

# INVEST | in good

Annual Report and Financial  
Statements 2015-16



**UWE  
Bristol**

University  
of the  
West of  
England

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# Vice-Chancellor's and Chair of Board of Governors' Statement

2016 brings us another year closer to achieving our 2020 Strategy. It's been a year of exceptional achievements, and our investments in infrastructure, people and ideas are having a highly positive impact for our students, graduates and staff, as well as the Bristol region and the wider world.



It is our responsibility to ensure UWE Bristol is financially sound and competitive in what is a fast changing environment. That means making prudent and effective use of our budgets and income, which in turn gives confidence to our investors. There's no better way to show just how vital and effective that investment is than by sharing our success stories from across the University and the people who work and study here.

As you'll discover over the coming pages, the outcome of investing through UWE Bristol is nothing less than progress towards a fairer and better world.

Our own investment into the University has continued throughout 2016, with £150m spent on new and improved facilities across our campuses. Our students now have access to state-of-the-art learning spaces through the development of our City Campus, as well as £1.5m of new science laboratories and £1m of modern computing facilities.

We're also pleased to confirm that our new £50m Faculty of Business and Law building will open in January 2017. This modern development forms a key part of our ongoing master plan to create a University campus for the 21st Century - an inspiring place to work and learn, which continues to support the enhancement of academic, research and corporate performance.

These new developments strengthen our position as a leading educational institution. In turn we are seeing a boost in our position in the University rankings, opening opportunities for new income streams and ensuring our continued success.

Supporting that continued success is our vibrant new brand identity, helping us share more effectively who we are, what we are achieving and the impact this is having.

In 2016 we had the fifth largest student intake of any UK university, with our students continuing to come from a broad and diverse variety of backgrounds. After studying with us, they go on to hold highly successful careers across a diverse range of sectors. With over 96% of UWE Bristol graduates in work or further study just 6 months after graduation, our graduates are making inspiring changes that transform lives and ultimately deliver a great return on investment.

You can read some of their stories over the coming pages and discover more about our work to drive positive change across society.

A stylized, handwritten signature in blue ink.

**Professor Steve West**  
*Vice-Chancellor*

A stylized, handwritten signature in blue ink.

**Gillian Camm**  
*Chair, Board of Governors*



## Ambition statement

At UWE Bristol, our core purpose is to advance knowledge, inspire people and transform futures.

This purpose informs our ambitions, our priorities, and how we focus and deliver our academic activities.

Our ambition is to be a university recognised for the success and impact of our professionally-recognised and practice-oriented programmes; our strong industry networks and connections; our agile ways of working; and our inclusive and global outlook and approach.

Underpinning this are a number of significant change activities that are underway across the University, as well as improvements to our operations and activities, driving us forward to 2020.

**To achieve these ambitions, our Strategy identifies four priorities that we are focusing on across the University:**

- Outstanding learning
- Ready and able graduates
- Research with impact
- Strategic partnerships, connections and networks



**These are supported by two key enablers:**

- People: performance and development
- Place: resources, estate and infrastructure

# Investing in good

The theme of this year's report is based around a simple question: what makes a good investment?

A good investment requires a 'good' return. And at UWE Bristol we are proud to be an organisation that genuinely does good - both to the people who work for us and study with us, and to people all around the world.

We know individuals, organisations and policy makers are looking for an investment today that helps provide a better tomorrow. Your valuable investments and contributions empower and equip our staff and students, to push the boundaries even further, to really make the difference that will transform lives and futures across the globe.

*“Universities need to continually evolve and develop both as institutions and also in terms of the courses and qualifications that they offer. This includes seeking new and innovative ways to deliver services to learners and businesses that meet their changing needs and expectations.”*

**Stephen Robertson**

Chairman, West of England Local Enterprise Partnership



## Investing in the right things

The Legal Advocacy Support Project, which is a partnership between Avon & Bristol Law Centre (ABLC), the University of Law and UWE Bristol won 'Pro Bono Initiative of the Year' at The Lawyer Awards 2016. The work carried out by our Law students has helped gain £1m in welfare benefits for people wrongly declared fit for work. And an incredible 95% of the cases they worked on were successful.

# Investing in research

The 2014 national research quality assessment (REF 2014) ranked UWE Bristol as a front-runner amongst UK universities. It recognised the high standards of our research, noting that 57% of it was ‘world leading’ or ‘internationally excellent’ and 75% of it was ‘highly rated’ in terms of its impact.

That high quality of our research continues today and we’re tackling a wide range of contemporary issues that focus on solving real problems. From finding innovative ways to resolve health issues to improving the quality of the air we breathe, and from finding clever new power sources to reducing flooding, we’re working hard to improve the world around us.



## Tackling negative body image

An estimated 148m Europeans suffer from conditions resulting in a visible difference of appearance which negatively impacts their self-esteem. This can often be caused by, or lead to, mental health issues resulting in health-compromising behaviours, such as alcoholism.

Our project, ‘When looks get in the way’, led by UWE Bristol’s Martin Persson, brings together six international members to develop appropriate training for health professionals, helping them to improve the current provision of care for those patients affected by appearance concerns.

## Powering the future

From initial Phase 1 funding from the Gates Foundation in 2011, the Pee Power urinal that turns pee into electricity, is now moving onto Phase 3 of its commercial development. The innovative technology could change the lives of those living in countries or situations (such as refugee camps, where we’re working with Oxfam) where sanitation and electricity are off grid.





## Driving tomorrow

In February we launched project 'Flourish' through our Bristol Robotics Laboratory. The project focuses on Connected Autonomous Vehicles (CAVs), or driverless cars, and could help transform the lives of isolated older adults by creating independent travel options.

*"In the UK, over one million older adults say they always, or often, feel lonely. This research would mean that people in this situation wouldn't have to depend on others for transportation and would have the ability to make spontaneous choices."*

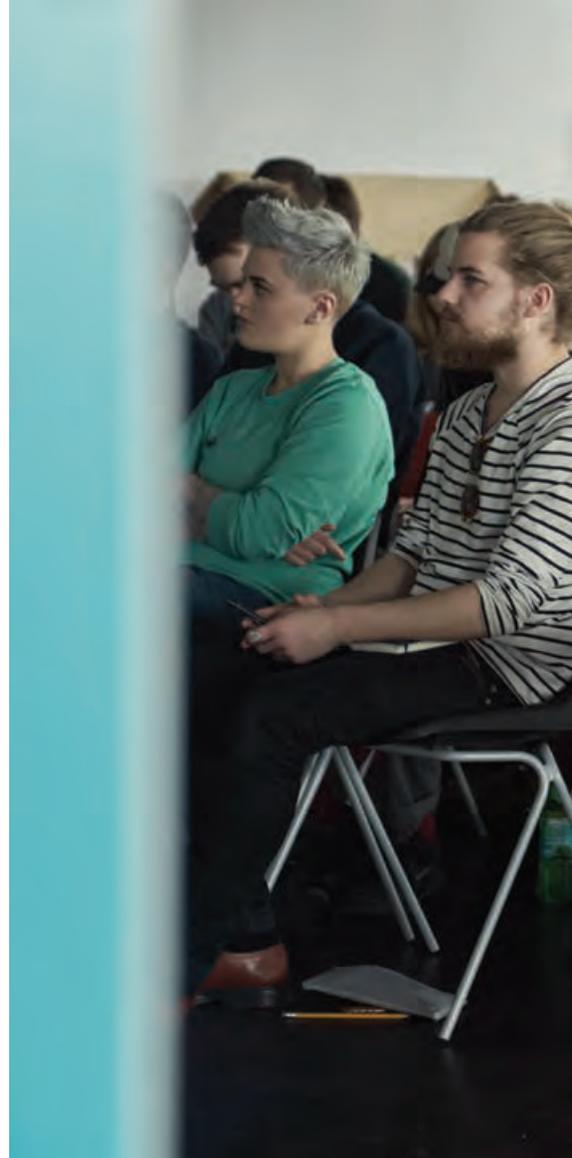
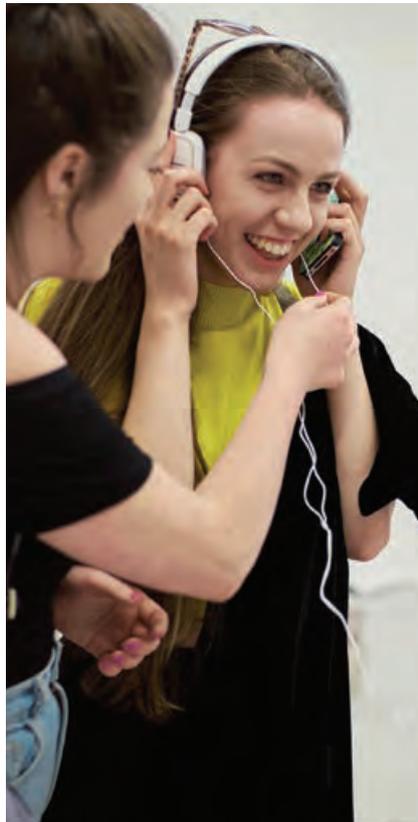
**Associate Professor Praminda**  
Caleb-Solly, Bristol Robotics Laboratory

# Investing in people

UWE Bristol is a renowned and well-established university. We have over 27,000 students studying with us from 140 countries.

We also have a wide and connected network of 250,000 alumni who continue to invest in us, support us and interact with us.

At the heart of the University are 3,000 staff, covering over 600 different courses of all types across arts, creative industries, health, science, business, law, environment and technology.



## Internationally renowned staff



Claire Doherty, founder Director of Situations, and research fellow at UWE Bristol, has been awarded an MBE for services to the arts.

Situations is dedicated to creating and commissioning compelling and imaginative new forms of public art. Since 2002, Claire has nurtured and developed Situations from its genesis within UWE Bristol, to becoming one of the country's leading independent arts organisations, and has spearheaded projects in Norway, New Zealand and across the UK.





### High quality learning

A team of Quality Assurance Agency for Higher Education (QAA) reviewers visited UWE Bristol in late 2015 to review our academic standards, the quality and enhancement of our student learning opportunities, and the quality of information about our learning opportunities.

The review concluded that we met all of the UK expectations, and in particular highlighted *“the breadth and strength of partnerships and the embedding of employability skills across the University’s activities.”*



### New Simulation Suite

The new Princess Campbell Children’s Simulation Suite at the Glenside Campus is a high specification ward offering all the features of a real hospital setting. Simulated life-like child mannequins can be programmed with a range of physiological parameters, and cameras positioned throughout the suite enable students and tutors to review performance. It’s an important way to develop skills and practise them in a safe environment, improving student confidence and ability when they start their clinical placement.

### Record breaking student satisfaction

Our student satisfaction levels also demonstrate that we’re providing a first class education. Across UWE Bristol, 14 programmes achieved 100% satisfaction in the national student satisfaction survey, and a further 42 achieved 90% satisfaction or above.

### Opportunities with real-world impact

We encourage all our students to think about how they can improve the world around them. A great example of this is Louise Priestman, a postgraduate architecture student, who was invited to the 54th session of the UN Commission for Social Development to present her ideas for an innovative integrated ‘village-style’ development for the elderly in Bristol’s Castle Park.

## Investing with employers

Building close links with employers and professional bodies helps us to ensure our courses are relevant and practical. We work with over 1,000 national and international employers and professional bodies to ensure our courses meet industry needs, which enables our students to build valuable networks and develop deep insights into their subject area.



### Learning that inspires

The impressive HESA (Higher Education Statistics Agency) figures on employment have been consistently positive and sector leading. They are a due to the dedication and ambition of our students combined with business and professional collaboration which helps us develop a practical curriculum.

### Opportunities to get experience

Students undertake more than 8,000 work placements every year. Over 6,500 organisations and employers advertise vacancies on UWE Bristol's InfoHub. These links with employers and the community ensure plenty of opportunities for students to find work experience whether a placement, an internship, volunteering or a final graduate scheme.

### Employer involvement is critical

Involved in curriculum development, mentoring students, careers support, work experience and teaching this makes for relevance and up to date content across our courses.



### Ready and able graduates

This year 96% of UWE Bristol graduates found employment or further study just 6 months after graduation according to the Destination of Leavers in Higher Education 2016 – one of the best records in the country . Above benchmarks provided by HEFCE. And in graduate and professional jobs too with some 78% compared to the all university average of 71%.

*“Given the nature of our work, having people with the right skills is vital to our continued and future success. As a global business, we are fortunate to be able to source candidates from around the world. The University of the West of England has a key role to play in understanding our current and future skills needs and developing the programmes necessary to deliver first class graduates with both the technical expertise and the professional abilities we require.”*

#### **Mark Stewart**

*Airbus UK General Manager  
and HR Director*



Photo: Paul Blakemore

### Working together with business

Between 2012 and 2016, REACT supported a wide range of innovative projects which responded to the changing world of business and society. This included developing new systems and approaches to collaborative R&D, working with a varied and vibrant range of creatives, businesses, researchers and experts.

It also meant getting academia and businesses working together, such as Watershed, as well as other educational establishments, including the Universities of Bath, Bristol, Cardiff and Exeter.

### Rewarding thinking - GradLink

We were pleased to win the Outstanding International Student Strategy award at the Times Higher Education Awards 2015, held in association with Santander Universities.

The awards, now in their eleventh year, are widely recognised as the Oscars of the higher education sector, shining a spotlight on the outstanding achievements of institutions, teams and individuals.

The award was for our International Student Strategy, and in particular the GradLink UK website. GradLink UK is a free site enabling students to search and apply directly for jobs in Asia, Africa and North America across a network of 340 employers. Businesses can also advertise vacancies and search a database of students' and graduates' CVs.



## Connecting us in to business

Our relationships with, and investment in, local organisations is critical.

To be effective, the relationships we build require an investment in both spaces and people to help push ideas, concepts and products into their next phase.

*“UWE Bristol’s heritage, history and leadership role in binding small, medium and large sized businesses to your brilliant education establishment is a role model for all of us.”*

**Baroness Dido Harding  
of Winscombe**

*Chief Executive of TalkTalk Group*



### Future Space and the University Enterprise Zone

In August, a robotics company developing the world’s first gaming robot became the first occupier at UWE Bristol’s new Future Space part of the £16m University Enterprise Zone (UEZ) supported by the West of England Local Enterprise Partnership and the Department of Business Energy and Industrial Strategy.

Reach Robotics is typical of the start ups attracted to UEZ’s Future Space, which is being managed by experts Oxford Innovation. Spread out over 2,424sq m on one floor, it will house 70 offices, co-working space and an atrium hub and cafe, helping bring together business and academic expertise.





*“With Reach Robotics’ arrival, Bristol’s powerhouse role in leading-edge British technology is underlined. There could well be upwards of 450 jobs created on site as part of the new University Enterprise Zone, with the beneficial knock-on effect of supporting employment in the supply chain and local economy.”*

**Elaine McKechnie**  
Oxford Innovation

## Innovation 4 Growth

In September 2016, UWE Bristol relaunched Innovation 4 Growth (I4G). This £4m of new funding is designed to help SMEs develop new products, services and jobs across the South West.

The scheme part funds research and development projects with grants and so far has issued £6.9m of grants to 67 companies, creating or safeguarding almost 700 jobs.

Bristol-based Global Design Solutions (GDS) is one of the companies we’ve helped. The I4G grant enabled GDS to accelerate R&D for a second revision of a specialist LED lighting system that can be controlled wirelessly. It’s also helped them to double staff from 23 to 42 people.

*“By being part of the I4G funding, it’s made us much more commercially attractive – we now have companies asking if they can partner with us in the US and the UK.”*

**Matthew Lloyd**  
GDS Managing Director

## I4G in numbers

£6.9m

Funding issued

67

SMEs supported

£14.5m

Private sector investment

394

New jobs created

279

Under-threat jobs saved

## City Campus

Another exciting project that progressed in 2016 was the development of our new City Campus, which sees 1,400 creative arts students benefit from the first class facilities and stimulating environment of one of the UK's leading contemporary arts venues.

Drawing on our strong links with M Shed, Spike Island, Watershed and Arnolfini, the new campus will allow students to work directly alongside artists and get involved in the work of our city's most prominent creative spaces.

This expansion of our footprint helps ensure that the entire city effectively becomes our campus, eroding the traditional boundaries between practice, learning, business and research. Instead, our students are free to flourish in the ways that best realise their ambitions.

The next steps in this project will be developments at Colston Hall and Bower Studios.





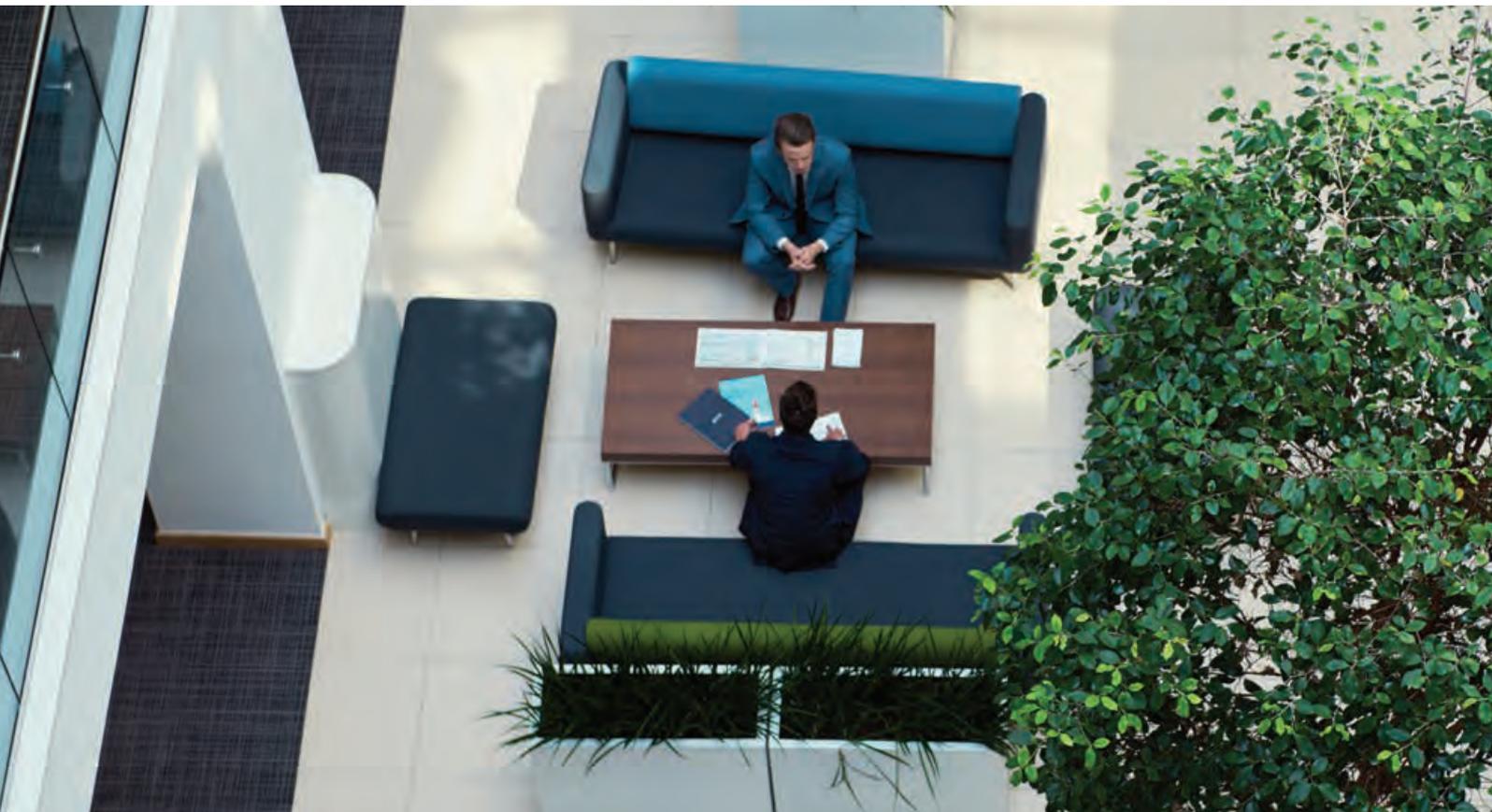
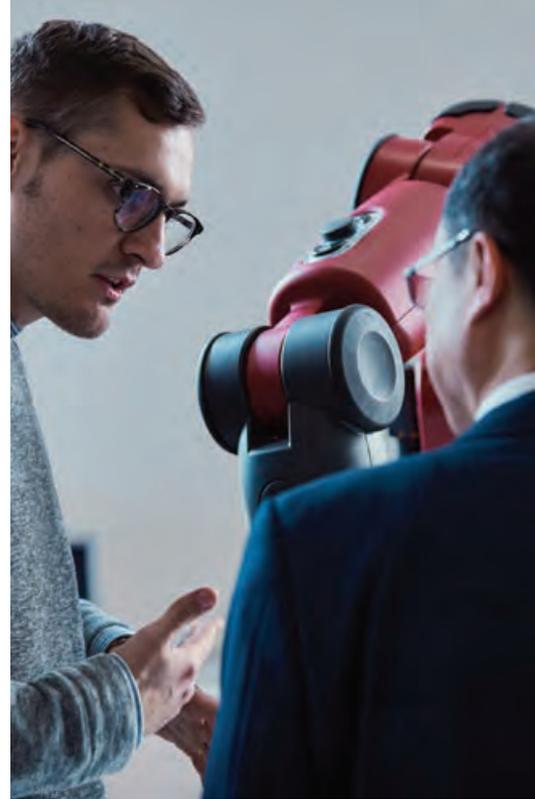
# Investing in tomorrow

Achieving our goals means working hard to find, expand and develop our resources. A key part of those resources are the valuable investments we receive from individuals and organisations who share our vision to advance knowledge, inspire people and transform futures.

## Garfield Weston Foundation

In January 2015, the Trustees of the Garfield Weston Foundation generously awarded UWE Bristol a grant of £200,000 towards our campaign to create a dedicated centre for our Faculty of Business and Law, the new Bristol Business School.

Philippa Charles, Director of The Garfield Weston Foundation said: *“This grant comes with the best wishes of the Weston Family, the Trustees commented on the importance of the University to the region and on the practical nature of the courses on offer as well as the way UWE Bristol successfully encourages those from non-traditional backgrounds into higher education.”*



## Nick Baker - from student to investor

In 1983, Nick Baker graduated from UWE Bristol (then known as Bristol Polytechnic College) with a BA (Hons) in Business Studies. Fast forward to today, and Nick's now Chairman of investment team Concertare Partners. He's also a key part of UWE Bristol's Campaign Cabinet, helping to raise funds for the new Bristol Business School.

Nick has made a personal donation to the Law Library within the new building, naming it the Rossi and Baker Law Library. Nick said: "I got involved because I believe that for Bristol businesses to be truly cutting edge, we need world class facilities like these on our doorstep."



## Experimenting in the classroom

Our undergraduates have been sharing their passion for Science, Technology, Engineering and Mathematics (STEM) across schools in the region through BoxED.

BoxED activities can include a phone charge challenge to build a wind turbine, the opportunity to undertake a forensic investigation and a simple glider experiment to share the principles of lift and drag.

Having UWE Bristol students in the classrooms can transform lessons by enabling the school students to work in smaller groups and grapple with ideas in more detail. But it can also demonstrate that people of all backgrounds can, and do, go on to study at university.



*"BoxED workshops give me the opportunity to share my love of Biology and talk about my desire to work in medical research. I hope my involvement helps the next generation understand that people from all backgrounds have the ability to go to university – and to succeed."*

**Catherine Noel**

*Biomedical Science undergraduate*

# UWE Bristol in numbers

£200m

spent on new and improved facilities  
across our campuses

3,000

staff help power our University forward

57%

of our research was rated as  
'world leading' or 'internationally  
excellent' by the 2014 national  
research quality assessment

1,000

national and international  
employers and professional  
bodies help ensure our courses  
are current and relevant

600

courses are on offer through our  
departments and faculties

+7%

above the national average for graduates  
in professional or managerial roles three  
and half years after graduating

+2%

above the  
national average for  
graduates working  
or in further study  
three and half years  
after graduating

27,000

students study at UWE Bristol

140

the number of countries  
our students come from

250,000

alumni continue to support and engage with us



# Operating and financial review 2015/16

## Financial strategy and future prospects

Our financial strategy is to enable the University to reach its potential and its ambition. Our financial priorities, in support of the long-term viability and sustainability of the University, are to:

- Continue to maintain and build on the successful financial management in meeting the opportunities and challenges of an increasingly changeable higher education operating and economic environment. To do this, we will generate cash required to support our strategic programme of investment in our academic enterprises along with maintaining and enhancing our infrastructure. We will control costs, making strategic decisions on activities that are either not financially sustainable or are not in alignment with the University Strategic Plan.
- Ensure the financial sustainability of the University by borrowing for investment at a level that will not put the University at risk. We will maintain a sustainable recurrent investment in the academic, corporate and support operations and dispose of properties surplus to requirement. We will control costs by establishing and funding agreed staffing levels throughout the University, with regular critical reviews, and investing in creating adaptive capacity.
- Enable the financial management of the University by continuing our ongoing programme of process reviews, investment in information systems development and business processes and improving efficiencies, all of which contributes to the enhancement of our student and staff experiences.

In short, our financial strategy is to maintain an operating surplus that generates sufficient operating cash flows. This, together with proceeds from sale of excess properties, donations and the use of borrowing facilities to finance our strategic programmes will ensure the long-term sustainability of the University to deliver our Strategy 2020.

## Prospects

Government funding through the Higher Education Funding Council for England (HEFCE) recurrent and capital grants has reduced significantly in place of the new home undergraduate fee arrangements. With the continuing Government's austerity programme, concerns remain in the sector about continued direct funding cuts as well as other grants such as Disability Students Allowances and Student Opportunity Funds. The standard fee of £9,000 capped by the Government since its introduction in 2012/13 was worth £8,600, in real terms in 2015/16 (source: Office of Budget Responsibility). Effectively, the sector has provided at least 4.5% efficiency gains for the Government over the period while most, including this University, having delivered more. It is worth noting that after taking into account a range of scholarships and bursaries for students from lower income families, our average actual fee level is substantially lower.

From 2017/18, universities that reach a certain threshold, governed by a new Teaching Excellence Framework, will be able to uplift the standard tuition fees by an inflationary factor. As the proposal is currently under final formulation (and yet to gain parliamentary approval), for our financial forecasts and planning purposes, we have assumed a modest increase in home undergraduate fees level from 2017/18. To protect our current students, we are planning to

apply the new fee level to new intakes from academic year 2017/18 onwards. Together with the cash limited nature of HEFCE funding, this means that a very significant proportion of our income will not move in line with inflation. This inevitably creates financial pressure in an inflationary environment; against assumptions of pay awards on top of incremental drift arising from scale increases and promotions, rising pension costs, additional apprenticeship levy, inflation on energy costs and increasing depreciation charges. This makes it increasingly challenging to maintain the University's financial surplus strategy. As staff costs constitute in excess of 55% of income, continued control of both staff numbers and pay levels over the next few years will be critical.

On 23 June 2016, UK citizens voted in support of leaving the EU. We now face a degree of political and economic uncertainty about the future as the UK Government think and work through how best to respond to this result and negotiate the best outcome for the UK. It is important that we remain focused on the long-term ambitions and aspirations of the University. We are a people organisation and our values and purpose support us to deliver opportunities for our staff and students as global citizens in a global knowledge economy. We are engaging, and will continue to engage, in the long-term; delivering inclusive and inspirational teaching, learning and research to the diverse and talented communities we serve. We will support each other to achieve the best we can for our students and staff and we will engage with policy makers to shape our future as an international university.

Over the past few years we have been working on a number of initiatives to strengthen the University's financial

base, to deal with existing and known pressures and to put the University into the best possible position to contend with the rapidly changing and uncertain financial environment. These have included:

- A fundamental restructuring of the way in which support services and processes are delivered across the University, we will seek further continuous improvement and efficiency.
- Strategic programmes to ensure the delivery of the ambitions set out in the University Strategy Plan 2020 and associated key performance targets.
- Review and challenge of the portfolio of our academic activities.

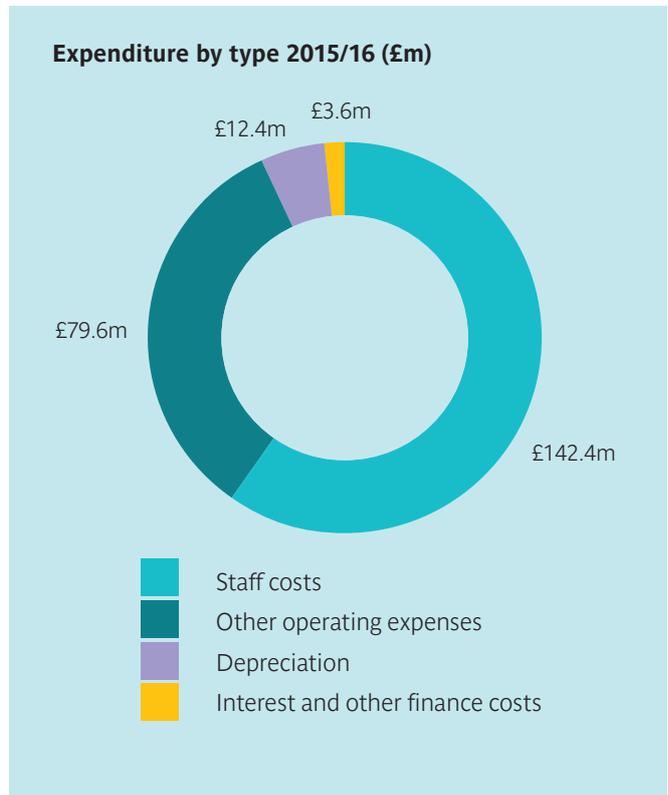
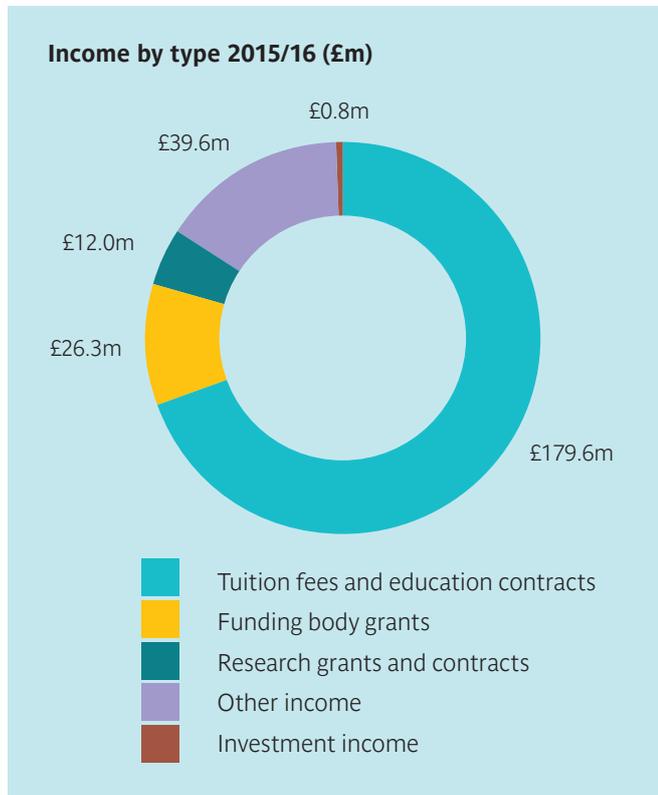
## Key financial ratios

The University has identified a number of key financial ratios which it monitors as part of its financial strategy. Performance over the last 3 years is shown below.

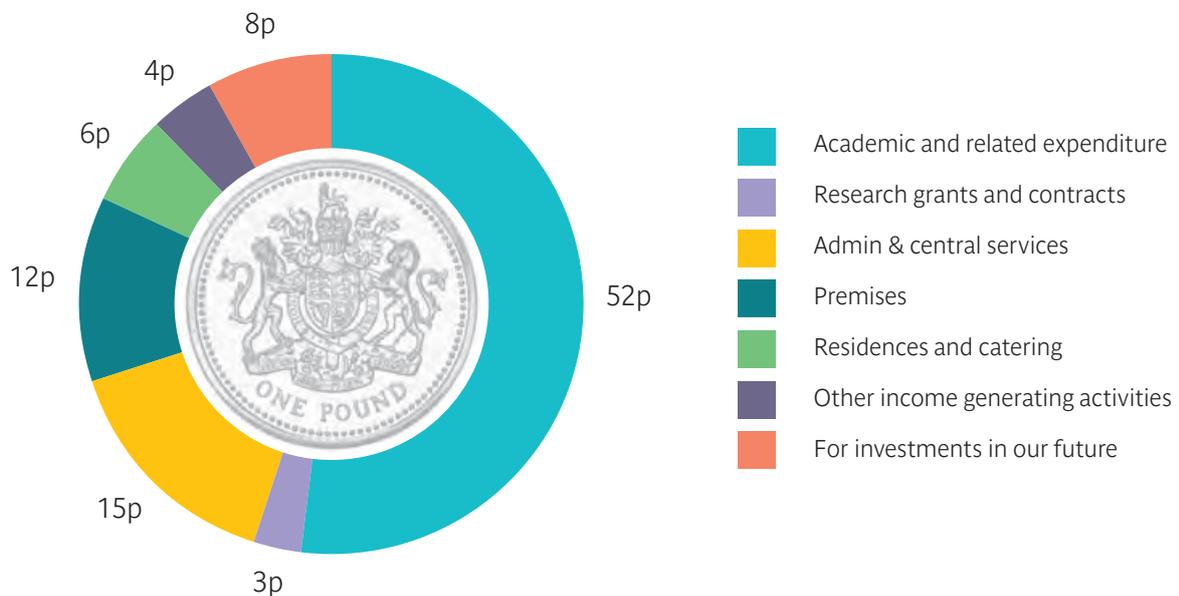
Key financial ratios as a % of income	2015/16	2014/15	2013/14*
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation)	14.9%	11.1%	9.8%
Cashflow generation (net of financing costs)	12.1%	12.6%	9.7%
Staff costs	55%	57%	55%
Key financial values (£m)			
Total income	258.3	243.4	235.6
Total expenditure	238.0	232.2	220.8
Surplus from operations	20.3	11.2	14.8
<b>Cashflow generated from operations</b>	<b>31.2</b>	<b>29.7</b>	<b>22.2</b>
Borrowings and cash at year end:			
Gross debt	68.1	72.2	76.1
Cash, deposits and short term investments	86.1	113.1	107.1
Net cash	18.0	40.9	31.0
<b>Net assets at year end</b>	<b>419.7</b>	<b>449.3</b>	<b>135.1</b>

\*Under previous accounting standards (differences include UWE Bristol Estate at historical values).

## Financial statistics: Income and Expenditure in 2015/16



## Financial statistics: How did we spend our £ in 2015/16



## Financial performance 2015/16

The University has had a good year with a solid performance in UK undergraduate student recruitment, enhancement of our academic partnerships in the UK and across the globe and investment in our students' experience, academic endeavours and capital infrastructure, including people, systems and estate. Together with robust cost control, we have mitigated the freezing of UK tuition fees, rising staff costs and in particular, pension charges. Financial performance during the year was positive with an operating surplus of £20.3m (2015: £11.2m) before actuarial losses in respect of the pension scheme. The results included £9.5m (2015: £3.0m) of capital grants, now treated as income for the year under the new FRS102 accounting standards.

Total income for the year was £258.3m (2015: £243.4m) – a £14.9m (6.1%) increase due to:

- Tuition fees and education contracts increasing by £8.5m (5.0%), due to successes in recruiting additional home undergraduates and a further year of increased fees.
- Capital grants received in the year of £9.5m (2015: £3.0m), mainly in respect of the University Enterprise Zone.

Total expenditure was £238.0m (2015: £232.2m) – a £5.8m (2.5%) increase due to:

- Staff costs increasing by £6.5m (4.8%), which reflected cost of living and incremental pay awards, increasing academic staff numbers and additional employer's pension contributions, National Insurance payments and deficit recovery payments.

## Capital investment

Our £250m Masterplan programme is well underway with a number of projects during the year, including:

- The purchase and refurbishment of Bush House to enhance our City Campus for the Faculty of Arts, Creative Industries and Education.
- The continuing strategic academic space refurbishments in the Faculties of Environment & Technology and Health and Applied Sciences.
- Phase 2 of the new student accommodation, Wallscourt Park Residences complex.
- Construction of a new building for the Faculty of Business and Law.
- Creation of a University Enterprise Zone.

Total capital investment in the year amounted to £64.3m (2015: £29.3m).

We are expecting to continue this level of investment in 2016/17.

Future capital expenditure will include:

- Completion of the Business and Law Building.
- On-going strategic academic space refurbishments.
- The Bower Ashton Campus Redevelopment Phase 3.
- The IT Infrastructure Transformation Programme.
- Refurbishment of the Frenchay Campus.

## Cashflow and Treasury management

Cashflow generated from operations for the year was £31.2m (2015: £29.7m). After receipts from capital grants of £9.5m, cash outflows in respect of capital expenditure of £64.3m and other items, net cash outflow for the year was £29.0m (2015: inflow of £22.9m).

In 2009, the University contracted to borrow £95m secured loans, on a repayment basis. The loan matures in March 2034. In March 2016, the University exercised its option on the loan to fix the interest rate, on the outstanding balance of £67.5m, at an all-in rate of 1.807%. The loan is subject to a set of conditions and financial covenants and the University comfortably complied with these requirements during the year.

During the year, the University obtained an additional loan facility of £60m from the European Investment Bank. No amount was drawn down as at the year end. In order to mitigate risks inherent in the financial markets due to Brexit, the University has fully drawn down the facility in September 2016.

Total gross debt at 31 July was £68.1m (2015: £72.2m).

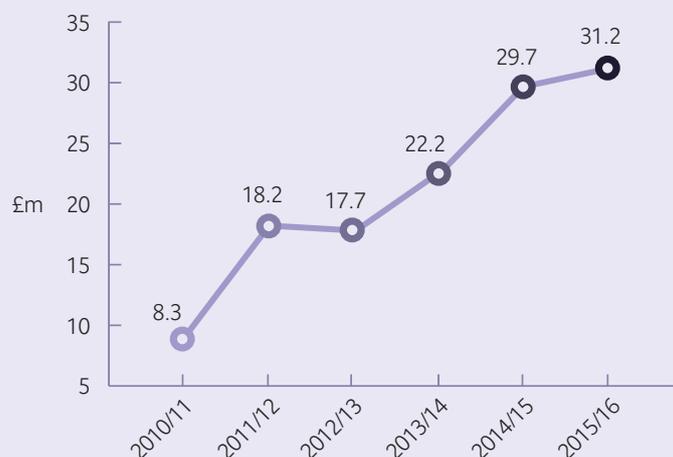
The University currently holds substantial cash balances; at the year end, the University had cash/money market and financial instrument balances totalling £86.1m (2015: £113.1m). Our treasury strategy is determined in the context of expected future revenue and capital plans and the need to ensure that sufficient funds are available to meet commitments on a day to day basis.

## Cash generated from operations

We adopt a prudent approach to investing surplus funds. In order to manage risk, cash deposits are spread amongst a range of counterparties. To protect capital sums invested, we make full use of reports compiled by leading Credit Rating Agencies and only institutions carrying at least short-term ratings of A1 (Standard & Poors) and F1 (Fitch IBCA) are considered sufficiently secure. In order to ensure adequate liquidity, deposits are placed to mature over a range of maturity dates.

Our counterparty policy is monitored closely to achieve an appropriate balance of counterparty risk and diversification. Due to our ambitious and imminent capital expenditure plans, the University has restricted its short-term deposits to no longer than 1 year. During the year the University achieved an average interest return that was higher than interest payable on its borrowings.

Cash generated from operations (£m)



## Student numbers

The number of students enrolled during the year was 34,209 of which 26,321 are full-time students and 7,888 part-time students. Included in the head count are 6,262 transnational students who

are students studying overseas under partnership arrangements.

Student numbers represented as full time equivalent for the last 3 years are as below.

Students Numbers (FTE)	2015/16	2014/15	2013/14
<b>Undergraduate</b>			
Home & EU	17,531	17,321	18,508
Overseas & Offshore	1,710	2,061	1,668
Transnational Education	5,402	4,744	4,198
<b>Postgraduate Taught</b>			
Home & EU	2,459	2,495	2,848
Overseas & Offshore	842	794	686
Transnational Education	547	74	67
<b>Postgraduate Research</b>			
Home & EU	194	193	198
Overseas & Offshore	75	69	72
<b>Total student numbers</b>	<b>28,760</b>	<b>27,751</b>	<b>28,245</b>

## Pensions

Pensions for the majority of the University's staff are currently provided either through the Teacher's Pension Scheme (TPS) or the Avon Pension Fund (APF). The ongoing costs and risks associated with both pension schemes are an important element of the future financial sustainability of the University. A small number of staff are members of the Universities Superannuation Scheme (USS).

### Teacher Pension Scheme

The TPS is a non-funded occupational scheme backed by the Exchequer. It is a national multi-employer scheme providing pensions for the UK education sector and is restricted to our academic and research staff. The ongoing service costs are financed by contributions from the University and its staff. The University accounts for the scheme as if it were a defined contribution scheme.

### Avon Pension Fund

The APF is a Local Government Pension Scheme (LGPS) and is a funded defined benefit scheme, with assets held in separate trustee administered funds.

On a FRS102 basis, at 31 July the University's share of the scheme assets was £213.2m (2015: £193.6m) and liabilities £345.9m (2015: £270.9m) giving a deficit of £132.7m (2015: £77.3m). A summary of the increase in the deficit since July 2015 for Avon Pension Fund shows:

	£m
July 2015 deficit	77.3
Actuarial losses – reduced inflation rate offset by lower discount rate and improvements in mortality assumptions	50.0
Shortfall of actual contributions to current service costs	2.6
Other finance charges	2.8
July 2016 deficit	132.7

At the last actuarial valuation as at 31 March 2013, on a Trustee's funding basis, APF had a deficit of £876m, of which, £46m is attributable to the University. To deal with the funding deficit the University agreed a 20 year deficit recovery plan whereby the University is required to make additional deficit related contributions of £2.1m per annum index-linked. APF is currently finalising the triennial valuation as at 31 March 2016.

### Public benefit statement

The principal objectives of the University, in accordance with Section 124 of the Education Reform Act 1988, are concerned with the provision of higher education and the conduct of research. Supporting this, the University also undertakes other activities including knowledge exchange, consultancy and the provision of accommodation, catering and conference services.

As UWE Bristol is an exempt charity under the terms of the Charities Act 2011, the trustees of the charity are the members of the Board of Governors. HEFCE is the principal regulator of English higher education institutions covered within the act.

In setting and reviewing the University's strategy and activities, the Board of Governors takes into consideration the Charity Commission's guidance on the reporting of public benefit and the

supplementary public benefit guidance on the advancement of education.

The Board of Governors have due regard to any detrimental harm that may arise from the University's activities and particularly to the impact of its campus developments on its immediate locality. We aim to minimise this impact through extensive community discussion and consultation in addition to working closely with South Gloucestershire and Bristol City Councils.

The University does not currently incur private benefit from its activities undertaken in pursuance of its purposes. However, it is alert to the possibility of commercialising proprietary technology or intellectual property that may arise as part of its activities, as a means of increasing investment in pursuance of the primary objectives.

The Board of Governors recognise that students, both undergraduate and postgraduate, are the principal beneficiaries of the provision of higher education whilst the public at large are beneficiaries of the University's Research and Knowledge Exchange and community engagement activities. The annual report and financial statements provide extensive information on the public benefit of the University's activities as described above. However, of particular relevance to public benefit is our commitment to widening

participation, engagement with the community and wider public and our contributions to environmental sustainability and a healthy society.

## Widening participation

The University is increasingly known for how it connects with the regional economy and communities and how it works in partnership with organisations across the globe. In particular, UWE Bristol values the diversity of its student body and is recognised for its commitment to inclusivity, social justice and providing equal opportunities.

The University has a widening participation strategy that applies to the whole student life-cycle so that the needs of a diverse student body can be addressed at all stages of university life. The direction set out within the University's Strategy is further reflected within our Access Agreement where an inclusive student experience will remain paramount to the future direction of the University.

Our overarching goals are to:

- Build on the University's successes to date in widening access to under-represented groups, to UWE Bristol but also to HE in general.
- Set out how we will collaborate with partners across our city region to remove structural barriers to progression into, through and beyond higher education.
- Ensure that the programmes and support we offer is appropriate and enables all of our learners to succeed.
- Support all of our graduates into successful and appropriate graduate outcomes; ensuring that under-represented groups are not less likely to gain a graduate level job or to continue to further study.

In order to deliver in these areas, the University will continue to commit in excess of £10m in additional funds for access and student success measures. This will represent over 23% of additional income above the basic fee and demonstrates the University's continuing firm commitment to the recruitment, achievement and success of students who are identified as widening participation students.

Included within this commitment is £4m in financial support distributed through a bursary scheme that will provide the majority of bursaries to students on the basis of low family residual income as well as providing in-year hardship funding to students on the basis of low personal income. This will be followed by progression bursaries to support them through their subsequent year of study; this bespoke fund will provide flexible support to priority students to secure their retention and support their achievement.

## Community and Public Engagement

UWE Bristol was one of the first universities to sign the Public Engagement Manifesto, developed by the National Co-ordinating Centre for Public Engagement. This is a public commitment to sharing our knowledge, resources and skills with the public, and to listening to and learning from the expertise and insight of the different communities with which we engage.

As the lead for the local Children's University, we work with a wide range of schools, community organisations, businesses and others to develop an inspiring offer of learning destinations available to students. Providing accreditation for out of school learning opportunities in the city, the Children's University is recognised for raising

children's attainment, aspirations and sense of adventure; critical factors in tackling the low numbers of young people progressing to university from some of the wards in the city region.

The University actively encourages and supports staff and students to undertake volunteering initiatives. Supported initiatives include focused attainment raising schemes run by the Department for Education such as Better Reading Partners which delivers sustainable improvements in reading age at primary schools with high levels of deprivation, a cultural ambassador scheme, classroom assistants and free Community Legal Advice and Representative Services.

Through the provision of public events such as the Bristol Distinguished Address and Distinguished Professorial Addresses, the University provides members of the community, staff and students with the opportunity to share in the experiences of business leaders and engage with cutting edge research.

## Sustainability

The University is committed to supporting the global sustainability agenda for a strong, healthy and just society living within environmental limits in everything that it does. Central to this commitment is the ambition to create an environment and culture in which all student and staff members have the opportunity to develop and use the skills and understanding required to contribute to global sustainability and health both at the University and throughout their personal and private lives.

The strategic leadership for sustainability is guided by the University Senior Management Team. The Sustainability Board, chaired by the Assistant Vice-Chancellor for

Environment and Sustainability, is responsible for the delivery of our ambitious Sustainability Plan 2013-2020. We follow a holistic approach to sustainability that covers all aspects of sustainability across all functions of the University. This enables continuous, innovative, genuine and embedded performance improvements which have been successful to date. The approach has enhanced the University's reputation externally, and encouraged faculties, services, students and wider stakeholders to work in partnership.

The University demonstrates its commitment to continuous improvement in environmental sustainability through certification to the ISO14001 Environmental Management System with plans to be ISO50001 Energy Management certified by end of 2017. We are also proud of our actions during Bristol's year as European Green Capital, in particular the quantity and quality of contributions made by hundreds of staff and students and the outcomes of the HEFCE-funded Green Capital Student Capital project.

This year has seen an impressive move towards a low carbon campus by installing the largest single roof-mounted solar photovoltaic array of any UK university, alongside approved plans for a low carbon district heating network at the Frenchay Campus. Further to this, UWE Bristol has signed up to a renewable tariff to supply 100% of UWE Bristol's electricity across all campuses.

Our Education for Sustainable Development (ESD) work enables all UWE Bristol students to have the opportunity to learn about sustainable development concepts within their programme of study. The opportunities we provide for students to acquire and put into practice sustainability skills, knowledge and experience as part of our comprehensive approach to ESD

enabled UWE Bristol to become the first university to achieve full accreditation under the NUS Responsible Futures certification, scoring an impressive total of more than 300 out of a possible 330 points.

Through the full implementation of the Travelsmart programme, car parking demand has been reduced by over 700 vehicles per day, representing a major shift towards sustainable travel. The University now also reinvests over £300k of car parking revenue per year into sustainable travel initiatives. Delivered projects include the expansion of the pool car fleet of electric and hybrid vehicles, state-of-the-art secure cycle parking, installation of additional electric vehicle charging points, introduction of a new travel information hub and expansion of the student bike loan fleet to over 100 bicycles.

Our resource management programme has delivered a recycling and reuse rate of 63%, with less than 5% of our waste now going to landfill. Our furniture reuse scheme has led to an annual saving to UWE Bristol of more than £80,000 in avoided procurement and waste disposal costs. UWE Bristol continues to support the British Heart Foundation through the annual Bristol Big Give campaign whereby unwanted clothing and other items are donated for sale in local charity shops. In addition, the University is renowned for its commitment to promoting health and wellbeing with clear impacts for staff and student health, wellbeing and experience. This year's Feel Good February event attracted 6,600 staff and students to participate in over 200 events and the Healthy University Group facilitated 18 student placements which resulted in student-led projects focused on sustainable food initiatives and better engagement in active travel.

## Equal Opportunities and Diversity

UWE Bristol operates a Single Equality Scheme, containing specific equality objectives, to ensure that we are making measurable progress towards our 2020 ambition of becoming known nationally and internationally as an inclusive university. These objectives are being delivered and amongst the many achievements of the last two years we have:

- Continued to support outreach and access to higher education activity with local schools and colleges.
- Focused on reducing persistent gaps in attainment rates for specific groups of students.
- Ensured that the programmes and support we offer is appropriate and enables all of our learners to succeed.
- Gained the Two Ticks disability charter mark, launched a guaranteed interview scheme for disabled applicants for UWE Bristol jobs, and launched a support service for disabled staff.
- Continued to submit applications for Athena SWAN Bronze awards and will be making our first silver submission in November 2016.
- In addition to being a Stonewall Diversity Champion, won best sponsor award from Bristol Pride.
- Supported 11 voluntary staff networks covering a range of equality protected characteristics, while equality and diversity training is mandatory for all staff.
- Issued a joint policy statement with the Students' Union at UWE Bristol on zero tolerance to sexual and domestic violence abuse and harassment.

- Completed comprehensive equality analysis in support of the development of all our major campus developments to ensure inclusivity of access and experience.
- Refreshed our Single equality scheme with a launch in November 2016.
- Been nominated as Client of the Year in the Constructing Excellence South West Awards.

The University's Equality and Diversity Unit plays a pivotal role in communicating and promoting the culture of the inclusive university, monitoring delivery of the Single Equality Scheme and equality analysis, and leading on key inclusivity objectives.

## Student and Staff Involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. The University's developments are communicated regularly through a number of distinct channels, with opportunities for engagement and discussion.

A number of other initiatives have also been taken to further enhance the employee voice, including the approval by the Academic Board and the Board of Governors of changes to the Academic Board structure to significantly increase both the space for the academic voice and the number of elected positions within the structure.

The University also has a number of mechanisms in place to facilitate communication with students and it makes extensive use of appropriate channels to disseminate information, receive and act upon feedback, not least through partnership with the

Students' Union to train and recognise the contribution made by over 1,000 student representatives on the University's programmes. The Students' Union President is an ex officio member of the Board of Governors of the University and a number of Student Union representatives are members of the Academic Board and other committees. There are regular formal and informal consultations with the Students' Union and a Student/Governor Forum is maintained by the Board of Governors under the leadership of the Students' Union President. Both the Student and Staff Governor Forums meet 3 times a year and provide the Board of Governors with an opportunity to engage with a wide audience of the University's most critical stakeholders.

## Health and Safety

There is much that has been achieved again this year in health and safety. The University's Safe Places, People and Practice Strategy (SPPP) continues to provide a platform to ensure that health and safety becomes inherently embedded in all that UWE Bristol does. Key milestones achieved in 2015/16 have been:

- Construction safety remains a focus, particularly in respect of the resourcing and planning of construction projects. During 2016 a process has been developed to provide evidence that suitable safeguards are in place when initiating new projects and assigning project periods at programme level. This process is being overseen by the MasterPlan Executive during its implementation to ensure it is embedded in all projects.
- Embedding of health and safety in Learning 2020 and People & Performance 2020. The aims of the

SPPP Strategy have been mapped across each of the programmes and appropriately targeted actions have been identified to ensure that the requirements of the SPPP Strategy are included.

- A new three-year audit programme that commenced in January 2016. So far 7 audits across Faculties and Services have been completed and the overall average score is 80%. This highlights the sustained devolvement of health and safety management and importantly has also identified areas for continual improvement for each Faculty and Service.
- Success in the University health and safety risks, Ionising Radiation, Genetically Modified Organisms and Fire Safety Management. There is overall assurance and reasonable management processes in place to ensure compliance with all relevant legislation.

For the most visible indicators of health and safety management:

- There is a decrease in reported accidents of 23%, (160 compared with 207 in 2015).
- For the more serious accidents RIDDOR the numbers have also decreased, from 9 to 7.

For 2016-2017 the core theme continues to be 'intrinsic engagement of all' and a key work priority is a mid-point review of the SPPP Strategy to reaffirm the direction of health and safety towards 2020.

## Modern slavery statement

Section 54 of the Modern Slavery Act requires all organisations which supplies goods or services, and carries on a business or part of a business in the UK, and is above a specified turnover<sup>1</sup>, to produce a slavery and human trafficking statement. This statement must set out the steps the organisation has taken during the financial year to ensure that slavery and human trafficking is not taking place in any of its supply chains and in any part of its own business.

UWE Bristol offers the following statement regarding its efforts to prevent slavery and human trafficking in its supply chains.

## About the University

UWE Bristol (and its subsidiary companies) is a provider of education, research and training in the Higher Education sector, with approximately 34,000 students and 3,500 staff.

The University's turnover is in excess of £250m per annum. Together with an ambitious investment programme, in 2015/2016 we spent some £300m on staff and other expenditure (including construction). This year we have used approximately 3,663 suppliers.

## Supply Chain Categories

We work with a wide range of different suppliers and partners. Some of our suppliers subcontract work or rely on recruitment agencies to supply temporary or permanent staff. By the nature of their businesses, some of our suppliers are potentially at higher risk than others, for example: maintenance, repairs and construction companies. All our suppliers are commodity coded,

enabling us to identify those who are most high risk.

Our supply chains include:

- Estates goods and services.
- Professional services.
- Science, technical, engineering and medical goods and services.
- IT equipment and services (for which Government Procurement Frameworks are used when choosing and appointing suppliers).
- Library services.

## Due Diligence

The University takes a zero tolerance approach to slavery and human trafficking. We recognise however, the risk of both exists in any supply chain and are committed to taking steps to reduce this risk in our own supply chains through the numerous policies and procedures we have in place and the due diligence we undertake.

These include, but are not limited to:

- Appropriate human resources, recruitment and employment policies and procedures which comply with UK law and are designed to ensure that all prospective employees are legally entitled to work in the UK and to safeguard employees from any abuse or coercion once in our employment.
- Corporate and Social Responsibility in our Procurement Policy.
- Due diligence reviews as part of our supplier tender assessment.
- Safeguarding Policy and Procedure to ensure vulnerable people are not placed at risk.

- Ethical Investment Policy, which includes the promotion of human rights.
- Health and Safety Policy, the aim of which is to provide an inherently safe and healthy working and learning environment that engages the entire University community.
- Public Interest Disclosure Policy (Whistleblowing).

The University's requirements and expectations with respect to human rights, employee health and safety and environmental performance are regularly communicated to our suppliers and are referenced in tender documentation and in contracts.

In particular, Tenderers responding to an EU tender are asked to comply with the International Labour Organisation (ILO) which is an internationally recognised code of labour practice, requiring that:

- Employment is freely chosen.
- Freedom of association and the right to collective bargaining are respected.
- Working conditions are safe and hygienic.
- Child labour shall not be used.
- Living wages are paid.
- Working hours are not excessive.
- No discrimination is practised.
- Regular employment is provided.
- No harsh or inhumane treatment is allowed.

<sup>1</sup> As prescribed in regulations made by the Secretary of State, the total turnover threshold has been set at £36m.

## Our plans for the future

As part of this reporting exercise now and in the coming years, UWE Bristol expresses its commitment to better understand its supply chains and to work towards greater transparency and responsibility towards the people working within them.

We have a number of activities over the next 12 months that we intend to undertake and these are:

- Make our staff and suppliers aware of the Modern Slavery Act 2015, including the definitions of slavery and human trafficking and the University's responsibilities.
- Tell staff what to do if they suspect a case of slavery or human trafficking.
- Perform a risk assessment on our suppliers list.
  - Contact those suppliers who provide us with temporary staff to ensure they comply with this Act and assess the evidence thereof.
  - Contact suppliers in potentially higher risk categories to check what assurance arrangements they have in place.
- Revise our procurement terms and conditions of purchase to include reference to modern slavery and human trafficking.
- Look to amend our Public Interest Disclosure (Whistleblowing) Policy to include the Modern Slavery Act.
- Include in our SME supplier training day.
- Contact all Suppliers with a spend over £36m and ask how they are complying with the Act.

# Corporate governance and internal control

## Organisation

The University is organised into four faculties, each led by a Pro Vice-Chancellor and Executive Dean. They are,

- Arts, Creative Industries and Education
- Business and Law
- Environment and Technology
- Health and Applied Sciences

Responsibility for overall day-to-day management of the University is through the Vice-Chancellor, supported by a senior team which includes the Deputy Vice-Chancellors, Pro Vice-Chancellors, Directors and Heads of Professional Services.

The University is committed to best practice in all aspects of corporate governance and has adopted the Committee of University Chairs' Governance Code of Practice with the exception that, the number of meetings held by the full Board of Governors is in line with the expectations of the Articles of Government and not the Code.

The University endeavours to conduct its business in accordance with, and with due regard to, the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' 'Guide for Members of Higher Education Governing Bodies in the UK'.

## Constitution and powers

The University is a statutory corporation, established as a Higher Education Corporation as defined by the Education Reform Act 1988 which also sets out its powers. The activities of the University are conducted in accordance with: the provisions of the Education Act; orders or directions made by the Secretary of State; other enactments or regulations from time to time in force; and its Instrument and Articles of Government ("Articles") and internal rules and bye-laws.

The Articles set out the requirements, and define the responsibilities of, a Board of Governors and Academic Board alongside the responsibilities of the Vice-Chancellor.

## Board of Governors

### Independent Members

- Jenny Body (*from 1 December 2015*)
- Chris Booy (*to 19 July 2016*)
- Gillian Camm (*Chair of Governors, Chair of Nominations and Governance Committee, Chair of Remuneration Committee*)
- Sandra Forbes (*Chair of Strategic Planning and Performance Committee*)
- Rob Fraser
- Dr Martin Hagen (*Chair of Audit and Risk Committee*)
- Richard Holmes
- David Lamb
- Mark Mason
- Jocelyn McNulty
- Sonia Mills (*Deputy Chair of Governors, Chair of Finance, Estates and IT Committee*)
- Simon Moore

### Academic Board Nominees

- Professor Steve Neill
- Professor Alex Gilkison

### Student Nominee

- Jack Polson

### Co-opted Members

- Professor John Craven
- Graham van der Lely

### Ex-Officio

- Professor Steve West

## The Board of Governors

The Board of Governors is responsible for determining the educational character and mission of the University, ensuring the efficient use of resources, and approving the macro budget for the institution.

The Board comprises independent, staff and student members appointed in accordance with the Instrument of Government. The majority of members are non-executive including the Chair and the Deputy Chair. The University's Chief Executive, the Vice-Chancellor, is an ex-officio member of the Board. Appointments to the Board of Governors are considered by the Nominations and Governance Committee which makes recommendations for the Board's approval.

The Board is entitled to establish committees for any purpose or function, other than those which are assigned elsewhere in the Articles to the Vice-Chancellor or to the Academic Board or designated as the sole responsibility of the Board of Governors. The main committees which operated during the 2015/16 year were: the Audit and Risk Committee; Finance, Estates and IT Committee; Strategic Planning and Performance Committee; Nominations and Governance Committee; and Remuneration Committee. All of these committees are formally constituted with written terms of reference, and comprise a majority of lay members one of which is designated the Chair. The decisions of the Committees are formally reported to the Board.

An Emergency Committee may, where a matter is urgent, exercise delegated powers not explicitly reserved by the Articles of Government between meetings of the Board of Governors. The University's Emergency Committee

membership includes the Chair and Deputy Chair of Governors, and the Chairs of each sub-committee.

In accordance with the Articles, the Board has appointed a Clerk to the Governors who provides independent advice on matters of governance to all members of the Board.

## Academic Board

The Academic Board is responsible for the quality and standards of its awards and to provide advice to the Vice-Chancellor on the strategic direction of the University's academic activity. The Academic Board provides the Board of Governors with assurance that the University's academic strategy is fit for purpose and approves new additions and revisions to academic policy. It has oversight of all academic provision through the Academic Regulatory Framework and the Quality Management and Enhancement Framework.

During the year to 31 July 2016 the Academic Board was chaired by the Vice-Chancellor; its membership consisted of 50 per cent executive members and 50 per cent non-executive members elected from the academic and student community.

## Leadership and Management

The Vice-Chancellor is the Chief Executive Officer of the University and is accountable to the Board of Governors for the organisation, direction and management of the University. The Vice-Chancellor is the Accountable Officer under the terms of the Financial Memorandum between the University and HEFCE. The Vice-Chancellor is supported and advised by the Directorate and the Vice-Chancellor's Advisory Board.

The Directorate consists of the Vice-Chancellor, the Deputy Vice-Chancellor and Provost, the Deputy Vice-Chancellor and Chief Operating Officer, the Pro Vice-Chancellor (Student Experience), the Pro Vice-Chancellor (Research and Business Engagement), the Pro Vice-Chancellor (Commercial Director and Corporation Secretary) and the Director of Finance & Planning. This group functions as the Strategic Portfolio Board for the University, approving and overseeing the management and delivery of the University's major projects. The group also oversees the University's approach to change management and strategies for finance and resources, commercial development, management information and global developments.

The Vice-Chancellor's Advisory Board provides the strategic and operational leadership for the University. In 2015/16 the advisory Board included members of the Directorate, Pro Vice-Chancellors and Executive Deans and Heads of Professional Services. The Advisory Board is responsible for advising the Vice-Chancellor on the development, delivery and monitoring of the University's strategy, performance against targets, the identification and management of risk and the effective management of the University's financial, human and physical resources and health and safety. The Advisory Board reports to, or seeks the advice of the Board of Governors and Academic Board on its activities, as appropriate.

## Register of Interests

The University maintains a Register of Interests of members of the Board of Governors and key post holders, which may be requested from the Clerk to the Board of Governors.

## Expenses paid to or on behalf of Trustees

Members of the Board of Governors acting as the Trustees of the University do not receive any remuneration for their service on the Board. Those Trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations. In 2015/16 a total of £3,358 (£4,145 in 2014/15) for expenses was paid to or on behalf of 9 Trustees. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events; subscriptions and costs of publications to inform them in carrying out their role.

## Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, whilst safeguarding the public and other funds and assets for which it has responsibility.

The Board of Governors is committed to the continuous development of a comprehensive process for identifying, evaluating and managing the University's significant risks, both financial and non-financial, in line with HEFCE requirements. The Risk Management Policy is linked to the University's Strategy and explicitly recognises that it is neither possible, nor in many cases desirable, to eliminate risk and can therefore only provide reasonable and not absolute assurance.

The Board of Governors regularly discusses risk and related reports from its committees, in particular the Audit and Risk Committee. These discussions set the tone and influence the culture of risk management and determine the risk appetite of the University, what types of risk are acceptable and set the standards and expectations of staff with regard to conduct and probity in relation to risk management.

The Board of Governors is advised and assisted in its review of internal control by the work of the internal auditors, Audit and Risk Committee and the Vice-Chancellor's Executive. Their agendas ensure regular monitoring of the risk and control processes and that these accord with the internal control guidance for directors as included in the Stock Exchange's 'Combined Code', as deemed applicable to Higher Education.

On behalf of the Board of Governors, the Audit and Risk Committee considers reports, recommendations and reviews on the effectiveness of the University's arrangements for risk management, internal control and governance and it has expressed itself satisfied that they can provide reasonable though not absolute assurance that the systems and controls are effective. The Audit and Risk Committee also considers reports and updates from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements.

The Audit and Risk Committee is required to report to the Board of Governors on internal controls and to alert it to any emerging issues. Amongst other responsibilities the Audit and Risk Committee is responsible for oversight of risk management and ensuring that the Risk Management Policy is applied.

A professional internal audit team undertakes an annual programme of

work approved by the Audit and Risk Committee. The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based and accordingly it is informed by the institutions' risk register. External auditors are appointed and other audit work conducted in accordance with the requirements of HEFCE.

The above policy and related procedures continue to be developed and the Board of Governors are satisfied that the University's internal control and risk management processes meet the requirements set out by HEFCE in their circular 21/2015 "HEFCE's Accounts Direction to higher education institutions for 2015-16 financial statements".

The financial statements include a statement on the University's position with regard to the implementation of the principles set out in Section 1 of the Combined Code on Corporate Governance issued by the London Stock Exchange. The Board of Governors are required to express a view as to whether its processes are adequate in accordance with the direction from HEFCE for identifying, evaluating and managing the University's risks during the year. The appropriate committees of the Board of Governors have considered those processes and are of the view that they are adequate for the needs of the University.

## Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of the University are responsible for the administration and management of the affairs of the University and is required to present audited financial statements for each financial year. The Board has adopted a Statement of Primary Responsibility, as recommended by the Committee of University Chairs, which is published on the University's website.

The Board of Governors is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University and to enable it to ensure that the financial statements are prepared in accordance with the Education Reform Act 1988, the Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. In addition, the terms and conditions of a Financial Memorandum agreed between HEFCE and the Board of Governors require the University, through its Accountable Officer the Vice-Chancellor, to present financial statements for the financial year which give a true and fair account of the state of affairs of the University and the results and cash flows for that year.

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

- Suitable accounting policies, selected and consistently applied.
- Judgements and estimates are reasonable and prudent.

- Applicable accounting standards have been applied, subject to disclosure and explanation in the financial statements of any material departures therefrom.

The Board of Governors has taken reasonable steps to:

- Fulfil its responsibilities under the Articles and to ensure that funds from HEFCE, the National College for Teaching and Learning (NCTL) and other publicly funded bodies, including research councils, are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by HEFCE and any other conditions which it may from time to time prescribe.
- Ensure that appropriate financial and management controls are in place to safeguard public and other funds.
- 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.

The key elements of the University's system of internal financial control include:

- Board of Governors' approval of annual estimates of income and expenditure and monitoring of the financial performance of the University.
- An internal financial memorandum, which defines the responsibilities and delegated authority of management post holders.

- A comprehensive planning process, which integrates the preparation of annual income, expenditure and capital budgets.
- Regular reviews of the performance of each of the University's Planning and Budgetary Units, including monthly reviews of financial results involving variance reporting and the updating of forecasts.
- Clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subjected to detailed appraisal and review.
- Comprehensive financial regulations approved by the Board of Governors which detail financial controls, procedures and guidelines.

# Independent Auditors' Report to the Board of Governors of the University of the West of England

We have audited the group and parent institution financial statements (the "financial statements") of the University of the West of England for the year ended 31 July 2016 which comprise the consolidated statement of comprehensive income and expenditure account, the consolidated balance sheet, the University's balance sheet, the consolidated cash flow, the consolidated statement of changes in reserves 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) including the Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102).

## Respective responsibilities of the Board of Governors and Auditors

As explained more fully in the Statement of Corporate Governance, the Board of Governors are responsible for the preparation of financial statements and for being satisfied that they 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 of Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board of Governors as a body in accordance with paragraph 14(2) of the University's articles and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving these opinions, accept or assume any responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may

come save where expressly agreed by our prior consent in writing.

## 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 parent institution's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Governors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and institution's affairs as at 31 July 2016, 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, including the Financial Reporting Standard Applicable in

the UK and Republic of Ireland (FRS 102); 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 institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- Income has been applied in accordance with the institution's articles of government;
- Funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them; and
- The requirements of HEFCE's accounts direction have been met.

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 Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

Mazars LLP  
Chartered Accountants  
and Statutory Auditors  
Bristol

# Statement of Accounting Policies

## 1. Basis of preparation

These financial statements have been prepared in accordance with the Financial Reporting Standards (FRS102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS102. The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of fixed assets.

## 2. Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. The results of subsidiaries are included in the Consolidated Statement of Comprehensive Income and Expenditure (CSCI). Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the University of the West of England Students' Union, which is an autonomous body not under the control of the University or the Wallscourt Foundation which has charitable objectives primarily concerned with assisting the provision of higher education at UWE Bristol but is legally independent of the University and not under its control.

## 3. Income recognition

### Fee income and Health Education contracts

Fee income including Health Education contracts is stated gross of any expenditure and credited to the CSCI over the period in which students are studying. Where the amount of the tuition fee is reduced by a discount income receivable is

shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

### Grant funding

Grant funding including funding council block grant, research grants from government sources, grants (including research grants) from non-government sources are recognised as income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet (BS) and released to income as the conditions are met.

### Donations

Donations are recognised in income when the University is entitled to the funds.

### Capital grants

Capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

### Sale of goods and services

Income from the sale of goods or services is credited to the CSCI when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

### Investment income

Investment income is credited to the CSCI on an accruals basis.

### Income received for disbursement

Funds the University receives and disburses as paying agents on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys

minimal economic benefit related to the transaction.

## 4. Accounting for retirement benefits

Retirement benefits for employees of the University are provided by defined benefit schemes; the Teachers' Superannuation Scheme (TPS, an unfunded Government scheme), the Avon Pension Fund (Avon PF, a Local Government Pension Scheme administered by Bath and North East Somerset Council) and the Universities Superannuation Scheme (USS, a higher education sector wide mutual scheme). All these schemes are funded by contributions from the University and its employees. The financial positions of all these funds are disclosed in their respective audited financial statements.

TPS is accounted for as if it were a defined contribution scheme. As a result, the annual amount charged to the CSCI represents the contributions payable to the scheme in respect of the accounting period.

For Avon PF, where the University's share of the underlying assets and liabilities are identified, it is accounted for in accordance with FRS102. The University's share of the deficit is recognised as a liability in the BS. The current service cost, being the actuarially determined present value of the pension benefit earned by the employees in the current period and the past service cost, are included in staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return in the CSCI. The rate of employer's contribution on any relevant superannuation scheme is reviewed periodically on the basis of actuarial valuations.

The USS is a multi-employer scheme for which it is not possible to identify the University's share of assets and liabilities due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme. A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

#### 5. Employment benefits

Short-term employment benefits such as salaries and compensated absences are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

#### 6. Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### 7. Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

#### 8. Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Any resulting translation differences are dealt with in the determination of income and expenditure for the financial year.

#### 9. Fixed assets

Fixed assets are stated at cost less accumulated depreciation. Fixed assets that had been revalued to fair value on or prior to the date of transition to the 2015 FE HE SORP, are measured on the basis of deemed cost, being the revalued amount at the date of that revaluation.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

#### Land and buildings

Land and buildings are measured at cost. The University carried out a revaluation of its estate at 1 August 2014 and this fair value has been used as deemed cost. Depreciation and impairment losses are subsequently charged on the revalued amount.

Costs incurred in relation to land and buildings after initial purchase or construction, and prior to valuation, are capitalised to the extent that they increase the expected future benefits to the University. Freehold land is

not depreciated as it is considered to have an indefinite useful life. Buildings are depreciated on a straight line basis.

The economic life bands for building structure and depreciation rates applied are as follows:

Age Bands	Depreciation Rate
≤ 20 years	5%
21-35 years	3%
36-50 years	2%
Not less than 50 years	2%

The economic life for the mechanical and electrical components and depreciation rates applied are as follows:

Age	Depreciation Rate
5 years	20%
10 years	10%
15 years	7%
20 years	5%

No depreciation is charged on assets in the course of construction.

Income from the sale of property is recognised on completion of the contract.

#### Equipment

Expenditure on items or groups of items of equipment, furniture and software costing more than £25,000 are capitalised, and then depreciated on a straight line basis over a 3-year period. Equipment purchased under finance lease is depreciated over the term of the lease.

Items or groups of items costing less than £25,000 are written off in the year of acquisition. Depreciation is not charged in the year of acquisition of capitalised equipment. Expenditure funded by research grants and contracts and similar external sources of funds are not capitalised.

### Investment properties

Investment property is land and buildings held for rental income or capital appreciation rather than for use in delivering services.

Investment properties are measured initially at cost and subsequently at fair value with movements recognised in CSCI or Revaluation Reserve. Properties are not depreciated but are revalued or reviewed annually according to the market conditions as at 31 July each year.

### 10. Stock

Stock is held at the lower of cost and net realisable value, and is measured using an average cost formula.

### 11. Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value.

### 12. Provisions, contingent liabilities and contingent assets

Provisions are recognised in the financial statements when:

- a. the University has a present obligation (legal or constructive) as a result of a past event;
- b. it is probable that an outflow of economic benefits will be required to settle the obligation; and
- c. a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises from a past event that gives the University a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

A contingent asset arises where an event has taken place that gives the University a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the University.

Contingent assets and liabilities are not recognised in the BS but are disclosed in the notes.

### 13. Reserves

Reserves are classified as restricted or unrestricted. Restricted reserves include balances where the donor has designated a specific purpose

and therefore the University is restricted in the use of these funds.

### 14. Taxation

The University is an exempt charity within the meaning of Schedule 2 of the Charities Act 1993 and as such is a charity within the meaning of section 506 (1) of the Income and Corporation Taxes Act (ICTA) 1988. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 505 of the ICTA 1988 or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes. No provision for corporation tax or income tax (deferred or otherwise) is therefore considered necessary. The University receives no similar exemption in respect of Value Added Tax ("VAT"). As a result, the major part of VAT paid by the University is irrecoverable, since the provision of education is an 'exempt' activity for VAT purposes. The subsidiaries of the University are potentially liable to both corporation tax and VAT.

### 15. Transition to 2015 SORP

The University has prepared its financial statements in accordance with FRS102 for the first time and consequently has applied first time adoption requirements. An explanation of how the transition to FRS102 SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in Note 20.

# Consolidated Statement of Comprehensive Income and Expenditure for the year ended 31 July 2016

	Note	Year ended 31 July 2016		Year ended 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Income</b>					
Tuition fees and education contracts	1	179.6	179.6	171.1	171.1
Funding body grants	2	26.3	26.3	22.2	22.2
Research grants and contracts	3	12.0	12.0	11.4	11.4
Other income	4	39.6	39.6	37.7	37.8
Investment income	5	0.8	0.8	1.0	0.9
<b>Total income</b>		<b>258.3</b>	<b>258.3</b>	243.4	243.4
<b>Expenditure</b>					
Staff costs	6	(142.4)	(142.4)	(135.9)	(135.9)
Other operating expenses		(79.6)	(79.9)	(80.8)	(80.9)
Depreciation	9	(12.4)	(12.1)	(12.5)	(12.3)
Interest and other finance costs	7	(3.6)	(3.6)	(3.0)	(3.0)
<b>Total expenditure</b>	8	<b>(238.0)</b>	<b>(238.0)</b>	(232.2)	(232.1)
<b>Surplus before other (losses)/gains</b>		20.3	20.3	11.2	11.3
Gain on disposal of fixed assets		-	-	9.6	9.6
<b>Surplus for the year</b>		<b>20.3</b>	<b>20.3</b>	20.8	20.9
Actuarial loss in respect of pension schemes	19	(50.0)	(50.0)	(12.3)	(12.3)
<b>Total comprehensive (expenditure)/income for the year</b>		<b>(29.7)</b>	<b>(29.7)</b>	8.5	8.6
Represented by:					
Endowment comprehensive (expenditure)/income for the year		(0.4)	(0.4)	2.5	2.5
Unrestricted comprehensive (expenditure)/income for the year		(29.3)	(29.3)	6.0	6.1
		<b>(29.7)</b>	<b>(29.7)</b>	8.5	8.6
<b>(Deficit)/surplus for the year attributable to the University</b>		(29.7)	(29.7)	8.5	8.6
<b>Total comprehensive (expenditure)/income for the year attributable to the University</b>		(29.7)	(29.7)	8.5	8.6

All items of income and expenditure relate to continuing activities.

# Consolidated and University Balance Sheet for the year ended 31 July 2016

	Note	As at 31 July 2016		As at 31 July 2015	
		Consolidated £m	University £m	Consolidated £m	University £m
<b>Non-current assets</b>					
Fixed assets	9	582.5	573.2	530.5	521.1
Investments	10	-	12.7	-	12.8
		<b>582.5</b>	<b>585.9</b>	530.5	533.9
<b>Current assets</b>					
Stock		0.2	0.2	0.2	0.2
Trade and other receivables	11	21.2	21.3	22.2	22.7
Investments	12	63.0	60.9	61.0	58.8
Cash and cash equivalents		23.1	21.6	52.1	50.9
		107.5	104.0	135.5	132.6
Creditors:					
Amounts falling due within one year	13	(72.3)	(72.2)	(70.6)	(70.6)
<b>Net current assets</b>		35.2	31.8	64.9	62.0
<b>Total assets less current liabilities</b>		617.7	617.7	595.4	595.9
Creditors:					
Amounts falling due after more than one year	14	(64.1)	(64.1)	(68.2)	(68.2)
<b>Provision for liabilities and charges</b>					
Other provisions	15	(1.2)	(1.2)	(0.6)	(0.6)
Pension liability	19	(132.7)	(132.7)	(77.3)	(77.3)
<b>Total net assets</b>		<b>419.7</b>	<b>419.7</b>	449.3	449.8
<b>Restricted reserves</b>					
Endowment and prize fund		3.9	3.9	4.3	4.3
<b>Unrestricted reserves</b>					
Income and expenditure reserve		116.5	116.5	142.1	142.6
Revaluation reserve		299.3	299.3	302.9	302.9
		415.8	415.8	445.0	445.5
<b>Total reserves</b>		<b>419.7</b>	<b>419.7</b>	449.3	449.8

The financial statements were approved by the Governing Body on 16 November 2016 and were signed on its behalf on that date by:



**Professor Steve West**  
Vice-Chancellor



**Gillian Camm**  
Chair of Board of Governors

# Consolidated and University Statement of Changes in Reserves for the year ended 31 July 2016

	Restricted reserves		Unrestricted reserves		Total £m
	Endowment and prize fund £m	Income and expenditure £m	Revaluation reserve £m		
<b>Consolidated</b>					
<b>Balance at 1 August 2014</b>	<b>1.8</b>	<b>132.0</b>	<b>306.7</b>		<b>440.5</b>
Surplus for the year	-	20.8	-		20.8
Other comprehensive expenditure	-	(11.8)	(0.2)		(12.0)
Transfers between endowment and prize fund and income and expenditure reserves	2.5	(2.5)	-		-
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)		-
	2.5	10.1	(3.8)		8.8
<b>Balance at 1 August 2015</b>	<b>4.3</b>	<b>142.1</b>	<b>302.9</b>		<b>449.3</b>
Surplus for the year	-	20.3	-		20.3
Other comprehensive expenditure	0.6	(49.5)	-		(48.9)
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)		-
Release of capital fund in year	(1.0)	-	-		(1.0)
<b>Total comprehensive income for the year</b>	<b>(0.4)</b>	<b>(25.6)</b>	<b>(3.6)</b>		<b>(29.6)</b>
<b>Balance at 31 July 2016</b>	<b>3.9</b>	<b>116.5</b>	<b>299.3</b>		<b>419.7</b>
<b>University</b>					
<b>Balance at 1 August 2014</b>	<b>1.8</b>	<b>132.4</b>	<b>306.7</b>		<b>440.9</b>
Surplus for the year	-	20.9	-		20.9
Other comprehensive expenditure	-	(11.8)	(0.2)		(12.0)
Transfers between endowment and prize fund and income and expenditure reserves	2.5	(2.5)	-		-
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)		-
	2.5	10.2	(3.8)		8.9
<b>Balance at 1 August 2015</b>	<b>4.3</b>	<b>142.6</b>	<b>302.9</b>		<b>449.8</b>
Surplus for the year	-	20.3	-		20.3
Other comprehensive income/(expenditure)	0.6	(50.0)	-		(49.4)
Transfers between revaluation and income and expenditure reserves	-	3.6	(3.6)		-
Release of capital fund in year	(1.0)	-	-		(1.0)
<b>Total comprehensive income for the year</b>	<b>(0.4)</b>	<b>(26.1)</b>	<b>(3.6)</b>		<b>(30.1)</b>
<b>Balance at 31 July 2016</b>	<b>3.9</b>	<b>116.5</b>	<b>299.3</b>		<b>419.7</b>

# Consolidated and University Cash Flow for the year ended 31 July 2016

	Note	Year ended 31 July 2016 £m	Year ended 31 July 2015 £m
<b>Cash flow from operating activities</b>			
Surplus for the year		20.3	20.8
<b>Adjustment for non-cash items</b>			
Depreciation	9	12.4	12.5
Decrease/(increase) in debtors	11	1.0	(4.2)
Increase in creditors	13	1.6	9.6
Increase in pension provision		6.0	4.1
<b>Adjustment for investing or financing activities</b>			
Investment income	5	(0.8)	(1.0)
Interest payable	7	0.8	0.5
Profit on the sale of fixed assets		-	(9.6)
Endowment income		(0.6)	-
Capital grant income	2	(9.5)	(3.0)
<b>Net cash inflow from operating activities</b>		<b>31.2</b>	29.7
<b>Cash flows from investing activities</b>			
Proceeds from sales of fixed assets		2.2	4.5
Capital grant receipts	2	9.5	3.0
(Placement)/withdrawal of deposits	12	(2.0)	18.9
Payments made to acquire fixed assets	9	(64.3)	(29.3)
Investment income	5	0.8	1.0
		<b>(53.8)</b>	(1.9)
<b>Cash flows from financing activities</b>			
Repayments of amounts borrowed	14	(4.1)	(3.9)
Release of endowment capital fund		(1.0)	-
Interest paid	7	(0.8)	(0.5)
Repayments of finance lease	14	(0.5)	(0.5)
		<b>(6.4)</b>	(4.9)
<b>(Decrease)/increase in cash and cash equivalents in the year</b>		<b>(29.0)</b>	22.9
<b>Cash and cash equivalents at beginning of the year</b>		52.1	29.2
<b>Cash and cash equivalents at end of the year</b>		<b>23.1</b>	52.1
		<b>29.0</b>	(22.9)

# Notes to the Financial Statements

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>1 Tuition fees and education contracts</b>				
Full-time home and EU students	119.8	119.8	114.1	114.1
Full-time international students	21.8	21.8	21.3	21.3
Part-time students	8.5	8.5	6.5	6.5
Health education contracts	24.4	24.4	23.6	23.6
Short courses	5.1	5.1	5.6	5.6
	<b>179.6</b>	<b>179.6</b>	171.1	171.1
<b>2 Funding body grants</b>				
Higher Education Funding Council	16.3	16.3	17.0	17.0
National College for Teaching and Leadership	0.5	0.5	0.3	0.3
Capital grant – HEFCE	1.7	1.7	2.3	2.3
Capital grant – Local Enterprise Partnership	4.5	4.5	-	-
Capital grant – Business Innovation and Skills	3.3	3.3	0.7	0.7
Other specific grants	-	-	1.9	1.9
	<b>26.3</b>	<b>26.3</b>	22.2	22.2
<b>3 Research Grants and Contracts</b>				
Research councils	3.4	3.4	3.1	3.1
Research charities	1.4	1.4	1.5	1.5
EU Commission	2.4	2.4	2.1	2.1
Other research grants and contracts	4.8	4.8	4.7	4.7
	<b>12.0</b>	<b>12.0</b>	11.4	11.4
<b>4 Other Operating Income</b>				
Residences, catering and conferences	19.7	19.7	18.8	18.8
Other services rendered	5.1	5.1	6.9	7.0
Other income	14.8	14.8	12.0	12.0
	<b>39.6</b>	<b>39.6</b>	37.7	37.8
<b>5 Investment income</b>				
Interest receivable	<b>0.8</b>	<b>0.8</b>	1.0	0.9
<b>6 Staff costs</b>				
Salaries	115.9	115.9	113.0	113.0
Social security costs	9.3	9.3	8.3	8.3
Other pension costs	17.2	17.2	14.6	14.6
	<b>142.4</b>	<b>142.4</b>	135.9	135.9

# Notes to the Financial Statements (continued)

	2015/16	2014/15
<b>6 Staff costs (continued)</b>		
<b>Emoluments of the Vice-Chancellor</b>	<b>£</b>	<b>£</b>
Salary	251,356	248,867
Performance related pay	25,135	18,852
Subtotal	276,491	267,719
Benefits	634	611
Pension costs	38,144	34,932
	<b>315,269</b>	<b>303,262</b>

The performance related pay was awarded by measurements against a set of targets set by the University's Board of Governors. Employers' contribution for TPS has increased from 14.1% to 16.4% wef September 2015.

	2015/16	2014/15
<b>Remuneration of other higher paid staff</b>	<b>Numbers</b>	<b>Numbers</b>
£100,000 to £109,999	2	5
£110,000 to £119,999	5	4
£120,000 to £129,999	2	2
£130,000 to £139,999	-	1
£140,000 to £149,999	2	1
£150,000 to £159,999	1	-
<b>Average staff numbers (FTE) by major category:</b>	<b>Numbers</b>	<b>Numbers</b>
Academic	1,402	1,325
Learning and support services	238	240
Other support services	341	332
Administration and central services	695	663
Premises	160	153
	<b>2,836</b>	<b>2,713</b>

## Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the University. Remuneration paid to key management personnel and included in staff costs are:

	Year ended 2015/16	Year ended 2014/15
	£	£
Remuneration paid to key management personnel	<b>1,466,435</b>	1,258,297

In 2015, due to resignations and retirements, a number of key management personnel posts were vacant.

# Notes to the Financial Statements (continued)

## 6 Staff costs (continued)

### Related party transactions

Due to the nature of the University's operations and the composition of the Board of Governors (being primarily drawn from local public and private sector organisations), it is inevitable that transactions will take place with organisations in which a member of the Board of Governors may have an interest. All transactions involving organisations in which a member of the Board of Governors may have an interest are conducted at arm's length and in accordance with the University's financial regulations and normal procurement procedures.

These financial statements reflect the following transactions with related parties, which were undertaken on an arms' length basis and under normal commercial terms.

Name of organisation	Nature of interest	Detail	(Income)/ expenditure £000	(Debtor)/ creditor £000
<b>Capita Property and Infrastructure Limited</b>	UWE Bristol Governor acts as non-executive chairman.	Project management and travel arrangements.	698	95
<b>UWE Students Union</b>	President of the Students' Union is a Governor of UWE Bristol board.	Hire of University facilities and catering by the Student Union, the University provides block grant and sports hall grant.	1,398	(86)
<b>Wessex Water</b>	Chair of UWE Bristol Board of Governors' acts as non executive director.	Water and sewerage charges.	627	1
<b>Wallscourt Foundation (including Bristol Polytechnic Enterprises (Developments) Limited)</b>	Vice-Chancellor acts a director and trustee.	Rent and other property related transactions.  Donations	128  (638)	-  -

### Expenses paid to trustees

Members of the Board of Governors, the trustees of the University do not receive any remuneration for their service on the Board. Those trustees who are also employees of the University receive no supplementary payment for trusteeship.

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as trustees in accordance with the University's financial regulations. In 2015/16, a total of £3,358 (2014/15: £4,145) for expenses were paid to or on behalf of 9 trustees. This covered: travel expenses to meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events and subscriptions and costs of publications to inform them in carrying out their role.

# Notes to the Financial Statements (continued)

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>7 Interest and other finance costs</b>				
Loan interest	0.8	0.8	0.5	0.5
Net charge on pension scheme	2.8	2.8	2.5	2.5
	<b>3.6</b>	<b>3.6</b>	3.0	3.0

<b>8 Analysis of total expenditure by activity</b>				
Academic and related expenditure	133.5	133.5	117.2	117.2
Administration and central services	39.9	39.9	47.6	47.5
Premises	32.3	32.3	34.8	34.8
Residences, catering and conferences	15.0	15.0	13.6	13.6
Research grants and contracts	8.0	8.0	8.1	8.1
Other expenses	9.3	9.3	10.9	10.9
	<b>238.0</b>	<b>238.0</b>	232.2	232.1

Other operating expenses include:	Year ended	Year ended
	31 July 2016 £000	31 July 2015 £000
<b>Group and University</b>		
External auditors-audit services	55	39
External auditors-non-audit services	-	1
Internal auditors	91	90
Operating lease rentals	1,679	1,894
	<b>1,825</b>	2,024

# Notes to the Financial Statements (continued)

## 9 Fixed assets

	Freehold land and buildings £m	Investment property £m	Equipment £m	Assets in the course of construction £m	Total £m
<b>Consolidated</b>					
<b>Cost or valuation</b>					
At 1 August 2015	525.0	7.3	19.2	7.9	559.4
Additions	2.6	-	0.9	60.8	64.3
Transfers	7.3	(7.3)	-	-	-
Disposals	-	-	(1.7)	-	(1.7)
<b>At 31 July 2016</b>	<b>534.9</b>	<b>-</b>	<b>18.4</b>	<b>68.7</b>	<b>622.0</b>
<b>Depreciation</b>					
At 1 August 2015	12.0	-	16.8	-	28.8
Charge for the year	10.6	-	1.8	-	12.4
Disposals	-	-	(1.7)	-	(1.7)
<b>At 31 July 2016</b>	<b>22.6</b>	<b>-</b>	<b>16.9</b>	<b>-</b>	<b>39.5</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>512.3</b>	<b>-</b>	<b>1.5</b>	<b>68.7</b>	<b>582.5</b>
<b>At 31 July 2015</b>	<b>513.0</b>	<b>7.3</b>	<b>2.3</b>	<b>7.9</b>	<b>530.5</b>
<b>University</b>					
<b>Cost or valuation</b>					
At 1 August 2015	513.8	7.3	17.9	7.9	546.9
Additions	2.6	-	0.8	60.8	64.2
Transfers	7.3	(7.3)	-	-	-
Disposals	-	-	(1.7)	-	(1.7)
<b>At 31 July 2016</b>	<b>523.7</b>	<b>-</b>	<b>17.0</b>	<b>68.7</b>	<b>609.4</b>
<b>Depreciation</b>					
At 1 August 2015	10.2	-	15.6	-	25.8
Charge for the year	10.3	-	1.8	-	12.1
Disposals	-	-	(1.7)	-	(1.7)
<b>At 31 July 2016</b>	<b>20.5</b>	<b>-</b>	<b>15.7</b>	<b>-</b>	<b>36.2</b>
<b>Net book value</b>					
<b>At 31 July 2016</b>	<b>503.2</b>	<b>-</b>	<b>1.3</b>	<b>68.7</b>	<b>573.2</b>
<b>At 31 July 2015</b>	<b>503.6</b>	<b>7.3</b>	<b>2.3</b>	<b>7.9</b>	<b>521.1</b>

Northavon House previously classified as Investment property, was transferred for University use during the year.

The University undertook a revaluation of its estate at transition under the provision of FRS102. The University's land and buildings were revalued at 31 July 2014 by a professional firm of Chartered Surveyors on the basis of fair value (market value on existing use) or depreciated replacement cost basis (for specialised properties).

Freehold land and buildings includes land at valuation of £20.8m, which is not depreciated.

# Notes to the Financial Statements (continued)

## 9 Fixed assets (continued)

Freehold land and buildings at 31 July 2016 consisted of:

	Year ended 31 July 2016	
	Consolidated £m	University £m
At valuation 1 August 2014	500.4	500.4
At cost	34.5	23.3
<b>Total freehold land and buildings</b>	<b>534.9</b>	<b>523.7</b>

Consolidated fixtures, fittings and equipment include assets held under finance leases as follows:

Cost	4.2	4.2
Accumulated depreciation	(3.7)	(2.8)
Charge for year	(0.4)	(0.9)
<b>Net book value</b>	<b>0.1</b>	<b>0.5</b>

## 10 Non-current investments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Bristol Polytechnic Enterprises Limited	-	12.6	-	12.6
Argillasys Limited	-	-	-	0.1
Bristol UWE Sport Limited	-	0.1	-	0.1
	-	<b>12.7</b>	-	12.8

### Subsidiary undertakings

The subsidiary companies (all of which are registered in England & Wales), wholly-owned or effectively controlled by the University are as follows:

Company	Principal Activity	Status
Bristol Polytechnic Enterprises Limited	Property Management	100% owned
Argillasys Limited	Non Trading	67% owned
Currency Supply Chain Solutions Limited	Consultancy	100% owned
Bristol UWE Sport Limited	Non Trading	100% owned
Bristol UWE Health Training Limited	Dormant	100% owned

During the year Argillasys Limited ceased its activities and is now dormant.

## 11 Trade and other receivables

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
Amounts falling due within one year				
Debtors	17.9	17.9	15.9	15.9
Prepayments and accrued income	1.1	1.2	1.8	1.9
Amounts due from subsidiaries	-	-	-	0.4
	<b>19.0</b>	<b>19.1</b>	17.7	18.2
Amounts falling due after one year				
Debtors	2.2	2.2	4.5	4.5
	<b>21.2</b>	<b>21.3</b>	22.2	22.7

Debtors due after one year represents receipts due on sale of St Matthias campus in 2015, which was on a phased payment basis.

# Notes to the Financial Statements (continued)

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>12 Current asset investments</b>				
Short term deposits	63.0	60.9	61.0	58.8

## 13 Creditors: amounts falling due within one year

Bank loan	4.0	4.0	4.1	4.1
Social security and other taxation payable	5.0	5.0	4.7	4.7
Obligations under finance leases	0.1	0.1	0.5	0.5
Research grants received in advance	11.3	11.3	15.2	15.2
Other receipts in advance	5.9	5.9	5.3	5.3
Accruals and deferred income	46.0	45.9	40.8	40.8
	<b>72.3</b>	<b>72.2</b>	70.6	70.6

## 14 Creditors: amounts falling due after more than one year

Secured loans	63.7	63.7	67.5	67.5
Revolving Green Fund	0.4	0.4	0.6	0.6
Obligations under finance lease	-	-	0.1	0.1
	<b>64.1</b>	<b>64.1</b>	68.2	68.2

### Analysis of secured loans:

Due between one and two years	8.0	8.0	8.1	8.1
Due between two and five years	11.4	11.4	11.6	11.6
Due in five years or more	44.7	44.7	48.5	48.5
<b>Total secured loans</b>	<b>64.1</b>	<b>64.1</b>	68.2	68.2

In 2009, the University contracted to borrow £95m on a repayment basis. The loan matures in March 2034 and was linked to the Base Rate. In October 2015, Lloyds transferred the loan to its wholly owned subsidiary, Scottish Widows plc, who subsequently transferred the loan to Clerical Medical Investment Group Limited (CMIG) in December 2015. CMIG is a wholly owned subsidiary of Scottish Widows. In March 2016, the University exercised its option on the loan to fix its interest rate to an all-in rate of 1.807%.

In July 2015 the University entered into a loan Agreement with the European Investment Bank (EIB) for £60m on a repayment basis over 20 years. No drawdowns were made at 31 July 2016. The University has since drawn down the full £60m facility on 27 September 2016.

## 15 Other provisions

	Obligation to fund deficit on USS Pension £m	Inhouse pension £m	Total pension provisions £m
<b>Consolidated and University</b>			
<b>At 1 August 2015</b>	0.5	0.1	0.6
Utilised in year	-	(0.1)	(0.1)
Additions in 2015/16	0.7	-	0.7
<b>At 31 July 2016</b>	<b>1.2</b>	<b>-</b>	<b>1.2</b>

# Notes to the Financial Statements (continued)

## 15 Other provisions (continued)

The assumptions for calculating the USS Provision under FRS102 are as follows:

	<b>Year ended 31 July 2016</b>	Year ended 31 July 2015
<b>University and Consolidated</b>		
Discount rate	1.71%	3.80%
Inflation	2.00%	2.00%

The obligation to fund the past deficit on the University's Superannuation Scheme (USS) arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. The University have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

## 16 Capital and other commitments

Provision has not been made for the following capital commitments at 31 July 2016:

	<b>31 July 2016</b>		31 July 2015	
	<b>Consolidated £m</b>	<b>University £m</b>	Consolidated £m	University £m
Commitments contracted by the University	<b>39.6</b>	<b>39.6</b>	46.4	46.4

## 17 Contingent liabilities

The University is a member of Universities Mutual Association Ltd (UMAL). UMAL is a discretionary Mutual Association owned by Higher Education and Further Education Institutions. It was formed to provide an alternative to traditional insurance in respect of the layer of claims which historically occur frequently. By self-managing the pool created by retaining funds in respect of such claims, the Members have gained control of costs and pricing, the cover provided, underwriting and claims data. Traditional insurance is purchased in the general insurance market by the Association for catastrophe claims. The Mutual offers all classes of material damage, business interruption and liability covers, together with accident and travel cover. UMAL are based in Bishopsgate, London. The location is close to the City and the world's leading insurance market.

The University is a member of the sector owned mutual UM Association (Special Risks) Ltd (UMSR) which historically provided discretionary indemnities for terrorism risks. It remains a legal entity with a Board dealing with non-cover issues, and to hold, manage and release UMSR reserves in the event of claims for this specific class of cover which has been transferred to UMAL.

## 18 Lease obligations

	<b>31 July 2016</b>	31 July 2015
<b>Future minimum lease payments due:</b>	<b>£m</b>	£m
Not later than 1 year	0.9	1.3
Later than 1 year and not later than 5 years	2.3	2.1
Later than 5 years	2.3	1.4
<b>Total lease payments due</b>	<b>5.5</b>	4.8

## 19 Pension schemes

Retirement benefits for employees of the University are provided by defined benefit schemes which are funded by contributions from both the University and employees. Payments are made to the Teachers' Pension Scheme (TPS) for academic staff, the Avon Pension Fund (administered by Bath and North East Somerset Council) for non-academic staff and the Universities Superannuation scheme (USS). All three schemes are independently administered.

**The pension cost for the University was as follows:**

	<b>2015/16</b>	2014/15
	<b>£m</b>	£m
Teachers' Pension Scheme	8.3	6.9
Avon Pension Fund	10.9	9.0
USS	0.6	0.5
	<b>19.8</b>	16.4

# Notes to the Financial Statements (continued)

## 19 Pension schemes (continued)

### Teachers' Pension Scheme (TPS)

TPS is a government unfunded scheme and therefore no valuation of the fund's assets are published nor attributed to individual institutions. Contributions paid by the University to TPS are assessed and specified at least once every 5 years by the Government Actuary. During the year, the University's contribution rate was increased from 14.1% to 16.4% in September 2015. Contribution rates for members ranged from 6.4% to 11.29% depending on the employee's full time equivalent pay.

### Avon Pension Fund (APF)

APF is a Local Government Pension Scheme. It is a funded defined benefit scheme, with the assets held in separate trustee funds by the administering authority, Bath and North East Somerset Council.

The total cash contribution made for the year ended 31 July 2016 was £11.5m of which employers' contribution totalled £8.3m and employees' contribution totalled £3.2m. Included in the employers contribution, is the deficit recovery payment made by the University of £2.1m (2015: £1.9m).

APF is valued every 3 years by a professionally qualified actuary using the projected unit method, the rates of contribution payable being determined by the members of APF Committee on the advice of the actuaries. The latest actuarial assessment was at 31 March 2013. At valuation date the value of assets was £3,147m and the value of the fund's technical provision was £4,023m resulting in a deficit of £876m. The assets therefore were sufficient to cover 78% of the benefits which had accrued to members after allowing for expected future earnings. Following the valuation, the University agreed with the actuary, a deficit recovery plan aiming to remove the shortfall attributable to members by 2033, by means of deferred recovery payments, from £1.8m in 2014/15 rising to £2.3m in 2017/18.

As a result of the 31 March 2013 valuation, The University's contribution rates to future service have been agreed as follows:

From 1 April 2014	12.00%
From 1 April 2015	13.00%
From 1 April 2016	13.50%

The rates of contribution for staff are banded from 5.5% to 7.5% depending on an individual's full time pay.

APF has been accounted for within these financial statements in accordance with the provisions of FRS102. The financial assumptions used to calculate the scheme liabilities are as follows:

	At 31 July 2016 %pa	At 31 July 2015 %pa
Price inflation (CPI)	1.7	2.2
Rate of increase in salaries	3.2	3.7
Rate of increase of pensions	1.8	2.2
Discount rate	2.5	3.8

The most significant non-financial assumption is the assumed level of longevity. The table below shows the life expectancy assumptions used in the accounting assessments based on the life expectancy of male and female members at age 65.

	31 July 2016 Years	31 July 2015 Years
Retiring today at age 65: male (female)	23.5 (26.0)	23.4 (25.9)
Retiring in 20 years at age 65: male (female)	25.9 (28.9)	25.8 (28.8)

# Notes to the Financial Statements (continued)

## 19 Pension schemes (continued)

### Scheme assets and expected rate of return for Avon Pension Fund

The assets in the scheme were:

	Fair value as at 31 July 16 £m	Fair value as at 31 July 15 £m	Fair value as at 31 July 14 £m
Equities	107.7	107.6	95.2
Government bonds	26.0	17.4	15.4
Corporate bonds	20.5	21.9	17.8
Property	20.7	15.7	13.5
Cash	(1.1)	4.3	6.0
Other	39.4	26.7	24.7
<b>Total</b>	<b>213.2</b>	<b>193.6</b>	<b>172.6</b>

	31 July 2016 £m	31 July 2015 £m
<b>Analysis of the amount shown in balance sheet for APF:</b>		
Scheme assets	213.2	193.6
Scheme liabilities	(345.9)	(270.9)
<b>Deficit in the scheme – net pension liability</b>	<b>(132.7)</b>	<b>(77.3)</b>

### Amount recorded within other comprehensive income:

Current service cost	(10.6)	(8.7)
Curtailments	(0.3)	(0.3)
<b>Total operating charge</b>	<b>(10.9)</b>	<b>(9.0)</b>

### Analysis of the amount charged to interest and other finance costs:

Interest on pension liabilities	10.2	10.0
Interest on plan assets	(7.4)	(7.5)
<b>Net charge to other finance costs</b>	<b>2.8</b>	<b>2.5</b>

### History of experience gains and losses – APF and Ex-gratia pensions

	31 July 2016	31 July 2015	31 July 2014	31 July 2013	31 July 2012
<b>Difference between actual and expected return on scheme assets:</b>					
Amount (£m)	(6.9)	(21.5)	(1.4)	15.5	(4.2)
Percentage of scheme assets	3.2%	7.9%	0.8%	9.7%	3.1%
<b>Experience (gains)/losses on scheme liabilities:</b>					
Amount (£m)	-	-	(1.3)	(4.3)	(7.7)
% of liabilities at end of year	-	-	0.5%	1.9%	3.8%

# Notes to the Financial Statements (continued)

## 19 Pension schemes (continued)

<b>Cumulative actuarial loss recognised as other comprehensive income for Avon Pension Fund</b>	<b>at 31 July 2016 £m</b>	<b>at 31 July 2015 £m</b>
Cumulative actuarial losses recognised at the start of the year	<b>(25.9)</b>	(13.6)
Cumulative actuarial losses recognised at the end of the year	<b>(75.9)</b>	(25.9)
<b>Deficit at beginning of year</b>	<b>(77.3)</b>	(60.8)
Contributions or benefits paid by the University	8.3	7.6
Current service cost	(10.6)	(8.7)
Curtailments or settlements	(0.3)	(0.3)
Other finance charge	(2.8)	(2.8)
Losses recognised in other comprehensive income	(50.0)	(12.3)
<b>Deficit at end of year</b>	<b>(132.7)</b>	(77.3)
<b>Analysis of movement in the present value of APF and ex-gratia liabilities</b>		
<b>Present value of Avon Pension Fund at the start of the year</b>	<b>270.9</b>	233.4
Current service cost (net of member contributions)	10.6	8.7
Interest on pension liabilities	10.2	10.0
Actual member contributions (including notional contributions)	3.1	3.1
Actuarial loss/(gain)	56.9	21.5
Curtailments	0.1	0.3
Actual benefit payments	(5.9)	(6.1)
<b>Present value of Avon Pension Fund at the end of the year</b>	<b>345.9</b>	270.9
<b>Analysis of movement in the fair value of scheme assets</b>		
<b>Fair value of assets at the start of the year</b>	<b>193.6</b>	172.6
Interest on plan assets	7.5	7.5
Re-measurements (assets)	6.8	9.2
Administration expenses	(0.2)	(0.2)
Actual contributions paid by University	8.3	7.6
Actual member contributions (including notional contributions)	3.1	3.0
Actual benefit payments	(5.9)	(6.1)
<b>Fair value of scheme assets at the end of the year</b>	<b>213.2</b>	193.6
<b>Actual return on scheme assets</b>	<b>14.3</b>	16.7

# Notes to the Financial Statements (continued)

## 19 Pension schemes (continued)

### Universities Superannuation Scheme (USS)

The University participates in USS, a defined benefit scheme, for new staff who wish to continue their existing membership on joining the University. The assets of the scheme are held in a separate fund administered by the trustees, Universities Superannuation Scheme Limited.

Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual Universities and a scheme-wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other Universities' 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 FRS102, 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.

The latest triennial actuarial valuation of the scheme was at 31 March 2014. The valuation, which was carried out using the projected unit method, adopted a statutory funding objective of having sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings. Based on this 2014 valuation, the University's contribution was increased from 16% to 18% from 1 April 2016.

The total cost charged to the profit and loss account is £0.6m (2015: £0.6m). There was an accrual at the end of the financial year in respect of these contributions of £0.1m (2015 £0.1m), which was fully paid in August 2016.

As at 31 March 2016, USS has 180,862 (2015: 147,137) active members. Further disclosure is not made in these financial statements as there are only a small number 82 (2015: 70) University employees in the scheme.

# Notes to the Financial Statements (continued)

## 20 Transition to FRS102 and the 2015 SORP

These are the University's first financial statements prepared in accordance with FRS102 and the SORP. The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 2016, the comparative information presented in these financial statements for the year ended 2015 and in the preparation of an opening FRS102 statement of financial position at 1 August 2014. In preparing its FRS102, SORP based statement of financial position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP).

An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial position	01 August 14		31 July 15	
	Consolidated £m	University £m	Consolidated £m	University £m
<b>Total reserves under 2007 SORP</b>	92.2	92.8	101.4	102.0
Effect of transition on opening balances				
Revaluation of fixed assets	306.7	306.7	306.5	306.5
Deferred capital grant	42.9	42.9	42.9	42.9
Pension provision/pension liability	(0.6)	(0.6)	1.9	1.9
Employee leave accrual	(3.8)	(3.8)	(4.1)	(4.1)
Tuition fee	0.2	0.2	0.4	0.4
Funding council grants	1.1	1.1	3.2	3.2
Research grants and contracts	0.1	0.1	0.2	0.2
Other income	1.5	1.5	2.8	2.8
Staff costs	-	-	(0.2)	(0.2)
Depreciation	-	-	(3.6)	(3.6)
Finance cost	-	-	(2.1)	(2.1)
<b>Total effect of transition to FRS102</b>	<b>348.1</b>	<b>348.1</b>	<b>347.9</b>	<b>347.9</b>
<b>Total reserves under 2015 SORP</b>	<b>440.3</b>	<b>440.9</b>	<b>449.3</b>	<b>449.9</b>

Financial performance	Year ended 31 July 2015	
	Consolidated £m	University £m
<b>Surplus for the year under 2007 SORP</b>	<b>23.9</b>	<b>24.0</b>
Tuition fee and education contracts	(0.1)	(0.1)
Grant income	2.1	2.1
Research grants and contracts	(0.1)	(0.1)
Other income	3.7	3.7
Employee leave accrual	(0.2)	(0.2)
Pension costs	(2.4)	(2.4)
Depreciation	(3.6)	(3.6)
Other operating expenses	(2.5)	(2.5)
Actuarial loss	(12.3)	(12.3)
<b>Total effect of transition to FRS102</b>	<b>(15.4)</b>	<b>(15.4)</b>
<b>Total comprehensive income for the year under 2015 SORP</b>	<b>8.5</b>	<b>8.6</b>

# Notes to the Financial Statements (continued)

## 20 Transition to FRS102 and the 2015 SORP (continued)

An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following:

Consolidated	UKGAAP	01 August 14	FRS102	UKGAAP	31 July 15	FRS102
	31 July 2014	Effect of transition	31 July 2014	31 July 2015	Effect of transition	31 July 2015
	£m	£m	£m	£m	£m	£m
<b>Non-current assets</b>						
Fixed assets	207.1	306.7	513.8	227.3	303.2	530.5
Investments	-	-	-	-	-	-
	207.1	306.7	513.8	227.3	303.2	530.5
<b>Endowment assets</b>	1.8	(1.8)	-	1.8	(1.8)	-
<b>Current assets</b>						
Stock	0.2	-	0.2	0.3	-	0.3
Trade and other receivables	11.3	-	11.3	22.4	(0.3)	22.1
Properties held for sale	1.5	-	1.5	-	-	-
Investments	78.0	1.8	79.8	59.2	1.8	61.0
Cash and cash equivalents	29.2	-	29.2	52.1	-	52.1
	120.2	1.8	122.0	134.0	1.5	135.5
Less: Creditors: amounts falling due within one year	(60.3)	(0.9)	(61.2)	(70.9)	0.3	(70.6)
<b>Net current assets</b>	59.9	0.9	60.8	63.1	1.8	64.9
<b>Total assets less current liabilities</b>	268.8	305.8	574.6	292.2	303.2	595.4
Creditors: amounts falling due after more than one year	(72.8)	-	(72.8)	(68.2)	-	(68.2)
<b>Provisions</b>						
Provisions for liabilities	(0.1)	(0.6)	(0.7)	(0.1)	(0.5)	(0.6)
Other pension liability	(60.8)	-	(60.8)	(77.3)	-	(77.3)
<b>Total net assets</b>	135.1	305.2	440.3	146.6	302.7	449.3
<b>Deferred capital grants</b>	42.9	(42.9)	-	45.2	(45.2)	-
<b>Endowment and prize fund</b>	1.8	-	1.8	1.8	-	1.8
<b>Unrestricted reserves</b>						
Income and expenditure reserve - unrestricted	90.4	41.4	131.8	99.6	41.4	141.0
Revaluation reserve	-	306.7	306.7	-	306.5	306.5
	90.4	348.1	438.5	99.6	347.9	447.5
<b>Total reserves</b>	135.1	305.2	440.3	146.6	302.7	449.3

# Notes to the Financial Statements (continued)

## 20 Transition to FRS102 and the 2015 SORP (continued)

<b>Consolidated</b>	<b>UKGAAP</b> <b>31 July 2015</b>	<b>STRGL</b>	<b>Effect of</b> <b>transition</b>	<b>FRS102</b> <b>31 July 2015</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Income</b>				
Tuition fees and education contracts	(171.1)	-	-	(171.1)
Funding body grants	(20.0)	-	(2.2)	(22.2)
Research grants and contracts	(11.5)	-	0.1	(11.4)
Other income (adjusted to exclude income from joint ventures)	(34.0)	-	(3.7)	(37.7)
Investment income	(1.0)	-	-	(1.0)
<b>Total income</b>	(237.6)	-	(5.8)	(243.4)
<b>Expenditure</b>				
Staff costs	135.4	-	0.5	135.9
Other operating expenses	78.1	-	2.7	80.8
Depreciation	8.9	-	3.6	12.5
Interest and other finance costs	0.9	-	2.1	3.0
<b>Total expenditure</b>	223.3	-	8.9	232.2
<b>Surplus/deficit before other gains losses</b>	(14.3)	-	3.1	(11.2)
Gain/(loss) on disposal of fixed assets	(9.6)	-	-	(9.6)
<b>Surplus for the year</b>	(23.9)	-	3.1	(20.8)
Actuarial gain in respect of pension schemes	-	14.7	(2.4)	12.3
<b>Total comprehensive income for the year attributable to the University</b>	(23.9)	14.7	0.7	(8.5)

# Notes



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