisions of the CUC Governance Code of Practice. Areas where practices differ from the Code are set out below:

- The Council has 30 members. The Council requires that the senior academic officers of the University be included in membership for purposes of accountability and values the presence of various categories of staff and students as a means of ensuring University-wide involvement in its work. Beyond this, lay members, whose contribution outwith meetings of the Council is an integral part of arrangements, form a clear majority.
- The Council monitors its effectiveness through reviews, the last of which was concluded in 2004-05 and the latest of which is nearing completion and will report its findings to the Council towards the end of 2012.
- The University has developed a comprehensive set of performance measures which are evaluated at least annually and information is made available to the Council and its main committees. The University has decided that for reasons of commercial confidentiality it will not make these measures, and its performance against them, available in the public domain.

The structure of governance in the year 2011-12 is outlined below.

Overview

The Charter and Statutes determine the primary organisational structure of the University, the key constituent parts of which are the Council and the Senate. Each has defined and discrete responsibilities and functions described in further detail in this statement.

The Council

The Council is the governing body of the institution and in exercising its role and powers undertakes to meet the obligations placed upon the University by the founding Charter. The Council has responsibility for the conduct of all of the affairs of the University and for the achievement of its mission of educating talented people well, conducting outstanding research, and promoting the responsible application of new knowledge.

The Council sets the University's strategic direction, ensures compliance with statutory requirements and approves constitutional changes. The Council is ultimately responsible for managing the University's estate, finance and staff, with much of the detailed work falling to a suite of principal committees. Broad representation by lay members drawn from commerce and the local community provides access to a wide range of expertise and perspectives. The primary responsibilities of the Council are set out in the University's Statutes. The Council meets four times a year and comprises a majority of lay members. Lay members of the Council receive no remuneration for their role in these bodies although they are reimbursed for expenses incurred in attending meetings.

The role of President of Council is separated from the role of the University's Chief Executive, the Vice-Chancellor. The Vice-Chancellor is an ex-officio member of the Council and the principal academic and administrative officer of the University. He is also the 'designated officer' under the Financial Memorandum with HEFCE and may be regarded as the chief executive of the University. He exercises considerable influence upon the development of institutional strategy, the identification and planning of new developments and the shaping of the institutional ethos. The Deputy Vice-Chancellor, Pro-Vice-Chancellors, Deans and Heads of Service all support and contribute to this work.

The Senate

The Senate is the University's main academic administrative body. Reporting to the Council and meeting at least four times a year, the Senate advises on areas such as student entry, assessment and awards. With around 100 members, the Senate includes Deans, Heads and elected representatives of Schools, as well as professional staff and students. University Boards responsible for developments in enterprise, research and teaching and learning report to the Senate.

Committees of Council

The Council has five principal committees each of which reports to the Council on a regular basis. These committees have formally prescribed terms of reference and specified membership, including a majority of lay members. The principal committees are:

- the Strategy and Finance Committee which meets at least four times a year and, inter alia, advises the Council on key strategic, policy and operational issues including the financial management of the University. This Committee considers financial plans, monitoring reports and proposals with financial implications recommended by the Senior Management Board.

- the Audit Committee, which is independent and advisory, reports directly to the Council. This Committee is responsible for considering the findings of internal and external audit, the management responses and progress against implementation plans and has an overview of the internal and external audit functions. It also has oversight of the internal control system, risk management arrangements and the framework for ensuring economy, efficiency and effectiveness including governance arrangements. The Audit Committee monitors compliance with regulatory requirements. It meets three times a year and has the right of access to information it considers necessary. While senior executives have the right to attend meetings of the Committee, they are not members of the Committee. The Committee meets with both the internal and external auditors for independent discussions.
- the Remuneration Committee which determines the pay and conditions for the University’s senior executive management, including the Vice-Chancellor, the Professoriate and equivalent non-academic staff. It has the power to make recommendations to the Council on remuneration and contractual arrangements. A report from the Remuneration Committee is included on page 32.
- the Appointments Committee which meets termly and discharges the Council’s responsibilities in respect of non-financial aspects of staffing matters. It also operates as the Nominations Committee in seeking and recommending persons to serve on the Council and other committees.
- the Support Services Policy Committee which has oversight of non-academic services policy and advisory oversight of student services in general. It also discharges the Council’s responsibility in respect of formal student complaints and disciplinary matters.

Management of the University is undertaken by the Senior Management Board comprising the Vice-Chancellor, the Deputy Vice-Chancellor, Pro-Vice-Chancellors, Deans of Faculties and Heads of Service. The Board meets periodically, other than in the summer vacation, to consider the strategic direction of the University and reports routinely to the Senate and Strategy and Finance Committee.

Supply of information

Papers summarising financial and non-financial performance, major events and key indicators of performance are presented to the Council, Strategy and Finance Committee and Senior Management Board on a regular basis. Papers explaining topics on the agenda for the various Council and committee meetings are issued in advance. The Council monitors performance and various key areas on a regular basis including operating and financial performance, annual operating plans and budgets, strategic proposals, student recruitment, changes in the operational environment including those due to funding, regulatory or legal changes, staff recruitment and retention, remuneration and risk management arrangements.

Risk management and internal controls

The University acknowledges the risks inherent in its activities, and is committed to managing those risks that pose a significant threat to the achievement of its academic and business objectives and financial health. The systems for risk management and internal controls exist to

manage and control the risk of failure to achieve academic and business objectives and can only provide reasonable but not absolute assurance against material misstatement or loss. There is a continuous process for identifying, evaluating and managing the significant risks faced by the University and this is reviewed regularly by the Senior Management Board, Strategy and Finance Committee and the Council. This process was in place throughout the year under review and up to the date of approval of the financial statements.

In accordance with the University's Charter and Statutes and the Financial Memorandum with HEFCE, the University's Council is ultimately responsible for the management of the affairs of the University, advancing its interests, promoting teaching and research and providing an excellent student experience.

A key responsibility of the Council is to ensure an effective system of internal and financial controls to support the achievement of the University's objectives while safeguarding the public and other funds.

The system of internal control is developed on an ongoing basis and is designed to identify the principal business, operational, compliance and financial risks to the achievement of aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.

The Council, through the Strategy and Finance Committee, has overall responsibility for reviewing the effectiveness of the systems of internal control and risk management. The University has developed and adopted a formal and structured risk management policy and system to ensure that key risks are identified, prioritised and managed consistently across the University. The policy and system are reviewed and updated on a regular basis. Reports documenting the policy, system, procedures and issues arising are reported to the Strategy and Finance Committee on a regular basis. A comprehensive set of policies and procedures designed to manage and monitor risks is in place. The key elements of these systems are explained below:

- the Council meets 4 times a year to consider the University's strategic direction, decisions and progress against the Corporate Plan and is advised by various Committees. The Council, through the Strategy and Finance Committee, is responsible for reviewing the effectiveness of the internal controls of the University.
- the University has developed a system of internal control in line with best practice. This system is designed to identify the principal risks which may prevent or inhibit the achievement of the University's aims and objectives, to evaluate the nature and extent of those risks and manage them efficiently, effectively and economically.
- Audit Committee receives regular reports from the Head of Internal Audit Services, together with recommendations for improvement. These reports comment on the arrangements for internal control, risk management and governance.

- a Risk Management Group reporting to the Senior Management Board and led by the Deputy Vice-Chancellor oversees risk management at the University. The University has developed its Corporate Plan with specific reference to the key risks identified for the University. The Risk Management Group also oversees work on major incident and business continuity planning.
- a framework for managing risk is in place and includes a risk register. Each key risk is assigned to named members of the Senior Management Board. Each risk has also been assigned to the appropriate committee to monitor the operation of the associated controls within their broader remit. The risks are prioritised based on the likelihood of an event arising from a particular risk and an assessment of the anticipated impact. The assigned priority helps focus resources on critical areas.
- corporate and subsidiary risk registers held at school and central services level which document controls, mitigating actions and early warning mechanisms in place to manage each risk. These registers are assessed by the Risk Management Group who consider the risks identified, their interactions and interdependencies, the exposure and the proposed processes for managing these risks. Schools and central services also report on their risk management arrangements to the Risk Management Group. The registers are directly linked to and inform the Corporate and Operational Plans.
- internal and external audit review the system of risk management and internal controls on an ongoing basis. The internal audit programme is driven by the strategic, operational and financial risks potentially affecting the University with each risk being reviewed by internal audit on a three year rolling programme. In discharging its plan, internal audit gives assurance on the quality and reliability of the risk management framework and the controls which protect the University against exposure to risk and reviews compliance with policies and procedures.

The development of a risk management framework over recent years has been an evolutionary process. Significant work on embedding the framework and raising awareness across the University has been undertaken and efforts continue to ensure staff at school level are able to participate in and inform the process.

Register of interests

The University Secretary maintains a register of interests for Council members, lay members of University committees and senior members of staff.

Preparation of the financial statements

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements are prepared in accordance with the University's Charter of Incorporation, the Statement of Recommended Practice: Accounting for Further & Higher Education 2007 and other relevant accounting standards. In addition, within the terms and conditions of a Financial Memorandum agreed between HEFCE and the University, the Council, through its designated office holder, is required to prepare financial statements for each financial

year which give a true and fair view of the state of affairs of the Group and University and of the surplus or deficit and cash flows for that year.

In preparing the financial statements, the Council is required to ensure that:

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

The Council has taken reasonable steps to:

- ensure that the University's funds have been applied in accordance with the University's Statutes, the Financial Memorandum agreed with HEFCE and the funding agreement with the Training and Development Agency for Schools (TDA) as appropriate
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources
- safeguard the assets of the University and prevent and detect fraud and other irregularities
- secure the economical, efficient and effective management of the University's resources and expenditure, and
- ensure that material risks are identified, carefully considered and properly managed and that appropriate risk management procedures and processes are in place across the University.

Internal financial controls

The key elements of the University's system of internal financial controls and the associated process for monitoring the effectiveness of these controls include the following:

- clear definitions of the responsibilities of, and the authority delegated to, heads of academic schools and central services and such other staff to whom such authority and responsibility is from time to time delegated
- a comprehensive corporate planning process supported by key strategic and financial resource plans and a robust investment appraisal process
- regular reviews of academic, operational and financial performance are undertaken on an ongoing basis using operational performance information and financial monitoring reports
- clearly defined and formalised requirements for approval and control of expenditure, with capital expenditure being subject to formal detailed appraisal and review according to approval levels set by the Council
- comprehensive financial regulations are reviewed and developed by the Strategy and Finance Committee and amendments are subject to approval by the Council

- the internal audit team undertake an annual programme of work which is reviewed and approved by the Audit Committee
- the Audit Committee reviews the effectiveness of risk management, control and governance arrangements and
- the Head of Internal Audit Services is responsible for providing reasonable assurance on the adequacy and effectiveness of risk management, control and governance arrangements.

Information held on the University's website

The Council is responsible for the maintenance and integrity of the corporate and financial information included on the University's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Report of the Remuneration Committee

The Remuneration Committee, one of the five principal committees of the Council, determines on the authority of the Council the remuneration of each individual member of the University's senior executive and academic leadership and management, specifically the Vice-Chancellor, the Professoriate and equivalent non-academic staff. It has the power to make recommendations to the Council on the contractual arrangements and the terms and conditions of employment for such staff.

The Committee has six members, five of whom are lay members of the Council and the other the Vice-Chancellor. It is chaired by a Vice-President of the Council, the University Secretary is its Secretary and the Director of Human Resources is in attendance at its meetings. No employees of the University are present when their own remuneration is under consideration. The Committee reports directly to the Council and receives reports and recommendations from its Professorial Staff Salaries Advisory Group and its Senior Staff Salaries Advisory Group respectively. These Advisory Groups, and the Committee itself, routinely have regard to the annual UCEA Remuneration Survey in the course of their deliberations and are mindful at all times of such guidance as HEFCE may from time to time provide.

The Committee has met three times in the year ending 31 July 2012 and, in the course of those meetings, has:

- (i) reviewed its own terms of reference and confirmed that these remain appropriate;
- (ii) conformed with the Statement of the University's Remuneration Policy as approved by the Council;
- (iii) monitored the approval processes that apply in respect of severance and early retirement arrangements and pronounced itself content;
- (iv) agreed, on the basis of a report from its Professorial Salaries Advisory Group, adjustments to salary for certain Professorial staff with effect from 1 August 2012;
- (v) agreed, on the basis of a report from its Senior Staff Salaries Advisory Group, adjustments to salary for certain Grade 9 staff with effect from 1 August 2012 mindful of each individual's potential to contribute strategically to the attainment of the University's goals whilst paying due regard to the prevailing economic climate;
- (vi) agreed that there be no adjustment to the salary of the Deputy Vice-Chancellor or to the salaries of the Pro-Vice-Chancellors with effect from 1 August 2012;
- (vii) agreed, on the recommendation of the Committee of Selection for the Office of Vice-Chancellor, the emoluments of the incoming Vice-Chancellor with effect from 1 January 2012.

Judith Scott
In the Chair

31 July 2012

Independent auditor's report to the Council of the University of Reading

We have audited the Group and University financial statements (the 'financial statements') of the University of Reading for the year ended 31 July 2012 which comprise the Group income and expenditure account, the Group and University balance sheets, the Group cash flow statement, the Group statement of total recognised gains and losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the University Council and auditor

As explained more fully in the governance statement set out on pages 25 to 31, the Council is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and University as at 31 July 2012 and of the Group's income and expenditure, recognised gains and losses and cash flows for the year then ended;

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

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

In our opinion, in all material respects:

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

Matters on which we are required to report by exception

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

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

Chris Wilson
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Arlington Business Park
Theale RG7 4SD

30 November 2012

Income and expenditure account for the year ended 31 July 2012

		Consolidated	
		2012	2011
		£'000	£'000
Income			
Note 1	Funding body grants	54,529	57,675
2	Tuition fees and education contracts	77,678	71,539
3	Research grants and contracts	33,959	34,048
4	Other income	52,514	55,969
5	Endowment and investment income	3,326	1,964
	Total income	222,006	221,195
Expenditure			
6	Staff costs – regular	126,924	131,323
6	Staff costs – exceptional	0	(12,817)
8	Other operating expenses	80,208	78,046
10	Depreciation	17,973	16,280
7	Interest and other finance costs	5,630	5,985
	Total expenditure	230,735	218,817
	(Deficit) / surplus on continuing operations	(8,729)	2,378
13	Net share of operating deficit in associates	(2,703)	0
9	Taxation charge	(11)	(238)
	(Deficit) / surplus after depreciation and tax	(11,443)	2,140
Exceptional items			
13	Surplus on accommodation transfer	15,036	0
	Surplus after exceptional items	3,593	2,140
21	Deficit for the year transferred from accumulated income in endowment funds	1,096	1,352
	Surplus for the year retained within general reserves	4,689	3,492

All items of income and expenditure arise from continuing operations. There is no material difference between the surplus reported above and that on an historical cost basis.

Statement of total recognised gains and losses

		Consolidated	
		2012	2011
		£'000	£'000
	Surplus after exceptional items	3,593	2,140
Note 11	Transfer out of investment properties	0	(679)
11	Unrealised (loss) / gain on revaluation of investment property	(360)	338
	Unrealised gain on fixed asset investments	12	12
21	Unrealised (loss) / gain on revaluation of endowment investment property	(81)	626
21	Unrealised (loss) / gain on the value of endowment investments	(1,310)	2,790
21	(Loss) / gain on disposal of endowment assets	(136)	1,478
	New endowments	51	26
16	Unrealised gain on current asset investments	42	198
33	Actuarial gain / (loss) in respect of the pension scheme	5,400	(3,697)
	Exchange differences	47	(1)
	Total recognised gains in the year	7,258	3,231
	Reconciliation		
	Opening reserves and endowments	203,174	199,943
	Total recognised gains in the year	7,258	3,231
	Closing reserves and endowments	210,432	203,174

Balance sheet as at 31 July 2012

		Consolidated		University	
		2012	2011	2012	2011
		£'000	£'000	£'000	£'000
Fixed assets					
Note 10	Tangible assets	383,165	432,588	361,000	410,267
11	Investment properties	22,126	22,191	22,126	22,191
12	Investments	57	51	4,193	96
13	Investments in associates	3,984	0	6,687	0
		409,332	454,830	394,006	432,554
14	Endowment assets	78,784	81,936	9,493	9,038
Current assets					
	Stocks	1,771	1,700	1,771	1,700
15	Debtors	25,753	25,802	35,515	31,280
16	Investments	14,787	9,449	2,842	2,583
	Cash at bank and in hand	3,413	0	0	0
		45,724	36,951	40,128	35,563
17	Creditors: Amounts falling due within one year	(86,312)	(181,545)	(86,886)	(183,185)
Net current liabilities		(40,588)	(144,594)	(46,758)	(147,622)
Total assets less current liabilities		447,528	392,172	356,741	293,970
18	Creditors: Amounts falling due after more than one year	(130,681)	(70,645)	(130,681)	(70,645)
19	Provisions for liabilities	(510)	(85)	(471)	(50)
Net assets excluding pension liability		316,337	321,442	225,589	223,275
33	Net pension liability	(3,967)	(11,600)	(3,967)	(11,600)
Total net assets including pension liability		312,370	309,842	221,622	211,675
20	Deferred capital grants	101,938	106,668	121,576	126,086
21	Endowments				
	Expendable	70,263	73,848	972	950
	Permanent	8,521	8,088	8,521	8,088
		78,784	81,936	9,493	9,038
Reserves					
22	General reserves	101,398	98,315	60,303	53,629
22, 33	Pension reserve	(3,967)	(11,600)	(3,967)	(11,600)
22	Revaluation reserve	34,217	34,523	34,217	34,522
		131,648	121,238	90,553	76,551
Total funds		312,370	309,842	221,622	211,675

The financial statements on pages 35 to 65 were approved by Council on 23 November 2012, and signed on its behalf by:

C C Fisher
President of the Council

Sir David Bell KCB
Vice-Chancellor

C A B Wright
Director of Finance

Cash flow statement for the year ended 31 July 2012

Consolidated

	2012	2011
	£'000	£'000
Note 23 Net cash inflow from operating activities	6,317	20,064
24 Returns on investments and servicing of finance	(1,744)	(3,070)
Taxation	(11)	(238)
25 Capital expenditure and financial investment	45,892	(60,808)
26 Acquisitions and disposals	(6,684)	(601)
27 Management of liquid resources	(5,338)	(4,620)
28 Financing	(30,405)	50,122
29 Increase in cash in the year	8,027	849
Reconciliation of net cash flow to movement in net debt		
29 Increase in cash in the year	8,027	849
Increase in current asset investments	5,338	4,620
28 Cash inflow / (outflow) from financing	30,405	(50,122)
Change in net debt	43,770	(44,653)
Net debt at 1 August	(175,895)	(131,242)
29 Net debt at 31 July	(132,125)	(175,895)

Statement of principal accounting policies

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2007 and applicable accounting standards.

The financial statements are prepared on a going concern basis and under the historical cost convention modified by the revaluation of certain fixed assets. The Council believe that the going concern basis is appropriate. The University's net current liabilities have reduced during the year as a result of the student accommodation transfer and the conversion of current debt into long-term borrowings. Further receipts from the accommodation transfer were received shortly after the end of the financial year which further improved the position. The University has sufficient resources to meet its obligations as they fall due for a period of at least 12 months from the date of approval of these financial statements. The Council is therefore satisfied that the University and its subsidiaries and trusts have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Basis of consolidation

The consolidated financial statements include the University, the University's subsidiary companies and the University's Trusts. Certain companies wholly owned by the University have not been included in these consolidated statements on the grounds of non-materiality.

The consolidated financial statements also include the Group's share of the total recognised gains and losses of associated undertakings on an equity accounted basis.

In accordance with Financial Reporting Standard 2, the activities of the Students' Union have not been consolidated because the University does not control its activities.

Recognition of income

Recurrent grants from funding councils are recognised in the period to which they relate.

Fee income is stated gross of any bursaries and scholarships and net of any discounts and credited to the income and expenditure account over the period in which the students are studying.

Recurrent income from grants, contracts and other services rendered are accounted for on an accruals basis and included to the extent of the completion of the contract or service concerned. Any payments received in advance of such performance are recognised on the balance sheet as liabilities.

Non-recurrent grants or donations from funding councils or other bodies received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants and amortised in line with depreciation over the life of the assets.

Income from the sale of goods or services is credited to the income and expenditure account when the goods or services are supplied to customers in relation to orders received or when the terms of the contract have been satisfied.

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

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

Increases or decreases in value arising on the revaluation or disposal of endowment assets are reflected in the value of the fund concerned and in the balance sheet and statement of total recognised gains and losses.

Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling either at year end rates or, where they are related to forward foreign exchange contracts, at contract rates. The resulting exchange differences are taken to the income and expenditure account in the year in which they arise.

The financial statements of foreign subsidiaries are translated into pounds sterling. The assets and liabilities of these operations are translated at the balance sheet closing rate. The results of these operations are translated at the average rate in the relevant period. Exchange differences on retranslation of the opening net assets and the results are taken to reserves.

Agency arrangements

Funds the University receives and disburses as paying agent on behalf of a funding body or other organisation, where the University is exposed to minimal risk or enjoys minimal economic benefit related to the receipt and subsequent disbursement of the funds, are excluded from income and expenditure of the University.

Accounting for retirement benefits

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS).

USS is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is

unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 'Retirement benefits', accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

UREPF is a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee-administered fund. The scheme closed to new members on 31 July 2011. The scheme is valued every three years by a professionally qualified independent actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. In the intervening years, the actuaries review the progress of the scheme. The income and expenditure account is charged under FRS 17 with the current service cost and any past service costs as is the net financing cost attributable to the pension liabilities and return on assets. Actuarial gains and losses on the scheme, including the differences between expected and actual return on scheme assets, are recognised in the statement of total recognised gains and losses. The surplus or deficit on the scheme is reported on the balance sheet with the scheme assets valued at market value and scheme liabilities measured on an actuarial basis using the projected unit method. The post retirement surplus or deficit is included on the University's balance sheet, net of the related amount of deferred tax. A surplus will only be included to the extent that it is recoverable through reduced contributions in the future or through refunds from the scheme.

URPS is a defined contribution scheme which was established on 1 August 2011 and is available to staff not eligible to join the USS scheme. The amounts charged as expenditure represent the contributions payable for the accounting period in respect of this scheme.

A small number of staff remain in other pension schemes.

Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are treated as if the asset had been purchased outright by the University. The assets are included in fixed assets and the capital element of the leasing commitments is reported as an obligation under finance leases within creditors. These assets are depreciated over the shorter of the lease term or the useful economic lives of equivalent owned assets.

The lease rentals are treated as consisting of capital and interest elements. The capital element is applied in order to reduce outstanding obligations and the interest element is charged to the income and expenditure account in proportion to the reducing capital element outstanding.

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

Initial direct costs incurred in arranging a lease are apportioned over the period of the lease on a straight-line basis.

Financial instruments

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

Financial assets and liabilities are offset only when there is a legally enforceable right to set off the recognised amounts and where the University intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Tangible fixed assets

a) Land and buildings

Land and buildings are stated at cost. Costs incurred in relation to a tangible fixed asset after its initial purchase or production are capitalised to the extent that they increase the expected future benefits to the University from the existing tangible fixed asset beyond its previously assessed standard of performance; the cost of any such enhancements being added to the gross carrying amount of the tangible fixed asset concerned.

Buildings under construction are accounted for at cost, based on the value of architects' certificates and other direct costs incurred to 31 July.

Land is held freehold and is not depreciated as it is considered to have an indefinite useful life. Freehold buildings are depreciated over their expected useful lives of 50 years and building improvements and extensions over a maximum of 30 years.

Buildings under construction are not depreciated until they are brought into use.

b) Equipment

The purchase of equipment costing less than £10,000 per individual item or group of related items is charged to the income and expenditure account in the year of acquisition. All other equipment is capitalised and depreciated over its expected useful life as follows:

Plant and machinery	10–30 years
Furniture and fittings	10 years
Computer systems and associated software	4–10 years
Motor vehicles and general equipment	4 years
Equipment acquired for specific research projects	3 years

Where material, a depreciable asset's anticipated useful economic life is reviewed annually and the accumulated and future depreciation adjusted in accordance with FRS 15.

Where fixed assets are acquired with the aid of specific grants, they are capitalised and depreciated as above. The related grants are treated as deferred capital grants and released to income over the expected useful life of the asset on a basis consistent with the depreciation policy.

c) Heritage assets

Heritage assets are books, manuscripts, specimens, artworks, objects or other assets that have historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture.

Heritage assets are capitalised and recognised at their cost or value where reasonably obtainable. Heritage assets are not depreciated due to their long economic life and high residual value.

d) Investment properties

Except in the year of acquisition, investment properties held by the University and its Trusts are revalued annually on an open market basis and the aggregate surplus or deficit is transferred to a revaluation reserve except that any impairment in the value of an investment property is taken to the income and expenditure account for the period. In the year of acquisition, the cost of the property is used as a proxy for open market value. Depreciation is not provided on freehold buildings held for investment purposes; such properties are not held for consumption but for investment and the Council considers that systematic annual depreciation would be inappropriate.

Borrowing costs

Borrowing costs directly relating to expenditure on the construction, development or major refurbishment of fixed assets are capitalised. The amount capitalised is calculated using the University's weighted average cost of borrowings over the period from the commencement of the work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. All other borrowing costs are recognised in the income and expenditure account in the period in which they are incurred.

Donations for fixed assets

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

Repairs and maintenance

Expenditure to ensure that fixed assets maintain their standard of performance is recognised in the income and expenditure account when it is incurred. The University has a comprehensive planned maintenance programme, which is reviewed on an annual basis.

Cash flows and liquid resources

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

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

Accounting for donations and endowments

a) Unrestricted donations

Donations given to the University which are not subject to any restrictions set by the donor on how the monies may be used are recognised in the income and expenditure account. These donations are recognised on receipt or before receipt where there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

b) Endowment funds

Where donations received can only be applied for a particular purpose or are to be retained for the benefit of the University in line with the donor's wishes they are accounted for as endowments. There are three main types of endowment, details of which are given below.

- i) Restricted permanent endowments – the income derived from a donation given to the University may be applied for a purpose specified by the donor where the donor has specified that the capital funds are to be held by the University in perpetuity.
- ii) Restricted expendable endowments – these are funds given to the University where the capital and income derived therefrom are to be applied for purposes specified by the donor.
- iii) Unrestricted permanent endowments – these are funds where the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.

The University's Trusts have been excluded from the University endowments and are included on consolidation.

Investments

Fixed asset investments that are not listed on a recognised stock exchange and are not associated undertakings are carried at historic cost less any provision for impairment in their value. Listed investments held as fixed, current or endowment assets have been included in the balance sheet at market value.

Associated undertakings are those entities in which the University has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases.

Stock

Stock is stated at the lower of cost and net realisable value after making due provision for obsolete and slow moving items.

Taxation

The University is an exempt charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 287 CTA 2009 and sections 471, and 478-488 CTA 2010 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. Non-charitable subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Intra-Group transactions

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

Provisions

Provisions are recognised when the institution has a present legal or constructive obligation as a result of a past event and it is probable that a transfer of economic benefit will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is discounted to present value where the time value of money is material.

Contingent assets and liabilities are disclosed by way of note where there is a possible rather than actual or probable asset or obligation arising from a past event or where it is not possible to measure the asset or obligation.

Goodwill

Goodwill arising on a business combination represents the excess of the cost of acquisition over the fair value of the identifiable assets and liabilities of an acquired business at the date of acquisition. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Negative goodwill, which arises when the fair value of the identifiable assets and liabilities exceeds the cost of acquisition, is accounted for in accordance with FRS 10. Where the underlying substance of a business combination is that of a gift of the fair value of the assets and liabilities for nil consideration, the negative goodwill is taken to the income and expenditure account immediately. Where negative goodwill is attributable to future costs that do not represent identifiable liabilities at the acquisition date, the negative goodwill is taken to the income and expenditure account to match those costs.

Notes to the accounts

1	Funding body grants	Consolidated	
		2012 £'000	2011 £'000
	Recurrent grant		
	Higher Education Funding Council (HEFCE)	45,632	47,504
	Training and Development Agency (TDA)	2,230	2,443
	Specific grants		
	Higher Education Academic Subject Centres	434	1,582
	Higher Education Innovation Fund	2,171	1,900
	Other	75	253
	Deferred capital grants released in year:		
	Buildings	3,147	3,147
	Equipment	840	846
		54,529	57,675
2	Tuition fees and education contracts	Consolidated	
		2012 £'000	2011 £'000
	Full-time home and EU students	32,793	30,944
	Full-time international students	26,910	21,812
	Part-time students	11,520	12,861
	Research training support grants	4,277	3,698
	Short course fees	1,038	1,278
	Total fees paid by or on behalf of individual students	76,538	70,593
	Education contracts	1,140	946
		77,678	71,539
3	Research grants and contracts	Consolidated	
		2012 £'000	2011 £'000
	Research Councils and charities	19,825	21,116
	Industry and commerce	3,776	3,589
	Governmental	9,991	9,074
	Releases from deferred capital grants	367	269
		33,959	34,048
4	Other income	Consolidated	
		2012 £'000	2011 £'000
	Residences, catering and conferences	17,718	23,908
	Other income	34,297	31,564
	Release from deferred capital grants	499	497
		52,514	55,969
5	Endowment and investment income	Consolidated	
		2012 £'000	2011 £'000
	Income from expendable endowments	2,433	1,457
	Income from permanent endowments	299	269
	Income from short-term investments	594	238
		3,326	1,964

6 Staff costs

	Consolidated	
	2012 £'000	2011 £'000
Analysis of staff costs		
Salaries	100,930	105,217
Social security costs	8,625	8,898
Pension costs – regular	14,178	15,083
Other staff and pension costs	3,191	2,125
	126,924	131,323
Pension costs – exceptional gains	0	(12,817)
	126,924	118,506

On 1 August 2011 significant changes were made to the UREPF which is a funded defined benefit pension scheme to which the University contributes. These changes were designed to ensure that the scheme remains affordable and to reduce the scheme's overall deficit. The main change for existing members of the scheme was a switch from pensions being based on final salary to being based on career average earnings. This gave rise to a significant curtailment gain in the previous year. The change of the key measure of inflation from the retail price index (RPI) to the consumer price index (CPI) gave rise to a further gain in the previous year.

	Consolidated	
	2012 £'000	2011 £'000
Curtailment gain arising on change from final salary to CARE basis	0	11,111
Gain arising on change from RPI to CPI	0	1,706
	0	12,817

	Consolidated	
	2012 £'000	2011 £'000
Emoluments of the Vice-Chancellor		
Professor G. Marshall (Vice-Chancellor until 31 July 2011):		
Salary	0	250,989
Pension contributions	0	40,158
Professor T.A. Downes (Acting Vice-Chancellor from 1 August 2011 to 31 December 2011)		
Salary	81,164	0
Pension contributions	8,986	0
Sir David Bell (Vice-Chancellor from 1 January 2012):		
Salary	134,254	0
Pension contributions	21,481	0

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

	2012		2011	
	Number	Number	Number	Number
£100,000 to £109,999	11	10		
£110,000 to £119,999	9	6		
£120,000 to £129,999	2	2		
£130,000 to £139,999	1	3		
£140,000 to £149,999	2	2		
£150,000 to £159,999	2	0		
£160,000 to £169,999	0	0		
£170,000 to £179,999	1	2		
£180,000 to £189,999	0	0		
£190,000 to £199,999	0	0		
£200,000 to £209,999	0	0		
£210,000 to £219,999	1	0		
£220,000 to £229,999	0	0		
£230,000 to £239,999	2	1		
£240,000 to £249,999	0	0		
£250,000 to £259,999	0	1		
	31	27		
			2012	2011
			£	£
Compensation for loss of office paid to a senior post holder			128,498	266,000

6 Staff costs (continued)

	Consolidated	
	2012	2011
	Number	Number
Average staff numbers by major category:		
Academic	697	712
Research	318	339
Management and specialist	690	702
Technical	162	161
Other	906	969
	2,773	2,883

7 Interest and other finance costs

	Consolidated	
	2012	2011
	£'000	£'000
Loans and overdrafts wholly repayable within five years	1,174	1,693
Loans wholly or partly repayable in more than five years	3,896	3,341
Net charge on pension scheme	560	951
	5,630	5,985

Interest of £846,000 has been capitalised in the year to 31 July 2012 (2011 – £472,000) and is included within tangible fixed assets. Total aggregate capitalised finance costs to date within the cost of tangible fixed assets at 31 July 2012 were £4,931,000 (2011 – £4,085,000).

8 Analysis of total expenditure by activity

	Staff costs	Other operating expenses	Depreciation	Interest payable	2012	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Consolidated						
Academic schools	73,849	28,926	1,773	0	104,548	103,847
Academic services	7,342	4,964	1,092	0	13,398	12,124
Administration and central services	15,487	14,331	171	7	29,996	30,990
Premises (excl. residential and catering)	8,649	12,071	13,084	5,063	38,867	38,895
Residences, catering & conferences	5,303	5,791	1,072	0	12,166	14,299
Research grants and contracts	15,676	8,185	367	0	24,228	24,412
Other expenses	618	5,940	414	560	7,532	7,067
Pension costs – exceptional gains (see note 6)	0	0	0	0	0	(12,817)
	126,924	80,208	17,973	5,630	230,735	218,817

	Consolidated	
	2012	2011
	£'000	£'000
Other operating expenses include:		
Operating lease rentals		
– land and buildings	153	104
– other	656	604
External auditor's remuneration		
– audit of these financial statements	138	133
– tax advisory services	329	314
– other non-audit services	61	38

In addition to the amounts included in other operating expenses above, fees totalling £615,000 were paid to the external auditor for services in connection with capital projects (2011 – £803,000). These amounts have been included within additions to tangible fixed assets.

Council members do not receive remuneration or fees in respect of their services as Council members. The expenses of Council members incurred and claimed in the performance of their duties including attendance at Council meetings are reimbursed by the University. All such reimbursements are subject to approval by the Secretary to the Council. The total expenses paid to or on behalf of 3 members of Council was £1,033 (2011: £1,291 to 3 members of Council) which related to travel and subsistence expenses incurred.

9 Taxation

	Consolidated	
	2012 £'000	2011 £'000
UK corporation tax	4	5
Overseas tax	7	233
	11	238

10 Tangible fixed assets**Consolidated**

	Land and buildings £'000	Plant and machinery £'000	Equipment £'000	Assets in the course of construction £'000	Heritage assets £'000	Total £'000
Cost or valuation						
At 1 August 2011	428,757	6,985	68,528	35,453	23,097	562,820
Additions	13,868	12	8,034	28,864	0	50,778
Transfers	21,205	0	0	(21,205)	0	0
Disposals	(102,575)	0	0	0	0	(102,575)
Exchange differences	(7)	0	(9)	(34)	0	(50)
At 31 July 2012	361,248	6,997	76,553	43,078	23,097	510,973
Depreciation						
At 1 August 2011	93,382	2,405	34,445	0	0	130,232
Charge for the year	13,069	402	4,502	0	0	17,973
Disposals	(20,397)	0	0	0	0	(20,397)
Exchange differences	(1)	0	1	0	0	0
At 31 July 2012	86,053	2,807	38,948	0	0	127,808
Net book value at 31 July 2012	275,195	4,190	37,605	43,078	23,097	383,165
Net book value at 31 July 2011	335,375	4,580	34,083	35,453	23,097	432,588

University

	Land and buildings £'000	Plant and machinery £'000	Equipment £'000	Assets in the course of construction £'000	Heritage assets £'000	Total £'000
Cost or valuation						
At 1 August 2011	401,125	6,973	68,420	35,081	22,947	534,546
Additions	12,843	12	7,682	27,001	0	47,538
Transfers	21,205	0	0	(21,205)	0	0
Disposals	(96,109)	0	0	0	0	(96,109)
At 31 July 2012	339,064	6,985	76,102	40,877	22,947	485,975
Depreciation						
At 1 August 2011	87,514	2,393	34,372	0	0	124,279
Charge for the year	12,312	402	4,467	0	0	17,181
Disposals	(16,485)	0	0	0	0	(16,485)
At 31 July 2012	83,341	2,795	38,839	0	0	124,975
Net book value at 31 July 2012	255,723	4,190	37,263	40,877	22,947	361,000
Net book value at 31 July 2011	313,611	4,580	34,048	35,081	22,947	410,267

Included in land and buildings above is land which is not depreciated as follows:

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Land not depreciated	15,677	15,677	7,677	7,677

During the year the University entered into an arrangement with UPP in respect of the provision and operation of certain student residential accommodation. The University granted leasehold interests of 125 years to UPP (Reading I) Limited in respect of a number of properties. The granting of these leases has been treated as a disposal of the associated properties and the profit arising has been treated as exceptional. Further details are provided in note 13.

10 Tangible fixed assets (continued)

Heritage assets

Heritage assets include many unique items and collections which the University has accumulated since incorporation. These are held and maintained principally for their contribution to knowledge and culture. The University conserves these assets and augments the collections where appropriate in order to enable use of the assets for teaching and research and access to the assets for engagement with members of the public. The items and collections are carefully catalogued and custodianship is given to specific areas and persons for their care and maintenance.

The University's collections span museum, archive and library holdings of regional, national and international significance. These include the University Library, the Museum of English Rural Life, the Cole Museum of Zoology, the Herbarium, the Ure Museum of Greek Archaeology, and other important teaching and research departmental museum, library and archive collections. These collections can be viewed by members of the public (some collections can only be viewed by appointment).

The *University Library* holds more than twenty collections of rare book material relating to specialist subjects, around 150 collections of historical and literary papers, over 1,500 items and a large body of University archives and records.

The *Museum of English Rural Life* is the national centre for the history of food, farming and the countryside. The collections relate to all aspects of the history of rural society including horticulture, woodlands, farm buildings and equipment, food production, trades and industries and the rural environment, especially after 1750. The collections are made up of the Object Collections, the Library, the Archive and the Photograph and Film Collection. The Museum also collates the Bibliographical Database containing over 50,000 classified subject references including periodical articles.

The *Cole Museum* is a remarkable collection of zoological material built up in the period 1907 to 1939 by three main people, Professor Francis J. Cole, Dr Nellie B Eales and Mr W E Stoneman. There are over 4,000 specimens including numerous skeletons of species only rarely displayed in the UK.

The *Herbarium* in the School of Plant Sciences was founded in 1900 and contains over 260,000 dried plant specimens. The collection is rich in specimens from Europe, North Africa, Macaronesia, the Middle East, temperate South America and the Falkland Islands. Ferns and fern allies are also represented on a worldwide scale. There are very significant British lichen and bryophyte holdings.

The *Ure Museum of Greek Archaeology* was formed in the early 1920s and contains the fourth largest collection of ancient Greek ceramics in the United Kingdom, as well as other objects from ancient Greece, Egypt and Rome. Its artefacts and archives document the excavations at Rhitsona in Boeotia, Greece, conducted by Percy N. and Annie D. Ure, a husband and wife team whose lifelong work is encapsulated in this museum that rightly bears their name.

The collections were valued in December 2007 by Adam Schoon, an external antique and fine art dealer and valuer with over 30 years' experience, on a 'walk through' basis for insurance purposes. The Council is not aware of any material change in the valuation and therefore the valuation has not been updated. One collection is held by a subsidiary and this was valued by Adam Schoon in August 2008. The movement on heritage assets is:

Consolidated	2012	2011	2010	2009	2008
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August	23,097	23,097	23,097	22,947	0
Revaluation	0	0	0	150	22,947
At 31 July	23,097	23,097	23,097	23,097	22,947

University	2012	2011	2010	2009	2008
Cost or valuation	£'000	£'000	£'000	£'000	£'000
At 1 August	22,947	22,947	22,947	22,947	0
Revaluation	0	0	0	0	22,947
At 31 July	22,947	22,947	22,947	22,947	22,947

The split of heritage assets by type of asset is:

	Consolidated		University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Books & manuscripts	11,294	11,294	11,294	11,294
Artworks	2,625	2,625	2,625	2,625
Natural history	3,388	3,388	3,388	3,388
Agricultural	2,418	2,418	2,418	2,418
Other	3,372	3,372	3,222	3,222
	23,097	23,097	22,947	22,947

11 Investment properties

	Consolidated & University	
	2012 £'000	2011 £'000
At 1 August	22,191	21,984
Additions	330	801
Disposals	0	(679)
(Decrease) / increase in value of properties in year	(360)	338
Permanent diminution in value	(35)	(253)
At 31 July	22,126	22,191

The University holds a number of commercial and residential investment properties. All properties were valued by a firm of independent valuers at 31 July 2010 in accordance with the RICS appraisal and valuation manuals. Since that date properties have been revalued on a cyclical basis with the intention of revaluing all properties at least once every three years. An index has been applied to properties which have not been revalued at 31 July 2012 to reflect the movement in the property market during the year.

12 Fixed asset investments**Consolidated**

	Listed investments	Other investments	Total
	£'000	£'000	£'000
Cost or valuation			
At 1 August 2011	45	6	51
Disposals	0	(5)	(5)
Impairments	0	(1)	(1)
Changes in market value	12	0	12
At 31 July 2012	57	0	57

University

	Subsidiary companies	Listed investments	Other investments	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 August 2011	50	41	5	96
Additions	4,089	0	0	4,089
Disposals	0	0	(5)	(5)
Changes in market value	0	13	0	13
At 31 July 2012	4,139	54	0	4,193

Listed investments comprise:

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Genus plc	54	41	54	41
TR Property Investment plc	3	4	0	0
	57	45	54	41

Other investments comprise:

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Warwick Advertising Limited	0	5	0	5
Investments in spin-out companies	0	1	0	0
	0	6	0	5

These investments have been stated at market value where they are listed on a recognised stock exchange. Where there is no active market the investments have been stated at cost.

12 Fixed asset investments (continued)

During the year the University established two new wholly-owned subsidiary companies and subscribed for the following shares at par.

University Cost	Country of incorporation	Activity	No. shares	Cost £'000
RUMAL Reading Sdn. Bhd.	Malaysia	Establishing a campus	20,000,000	4,069
Henley Business School GmbH	Germany	Not yet trading	25,000	20
				4,089

13 Investments in associates

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Share of operating deficit in associates	(4,058)	0	0	0
Amortisation of goodwill - credit	1,355	0	0	0
Net share of operating deficit in associates	(2,703)	0	0	0
Acquisitions	6,687	0	6,687	0
At 31 July	3,984	0	6,687	0

The University has one associated undertaking, UPP (Reading I) Holdings Limited, along with its wholly-owned subsidiary companies.

During the year the University entered into an arrangement with UPP in respect of the provision and operation of certain student residential accommodation. The University granted leasehold interests of 125 years to one of the associate's subsidiary companies, UPP (Reading I) Limited, in respect of a number of properties. The University subscribed for a 20% holding in both the equity and loan notes of UPP (Reading I) Holdings Limited and this has been accounted for as an investment in an associated undertaking. The University is entitled to appoint and has appointed one director to the board of this company.

	Shares £'000	Loan notes £'000	Total £'000
Subscribed for on 21 December 2011	270	6,417	6,687

The loan notes are interest-bearing, secured and subordinate to the senior lender's security. They are transferrable subject to certain restrictions.

Under the arrangement, the associate and its wholly-owned subsidiaries have responsibility for the provision and operation of the accommodation from 9 January 2012. The University continues to provide certain soft facilities management services in respect of the accommodation such as grounds maintenance, security services, IT services and CCTV maintenance. The University collects rental fees from students and passes these on to the associate less amounts retained by the University in respect of its obligations as landlord to the students in accordance with the terms of the underlease.

Under the long leases granted, the associate bears most of the risks inherent in providing and operating the accommodation including the demand risk associated with letting to students. In accordance with FRS 5 the University has treated the transfer as a disposal of the properties and has treated the profit arising as exceptional.

Prior to the above arrangement, the University leased Benyon Hall (previously known as the Reading Student Village) from UPP (Reading) Limited and Reading St Georges from UPP (Reading St Georges) Limited. These leases were co-terminus in October 2050. The lease payments were calculated based on contracted lettings for annually agreed room nominations. Prior to the arrangement these payments totalled £1.5m (2011– £4.4m). These leases were annulled on 9 January 2012 after which new leases were granted for these halls in line with the arrangements for the other halls transferred.

	Consolidated £'000
Consideration for long leaseholds granted	96,363
Less: Book value of properties transferred	(81,327)
Profit on disposal	15,036

Included in the income and expenditure account are amounts received from / (payable to) the associate and its subsidiaries in respect of the following services.

13 Investments in associates (continued)

Consolidated	Income	Expenditure	2012	Income	Expenditure	2011
	£'000	£'000	£'000	£'000	£'000	£'000
Facilities management services	688	0	688	0	0	0
Utilities	635	0	635	0	0	0
Rent collection	321	0	321	0	0	0
Service charge	140	0	140	0	0	0
Interest receivable on loan notes	322	0	322	0	0	0
Other income	22	0	22	0	0	0
Student damages	0	(37)	(37)	0	0	0
Other expenditure	0	(2)	(2)	0	0	0
	2,128	(39)	2,089	0	0	0

Included in creditors are the following amounts payable to the associate and its subsidiaries.

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts due	37	0	37	0

14 Endowment assets

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Balance at 1 August	81,936	78,818	9,038	8,032
New endowments invested	3,461	4,293	561	849
(Decrease) / increase on revaluation of investments	(1,310)	2,790	147	777
(Decrease) / increase on revaluation of investment properties	(81)	626	0	0
Decrease / (increase) in net current liabilities	115	151	6	(7)
Increase in balance held by University	(5,337)	(4,742)	(259)	(613)
Balance at 31 July	78,784	81,936	9,493	9,038
Represented by:				
Tangible assets				
Land and property	9,957	6,946	0	0
Investment properties	24,400	24,214	0	0
Investments	59,404	60,531	12,335	11,627
Other assets				
Other net current liabilities	(190)	(305)	0	(6)
Funds due to the University	(14,787)	(9,450)	(2,842)	(2,583)
	78,784	81,936	9,493	9,038

15 Debtors

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts falling due within one year:				
Debtors	16,657	16,092	23,957	20,339
Amounts recoverable on research projects	4,652	5,152	4,652	5,152
Prepayments and accrued income	3,841	3,863	3,804	3,834
Amounts due from subsidiary undertakings	0	0	2,518	1,278
	25,150	25,107	34,931	30,603
Amounts falling due after more than one year:				
Debtors – other	603	695	584	677
	25,753	25,802	35,515	31,280

16	Current asset investments	Consolidated		University	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
	At 1 August	9,449	4,829	2,583	1,976
	Additions / (disposals)	5,296	4,422	217	409
	Changes in market value	42	198	42	198
	At 31 July	14,787	9,449	2,842	2,583

17	Creditors: amounts falling due within one year	Consolidated		University	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
	Overdraft	0	4,614	338	5,682
	Unsecured loans	20,116	110,085	20,116	110,085
	Payments received in advance	12,031	10,322	11,156	10,536
	Research grants received on account	19,100	17,981	19,100	17,981
	Trade creditors	9,266	11,634	9,183	11,567
	Social security and other taxation payable	2,668	3,178	2,411	3,025
	Other creditors	13,185	11,504	13,214	11,571
	Accruals and deferred income	9,618	12,227	8,742	10,776
	Amounts due to subsidiary undertakings	0	0	2,298	1,962
	Amounts due to associated undertakings	328	0	328	0
		86,312	181,545	86,886	183,185

In November 2010 the University entered into a £50m revolving credit facility, available for five years, at a set margin above LIBOR for the term of each tranche drawn down. At 31 July 2012 the balance drawn down was £20m (2011: £50m).

18	Creditors: amounts falling due after more than one year	Consolidated & University	
		2012 £'000	2011 £'000
	Unsecured loans	130,209	70,212
	Net finance costs to be amortised over the term of the unsecured loan	472	433
		130,681	70,645
	Analysis of loans and leases:		
	Due within one year	20,116	110,085
	Due between one year and two years	117	85
	Due between two and five years	92	127
	Due in five years or more	130,000	70,000
		150,325	180,297

The University issued a bond for £70m through a private placement facilitated by The Royal Bank of Scotland in May 2007. This loan is unsecured and is repayable in 2047 by a single payment of £70m. Interest is payable half yearly in arrears at a coupon rate of 5.42%.

In June 2009 the University entered into a £60m sterling loan facility with Barclays Bank plc. This loan consisted of an initial three year revolving credit facility. In July 2012 the University chose to convert the whole amount to a term loan of 37 years with a seven year repayment holiday. The interest rate on this loan is at a set margin above LIBOR. As a result, the outstanding amount has been reclassified from short-term creditors to long-term.

19 Provisions for liabilities

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
At 1 August	85	350	50	316
Utilised in the year	0	(266)	0	(266)
Transfer from income and expenditure account	425	1	421	0
At 31 July	510	85	471	50

Represented by:

Redundancy provision	421	0	421	0
Overseas tax provision	70	70	0	0
Other provisions	19	15	50	50
	510	85	471	50

Redundancy costs provided for at 31 July 2012 consist of expenditure committed to in respect of severance costs within Catering and the Institute of Education. The provision is expected to be utilised by 31 March 2013.

A liability to taxes in an overseas jurisdiction was identified in 2009 and a best estimate has been provided for in these financial statements. Settlement of this liability is expected within the next twelve months.

20 Deferred capital grants

	Consolidated			University		
	Funding Council £'000	Other grants £'000	Total £'000	Funding Council £'000	Other grants £'000	Total £'000
At 1 August 2011						
Buildings	71,896	27,565	99,461	71,896	46,980	118,876
Equipment	6,560	647	7,207	6,560	650	7,210
	78,456	28,212	106,668	78,456	47,630	126,086
Cash receivable						
Buildings	560	0	560	1,540	122	1,662
Equipment	0	413	413	0	413	413
	560	413	973	1,540	535	2,075
Disposals						
Buildings	(851)	0	(851)	(851)	0	(851)
Equipment	0	0	0	0	0	0
	(851)	0	(851)	(851)	0	(851)
Released to income and expenditure account						
Buildings	(2,989)	(497)	(3,486)	(2,989)	(1,378)	(4,367)
Equipment	(998)	(368)	(1,366)	(998)	(369)	(1,367)
	(3,987)	(865)	(4,852)	(3,987)	(1,747)	(5,734)
At 31 July 2012						
Buildings	68,616	27,068	95,684	69,596	45,724	115,320
Equipment	5,562	692	6,254	5,562	694	6,256
	74,178	27,760	101,938	75,158	46,418	121,576

21 Endowment funds

Consolidated

	Unrestricted permanent	Restricted permanent	Total permanent	Restricted expendable	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance					
Capital	1,665	4,467	6,132	73,632	79,764
Accumulated income	221	1,735	1,956	216	2,172
At 1 August	1,886	6,202	8,088	73,848	81,936
New endowments	0	51	51	(580)	(529)
Loss on disposal of assets	0	0	0	(136)	(136)
Surplus of income over expenditure / (expenditure over income)	81	174	255	(1,351)	(1,096)
Decrease in market value of investment properties	0	0	0	(81)	(81)
Increase / (decrease) in market value of investments	32	95	127	(1,437)	(1,310)
At 31 July	1,999	6,522	8,521	70,263	78,784
Represented by:					
Capital	1,697	4,572	6,269	70,103	76,372
Accumulated income	302	1,950	2,252	160	2,412
	1,999	6,522	8,521	70,263	78,784

University

	Unrestricted permanent	Restricted Permanent	Total permanent	Restricted expendable	Total
	£'000	£'000	£'000	£'000	£'000
Opening balance					
Capital	1,665	4,467	6,132	730	6,862
Accumulated income	221	1,735	1,956	220	2,176
At 1 August	1,886	6,202	8,088	950	9,038
New endowments	0	51	51	0	51
Surplus of income over expenditure	81	174	255	3	258
Increase in market value of investments	32	95	127	19	146
At 31 July	1,999	6,522	8,521	972	9,493
Represented by:					
Capital	1,697	4,572	6,269	799	7,068
Accumulated income	302	1,950	2,252	173	2,425
	1,999	6,522	8,521	972	9,493

22 Reserves

	Consolidated		University	
	2012	2011	2012	2011
	£'000	£'000	£'000	£'000
Income and expenditure reserve				
At 1 August	98,315	108,099	53,629	64,793
Surplus retained for the year	4,689	3,492	8,907	2,561
Add back pension surplus	(2,233)	(13,725)	(2,233)	(13,725)
Exchange differences on overseas subsidiary undertakings	47	(1)	0	0
Transfer from endowment reserve	580	450	0	0
At 31 July	101,398	98,315	60,303	53,629
Pension reserve				
At 1 August	(11,600)	(21,628)	(11,600)	(21,628)
Actuarial gain / (loss)	5,400	(3,697)	5,400	(3,697)
Interest cost	(560)	(951)	(560)	(951)
Curtailed gain arising on change from final salary to CARE basis	0	11,111	0	11,111
Gain arising on change from RPI to CPI	0	1,706	0	1,706
Difference between FRS 17 pension charge and cash contribution	2,793	1,859	2,793	1,859
At 31 July	(3,967)	(11,600)	(3,967)	(11,600)

22 Reserves (continued)

	Consolidated		University	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Revaluation reserve				
At 1 August	34,523	34,654	34,522	34,654
(Decrease) / increase in value of investment properties in the year	(360)	338	(360)	338
Disposal of investment properties	0	(679)	0	(679)
Revaluation of investments in the year	54	210	55	209
At 31 July	34,217	34,523	34,217	34,522
Total reserves at 31 July	131,648	121,238	90,553	76,551

23 Reconciliation of (deficit) / surplus on continuing operations to net cash inflow from operating activities

	Consolidated	
	2012 £'000	2011 £'000
(Deficit) / surplus on continuing operations	(8,729)	2,378
Depreciation	17,973	16,280
(Profit) / loss on disposal of fixed assets	(47)	31
Permanent diminution in value of investment properties	34	253
Impairment of fixed asset investments	1	100
Loss on disposal of fixed asset investments	2	0
Amortisation of finance costs	472	0
Exchange differences	97	(1)
Deferred capital grants released to income	(4,852)	(4,759)
Endowment and investment income	(3,326)	(1,964)
Interest payable	5,630	5,985
Increase in stocks	(71)	(78)
Decrease in debtors	2,210	4,927
(Decrease) / increase in creditors	(709)	11,252
Increase / (decrease) in provisions	425	(265)
Difference between pension charge and cash contributions	(2,793)	(14,676)
Divestment of Medical Practice	0	601
Net cash inflow from operating activities	6,317	20,064

24 Returns on investments and servicing of finance

	Consolidated	
	2012 £'000	2011 £'000
Income from endowments	2,732	1,726
Other interest received	594	238
Interest paid	(5,070)	(5,034)
	(1,744)	(3,070)

25 Capital expenditure and financial investment

	Consolidated	
	2012 £'000	2011 £'000
Proceeds from sale of tangible fixed assets and investment properties	96,410	30
Payments made to acquire tangible fixed assets	(50,778)	(58,231)
Payments made to acquire investment properties	(330)	(801)
Net payments to acquire endowment fixed assets	(3,011)	(2,548)
Net payments to acquire endowment investment properties	(268)	0
Net payments to acquire endowment investments	2,896	(42)
Deferred capital grants received	973	784
	45,892	(60,808)

26	Acquisitions and disposals	Consolidated	
		2012 £'000	2011 £'000
	Acquisition of equity and loan notes in UPP (Reading I) Holdings Limited	(6,687)	0
	Net cash disposed on the divestment of Medical Practice	0	(601)
	Proceeds from sale of investments	3	0
		(6,684)	(601)

27	Management of liquid resources	Consolidated	
		2012 £'000	2011 £'000
	Increase in current asset investments	(5,338)	(4,620)
		(5,338)	(4,620)

28	Financing	Consolidated	
		2012 £'000	2011 £'000
	Unsecured loans	128	50,165
	Repayment of amounts borrowed	(30,533)	(43)
		(30,405)	50,122

29	Analysis of changes in net debt	August 2011	Cash flows	31 July 2012
		£'000	£'000	£'000
	Consolidated			
	Cash at bank and in hand	0	3,413	3,413
	Overdraft	(4,614)	4,614	0
		(4,614)	8,027	3,413
	Current asset investments	9,449	5,338	14,787
	Debt due within one year	(110,085)	89,969	(20,116)
	Debt due after one year	(70,645)	(59,564)	(130,209)
		(175,895)	43,770	(132,125)

30	Capital commitments	Consolidated		University	
		2012 £'000	2011 £'000	2012 £'000	2011 £'000
	Provision has not been made for the following capital commitments:				
	Commitments contracted for	2,210	31,261	2,163	31,261

These commitments arise from contracts included in the ongoing capital programme.

31 Contingent liabilities

The University reclaimed all the VAT incurred in the construction of the Agriculture building at Earley Gate which was completed in 1996 and was the subject of a lease and leaseback arrangement with a third party. HM Revenue and Customs challenged this recovery of VAT and raised an assessment to tax for £1.2m. The University appealed the assessment and the appeal stood behind the Halifax plc and University of Huddersfield cases, and latterly, Weald Leasing. Given the elapse of time since the original assessment, and the subsequent advancement in case law, HMRC has provided a revised Statement of Case and the University continues to stand behind the Huddersfield case.

32 Lease obligations

	Land and buildings £'000	Other £'000	2012 £'000	Land and buildings £'000	Other £'000	2011 £'000
Consolidated						
Annual rentals under operating leases due:						
within one year	11	219	230	0	201	201
in two to five years	175	437	612	177	403	580
	186	656	842	177	604	781
University						
Annual rentals under operating leases due:						
within one year	0	210	210	0	201	201
in two to five years	0	421	421	0	403	403
	0	631	631	0	604	604

33 Pension schemes

The principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS), the University of Reading Employees' Pension Fund (UREPF) and the University of Reading Pension Scheme (URPS). USS provides benefits based on final pensionable salary for academic and related employees for all UK universities. The UREPF and URPS schemes provide benefits for other members of University staff. Contributions are also paid to the Teachers Pension Scheme (TPS) for a small number of staff.

Universities Superannuation Scheme (USS)

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited.

The appointment of directors to the board of the trustee is determined by the company's Articles of Association. Four of the directors are appointed by Universities UK; three are appointed by the University and College Union, of whom at least one must be a USS pensioner member; and a minimum of two and a maximum of four are co-opted directors appointed by the board. Under the scheme trust deed and rules, the employer contribution rate is determined by the trustee, acting on actuarial advice.

The latest triennial actuarial valuation of the scheme was at 31 March 2011. This was the second valuation for USS under the scheme-specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. The actuary also carries out regular reviews of the funding levels. In particular, he carries out a review of the funding level each year between triennial valuations and details of his estimate of the funding level at 31 March 2012 are also included in this note.

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

To calculate the technical provisions, it was assumed that the valuation rate of interest would be 6.1% per annum, salary increases would be 4.4% per annum (with short-term general pay growth at 3.65% per annum and an additional allowance for increases in salaries due to age and promotion reflecting historic scheme experience, with a further cautionary reserve on top for past service liabilities) and pensions would increase by 3.4% per annum for 3 years following the valuation then 2.6% per annum thereafter.

Standard mortality tables used were as follows:

Male members' mortality	S1NA ['light'] YoB tables – no age rating
Female members' mortality	S1NA ['light'] YoB tables – rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience but also provides an element of conservatism to allow for further improvements in mortality rates. The CMI 2009 projections with a 1.25% per annum long-term rate were also adopted. The assumed life expectations on retirement at age 65 are:

Males (females) currently aged 65	23.7 (25.6) years
Males (females) currently aged 45	25.5 (27.6) years

At the valuation date, the value of the assets of the scheme was £32,433.5m and the value of the scheme's technical provisions was £35,343.7m indicating a shortfall of £2,910.2m. The assets were therefore sufficient to cover 92% of the benefits which had accrued to members after allowing for expected future increases in earnings.

The actuary also valued the scheme on a number of other bases as at the valuation date. On the scheme's historic gilts basis, using a valuation rate of interest in respect of past service liabilities of 4.4% per annum (the expected return on gilts) the funding level was approximately 68%. Under the Pension Protection Fund regulations introduced by the Pensions Act 2004 the scheme was 93% funded; on a buy-out basis (ie assuming the scheme had discontinued on the valuation date) the assets would have been approximately 57% of the amount necessary to secure all the USS benefits with an insurance company; and using the FRS 17 formula as if USS was a single employer scheme, using an AA bond discount rate of 5.5% per annum based on spot yields, the actuary estimated that the funding level at 31 March 2011 was 82%.

As part of this valuation, the trustees have determined, after consultation with the employers, a recovery plan to pay off the shortfall by 31 March 2021. The next formal triennial actuarial valuation is as at 31 March 2014. If experience up to that date is in line with the assumptions made for this current actuarial valuation and contributions paid at the determined rates or amounts, the shortfall at 31 March 2014 is estimated to be £2.2 billion, equivalent to a funding level of 95%. The contribution rate will be reviewed as part of each valuation and may be reviewed more frequently.

33 Pension schemes (continued)

The technical provisions relate essentially to the past service liabilities and funding levels, but it is also necessary to assess the ongoing cost of newly accruing benefits. The cost of future accrual was calculated using the same assumptions as those used to calculate the technical provisions but the allowance for promotional salary increases was not as high. Analysis has shown very variable levels of growth over and above general pay increases in recent years, and the salary growth assumption built into the cost of future accrual is based on more stable, historic, salary experience. However, when calculating the past service liabilities of the scheme, a cautionary reserve has been included, in addition, on account of the variability mentioned above.

As at the valuation date the scheme was still a fully final salary scheme for future accruals and the prevailing employer contribution rate was 16% of salaries.

Following UK government legislation, from 2011 statutory pension increases or revaluations are based on the Consumer Prices Index measure of price inflation. Historically these increases had been based on the Retail Prices Index measure of price inflation.

Since the previous valuation as at 31 March 2008 there have been a number of changes to the benefits provided by the scheme although these became effective from October 2011. These include:

New entrants

Other than in specific, limited circumstances, new entrants are now provided on a Career Revalued Benefits (CRB) basis rather than a Final Salary (FS) basis.

Normal pension age

The normal pension age was increased for future service and new entrants, to age 65.

Flexible retirement

Flexible retirement options were introduced.

Member contributions increased

Contributions were uplifted to 7.5% per annum and 6.5% per annum for FS Section members and CRB Section members respectively.

Cost sharing

If the total contribution level exceeds 23.5% of salaries per annum, the employers will pay 65% of the excess over 23.5% and members will pay the remaining 35% to the fund as additional contributions.

Pension increase cap

For service derived after 30 September 2011, USS will match increases in official pensions for the first 5%. If official pensions increase by more than 5% then USS will pay half of the difference up to a maximum increase of 10%.

Since 31 March 2011 global investment markets have continued to fluctuate and following its peak in September 2011 inflation has declined rapidly towards the year end, although the market's assessment has remained constant. The actuary has estimated that the funding level as at 31 March 2012 under the scheme specific funding regime had fallen from 92% to 77%. This estimate is based on the results from the valuation at 31 March 2011 allowing primarily for investment returns and changes to market conditions. These are cited as the two most significant factors affecting the funding positions which have been taken into account for the 31 March 2012 estimation.

On the FRS 17 basis, using an AA bond discount rate of 4.9% per annum based on spot yields, the actuary calculated that the funding level at 31 March 2012 was 74%. An estimate of the funding level measured on a historic gilts basis at that date was approximately 56%.

Surpluses or deficits which arise at future valuations may impact on the University's future contribution commitment. A deficit may require additional funding in the form of higher contribution requirements, where a surplus could, perhaps, be used to similarly reduce contribution requirements. The sensitivities regarding the principal assumptions used to measure the scheme liabilities on a technical provisions basis as at the date of the last triennial actuarial valuation are set out below:

Assumption	Change in assumption	Impact on shortfall
Investment return	Decrease by 0.25%	Increase by £1.6 billion
The gap between RPI and CPI	Decrease by 0.25%	Increase by £1 billion
Rate of salary growth	Increase by 0.25%	Increase by £0.6 billion
Members live longer than assumed	1 year longer	Increase by £0.8 billion
Equity markets in isolation	Fall by 25%	Increase by £4.6 billion

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

The trustee believes that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities. This taking of investment risk seeks to target a greater return than the matching assets would provide whilst maintaining a prudent approach to meeting the fund's liabilities.

Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme's technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme's cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the University had 1,764 active members participating in the scheme. The contribution rate payable by the University was 16% of pensionable salaries.

33 Pension schemes (continued)

University of Reading Employees' Pension Fund (UREPF)

The University participates in the UREPF, which is a funded defined benefit pension scheme in the UK where contributions are held in a separate trustee-administered fund. A full actuarial valuation was carried out at 31 July 2011 by a qualified independent actuary. The service cost has been calculated using the projected unit method.

The University paid contributions at a rate of 24.1% of salary throughout the year and an additional amount of £2m. From 1 August 2012 the rate remains at 24.1% with an additional amount of £2.25m for the year ended 31 July 2013.

On 1 August 2011 various changes were made to the UREPF scheme. The most significant of these was that since that date, existing members have built up pensions based on their average salary each year. This change was treated as a plan curtailment under FRS 17 in the previous year's financial statements and gave rise to a gain in the year of £11,111,000 in the year ended 31 July 2011.

	2012 £'000	2011 £'000
Analysis of movement in benefit obligation		
At 1 August	117,377	114,613
Current service cost	2,629	3,339
Interest cost	6,211	6,272
Plan participants' contributions	900	897
Age related rebates	0	340
Past service cost / (credit)	27	(1,623)
Actuarial (gains) / losses	(7,290)	8,452
Benefits paid from plan	(3,867)	(3,802)
Plan curtailments	0	(11,111)
At 31 July	115,987	117,377
Analysis of movement in plan assets		
Fair value at 1 August	105,777	92,985
Expected return on plan assets	5,651	5,321
Actuarial (losses) / gains on plan assets	(1,890)	4,755
Employer contributions	5,449	5,281
Plan participants' contributions	900	897
Age related rebates	0	340
Benefits paid from plan	(3,867)	(3,802)
Fair value at 31 July	112,020	105,777
Fair value of assets less benefit obligation	(3,967)	(11,600)
Components of pension cost		
Current service cost	2,629	3,339
Interest cost	6,211	6,272
Expected return on plan assets	(5,651)	(5,321)
Recognition of past service cost / (credit)	27	(1,623)
Curtailment gain recognised	0	(11,111)
Total pension cost / (credit) recognised in the income and expenditure account	3,216	(8,444)
Actuarial (gains) / losses immediately recognised	(5,400)	3,697
Total pension (credit) / cost recognised in the statement of total recognised gains and losses	(5,400)	3,697
Cumulative amount of actuarial losses immediately recognised	30,452	35,852
Scheme assets		
The weighted-average asset allocation was as follows:		
Equity securities	60,491	60,399
Gilts	39,767	33,789
Property	5,265	4,646
Corporate bonds	4,481	2,745
Other	2,016	4,198
	112,020	105,777

33 Pension schemes (continued)

To develop the expected long-term rate of return on assets assumption, the University considered the current level of expected returns on risk-free investments (primarily government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the actual asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio. The resulting rate is then reduced by 0.6% to allow for expenses. This resulted in the selection of the expected return assumptions below.

	2012 £'000	2011 £'000
Actual return on plan assets	3,761	10,076

Weighted average assumptions used to determine benefit obligations

	31 July 2012	31 July 2011
Discount rate	4.50%	5.30%
Rate of salary increases	N/A	N/A
Rate of CARE revaluation	2.10%	3.00%
Rate of RPI price inflation	2.80%	3.70%
Rate of CPI price inflation	2.10%	3.00%
Rate of increase of pensions in deferment		
5% LPI	2.10%	3.00%
2.5% LPI	2.10%	2.50%
Rate of increase of pensions in payment accrued before 1 August 2011 (RPI max 6%)	2.80%	3.70%
Rate of increase of pensions in payment accrued after 1 August 2011 (CPI max 5%)	2.10%	3.00%

Weighted average assumptions used to determine net pension cost

	2012	2011
Discount rate	5.30%	5.45%
Expected long-term rate of return on plan assets	5.28%	5.64%
Rate of salary increases	N/A	5.00%
Rate of CARE revaluation	3.00%	N/A
Rate of RPI price inflation	3.70%	3.50%
Rate of CPI price inflation	3.00%	N/A
Rate of increase of pensions in deferment		
5% LPI	3.00%	3.50%
2.5% LPI	2.50%	2.50%
Rate of increase of pensions in payment accrued before 1 August 2011 (RPI max 6%)	N/A	3.50%
Rate of increase of pensions in payment accrued after 1 August 2011 (CPI max 5%)	3.00%	N/A

Weighted average life expectancy on post-retirement mortality table used to determine benefit obligations

	31 July 2012 Number	31 July 2011 Number
Male pensioner (life expectancy at age 65)	22.6	22.7
Male non-retired member aged 45 (life expectancy at age 65)	24.8	24.5
Female pensioner (life expectancy at age 65)	24.9	25.8
Female non-retired member aged 45 (life expectancy at age 65)	27.2	27.9

Five year history

	2012 £'000	2011 £'000	2010 £'000	2009 £'000	2008 £'000
Defined benefit obligation at 31 July	115,987	117,377	114,613	95,023	98,451
Fair value of plan assets at 31 July	112,020	105,777	92,985	80,995	80,729
Deficit at 31 July	(3,967)	(11,600)	(21,628)	(14,028)	(17,722)
Difference between the expected and actual return on plan assets					
Amount	(1,890)	4,755	4,872	(6,734)	(8,166)
Percentage of plan assets	(1.7%)	4.5%	5.2%	(8.3%)	(10.1%)
Experience gains / (losses) on plan liabilities					
Amount	4,361	0	0	4,277	0
Percentage of present value of plan liabilities	3.8%	0.0%	0.0%	4.5%	0.0%

The University participates in the URPS, which is a funded defined contribution pension scheme in the UK.

33 Pension schemes (continued)

Pension costs	Consolidated	
	2012 £'000	2011 £'000
Contributions to USS	11,379	11,581
Current and past service cost for UREPF	2,656	3,422
Net pension fund finance costs	560	951
Contributions to URPS	94	0
Contributions to other pension schemes	48	80
Curtailment gain arising on change from final salary to CARE basis	0	(11,111)
Gain arising on change from RPI to CPI	0	(1,706)
Total pension costs	14,737	3,217

Included in other creditors are unpaid pension contributions of £1,873,000 (2011: £1,840,000).

**34 Amounts disbursed as agent
– Consolidated & University**

	HEFCE Hardship Fund	HEFCE Hardship Fund	TDA Bursary	TDA Bursary
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Excess of income over expenditure at 1 August	19	52	280	252
Income				
Funding Council grants	138	110	879	1,779
Interest earned	1	1	0	0
	139	111	879	1,779
Expenditure				
Disbursed to students	(130)	(137)	(864)	(1,751)
Fund running costs	(6)	(7)	0	0
	(136)	(144)	(864)	(1,751)
Excess of income over expenditure at 31 July	22	19	295	280

The University acts only as a paying agent in relation to Funding Council hardship funds and TDA bursaries, distributing them to students. The funds received and related disbursements are therefore excluded from the income and expenditure account.

35 Disclosure of related party transactions

Due to the nature of the University's operations and the composition of the Council, being drawn from local public and private organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of the Council may have an interest are conducted at arm's length and in accordance with the University's financial regulations and usual procurement procedures. The following transactions were identified for disclosure under FRS 8:

The University's financial statements include the following balances due from / (to) related parties:	2012 £'000	2011 £'000
Reading University Students' Union	669	722
The University paid the following grants to Reading University Students' Union	2012 £'000	2011 £'000
Core block grant	876	873
Specific grant	39	24
	915	897

The results and net liabilities of Henley Business School (NZ) Limited are not included in these financial statements on the grounds that they are not material to the Group.

36 Subsidiary undertakings

The subsidiary companies, wholly-owned or effectively controlled by the University, are as follows.

Name of company	Country of registration	Principal activity
Henley Business School Limited	England & Wales	Management education
Henley Management College (1945) Limited	England & Wales	Management education
Reading Real Estate Foundation	England & Wales	Real estate education
The University of Reading Science & Technology Centre Limited	England & Wales	Property letting business
Whiteknights Energy Limited	England & Wales	Dormant
Henley Business School GmbH	Germany	Not currently trading
Henley Business School (Hong Kong) Limited	Hong Kong	Management education
RUMAL Reading Sdn. Bhd.	Malaysia	Establishing a campus
Henley Business School (NZ) Limited	New Zealand	Management education
Henley Business School (South Africa) Limited	South Africa	Management education
The Henley Business School (South Africa)	South Africa	Not currently trading
Henley Management College (South Africa) Section 21A	South Africa	Not currently trading

37 Connected charitable institutions

A number of charitable institutions are administered by or on behalf of the University and have been established for its general or special purposes. As a result, under paragraph 28 of Schedule 3 to the Charities Act 2011, these connected institutions are exempt from registration with the Charity Commission. The movements in the year on the total funds of all connected institutions, as reported in their own accounts, were as follows:

	1 August 2011	Income	Expenditure	Other gains and losses	31 July 2012
	£'000	£'000	£'000	£'000	£'000
Research Endowment Trust	55,705	1,519	(3,939)	(1,607)	51,678
National Institute for Research in Dairying Trust	17,457	395	(491)	(4)	17,357
Hugh Sinclair Trust	4,621	292	(424)	(15)	4,474
Beckett International Foundation	47	2	(10)	0	39
Greenlands Trust	19,729	10	(676)	0	19,063
	97,559	2,218	(5,540)	(1,626)	92,611

The Research Endowment Trust provides funds for specific research and education projects at the University of Reading.

The National Institute for Research in Dairying Trust aims to promote and develop high quality research into agriculture and food.

The Hugh Sinclair Trust promotes research into human nutrition.

The Beckett International Foundation provides seminars and exhibitions on and promotes research into the works of Samuel Beckett. It also contributes to the preservation and cataloguing of the Samuel Beckett Archive held by the University of Reading.

The Greenlands Trust aims to advance education and learning in business and management studies and to carry out research and publish the useful results of such research.

38 Events after the balance sheet date

In August 2012 the University completed a transaction to transfer Bridges Hall to UPP (Reading 1) Limited, an associated undertaking of the University. UPP (Reading 1) Limited will develop the site to construct a new hall of residence. Under the terms of the agreement, the University received £12.6m giving rise to a profit of £11.7m which will be recognised in next year's financial statements.

In October 2012 the University completed the construction of student accommodation at the new Childs Hall and Stenton Townhouses. The University granted leasehold interests to UPP (Reading 1) Limited in respect of these properties. Under the terms of the agreement, the University received £43.7m giving rise to a profit of £6.6m which will be recognised in next year's financial statements.

At the time of each of the above transactions, the shareholders of UPP (Reading 1) Holdings Limited, including the University, each subscribed for further shares and loan notes in that company pro rata to their original holdings. The University's overall shareholding in this company therefore remains at 20%.

