



University of the  
West of England



# Report And Financial Statements For The Year Ended 31 July 2009

# 2009

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

01

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# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

02

## Board of Governors

### Independent Members

Gillian Camm (Chairman from 1 May 2009)  
Ray Burton (Chairman to 30 April 2009)  
Robert Barnett  
Rosamund Blomfield-Smith  
Chris Booy  
Nigel Costley  
Sherrie Eugene  
Iain Gray  
John Laycock (from 10 February 2009)  
Sonia Mills (from 10 February 2009)  
Rt Rev Barry Rogerson  
Professor Bhupinder Sandhu (to 12 May 2009)  
Lise Seager  
Louis Sherwood (to 26 March 2009)

### Ex-Officio

Professor Steven West

### Academic Board Nominees

Professor Paul Gough (from 31 March 2009)  
Dr Jane Harrington

### Elected Staff

Ruth Drysdale (to 31 January 2009)  
Matthew Hughes

### Student Nominee

William Harris  
Dominic Passfield (to 30 June 2009)  
Kathryn Phillips (from 1 July 2009)

### Co-opted Members

Professor Graham Upton (from 31 March 2009)  
Graham van der Lely

### Report of the Board of Governors for the year ended 31 July 2009

#### Objectives and Activities

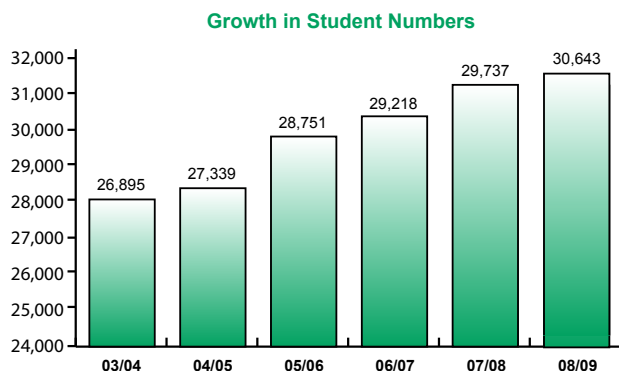
This is the seventeenth annual report of the University of the West of England.

The principal objectives of the University are concerned with the provision of higher education, knowledge transfer, research and consultancy. However, the University also undertakes other activities in support of those principal objectives, including the provision of accommodation, catering and conference services.

The University is a statutory corporation and, as a provider of education, enjoys exempt charitable status in accordance with the Education Reform Act 1988. At 31 July 2009, it operated from four campuses in South Gloucestershire and the City of Bristol: Frenchay, St. Matthias, Glenside and Bower Ashton. The University's Faculty of Health and Life Sciences also has regional centres in Bath, Swindon and at Hartpury College in Gloucestershire.

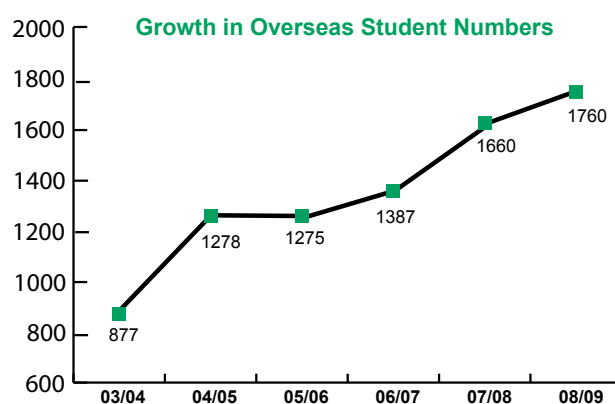
#### Enrolments

In 2008/2009, the University enrolled a total of 30,643 students, of whom 20,728 were full-time and sandwich students and 9,915 part-time students. This total is an increase of approximately 3% on the previous year and continues the year on year growth.



Within the full-time numbers were 1,760 overseas students representing a 6% increase on the previous year.

#### Operating and Financial Review



The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education and with applicable accounting standards.

The satisfactory financial performance of the University, which we further review below in terms of the income and expenditure account and the balance sheet, was maintained during 2008/09, with a surplus for the year before appropriations amounting to £1.6m. The outturn for the year is above the targeted breakeven position set at the beginning of the financial year. The University's financial statements reflect the requirements of FRS17 in respect of the Avon Pension Fund but is exempt from these requirements with respect to the Universities Superannuation Scheme and the Teachers Pension Scheme. The pension liability decreased from £54.5m to £54.1m, mainly because of changes in actuarial valuation assumptions.

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Report of the Board of Governors for the year ended 31 July 2009 (continued)

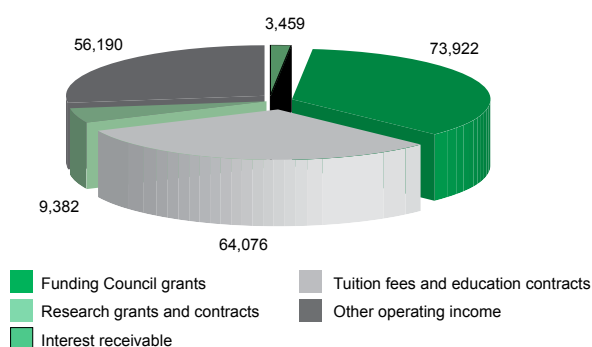
### Income and Expenditure Account

The University's consolidated results for the years ended 31 July 2009 and 31 July 2008 are summarised below.

	2008/09 £000	2007/08 £000
Income	207,029	189,674
Expenditure	(205,428)	(189,468)
Surplus for the year	1,601	206
Appropriated to Designated Reserves	(521)	(1,996)
Net Surplus/(Deficit) transferred to/(from) General Reserve	1,080	(1,790)

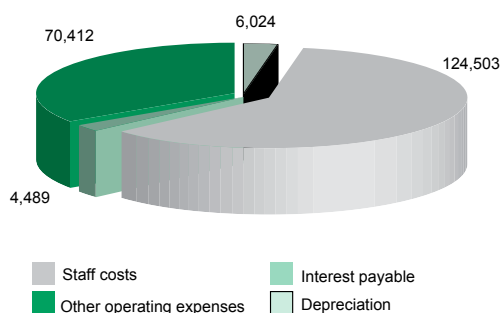
The increase in income was 9.1%. Funding Council Grants increased by 4.6%, tuition fees increased by 19.0% and research grants increased by 3.0% whilst other operating income rose by 7.5%. There was an 8.9% decrease in interest receivable. Funding Council Grants represented 35.7% of total income.

Income by type 2008/09 (£000)



Total expenditure rose by approximately £15.9m, an increase of 8.4% on the previous year. There was an increase of approximately £7.8m in other operating expenses, an increase of 12.5% on the previous year. Payroll cost decreased to 60.6% of total expenditure from 62.9% in the previous year..

Expenditure by type 2008/09 (£000)

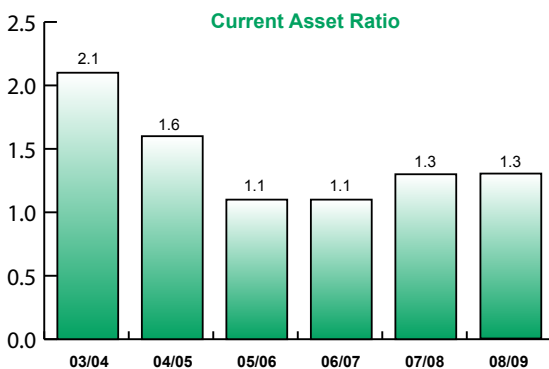


### Report of the Board of Governors for the year ended 31 July 2009 (continued)

#### Balance Sheet

The net book value of tangible fixed assets increased during the year by £53.2m due principally to the acquisition of land adjacent to Frenchay campus and the purchase of shares in Bristol Polytechnic Enterprises Limited. The University does not consider there to be a significant difference between the book value of land included in the balance sheet and its market value in present use. The University's general reserves reflect the full implementation of FRS 17 whereby the University's share of the current deficit on the Avon Pension Fund is reflected in the balance sheet.

At July 2009, the University continued to maintain a positive net current asset ratio at 1.3.



#### Treasury Management

The University's treasury strategy is determined in the context of its 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.

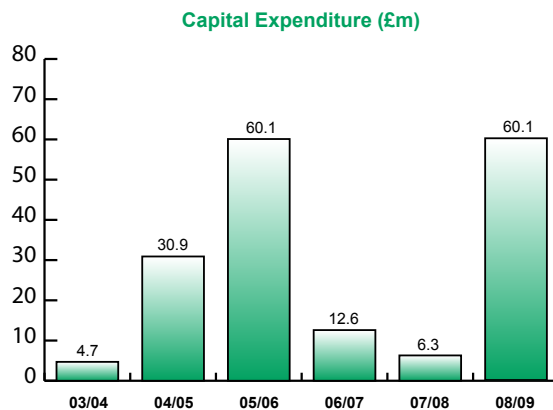
The University adopts a very prudent approach to the investment of surplus funds. To protect capital sums invested, the University makes full use of reports compiled by leading Credit Rating Agencies and only institutions carrying at least short-term ratings of A1 (Standard & Poors) and F1 (Fitch IBCA) are considered sufficiently secure. In order to ensure adequate liquidity, deposits are spread over a range of maturity periods.

As a result of the change in the international financial climate the University has moved approximately 80% of its deposits into 'AA' rated institutions or institutions

backed by government guarantee. Funds are managed primarily by the University's Finance Department within the prescribed investment guidelines.

#### Capital Programme

In a move designed to create a truly distinctive 21st century university, the University bought 70 acres of land and buildings adjacent to the Frenchay campus from its neighbour Hewlett-Packard (HP). The purchase was part financed by the utilisation of the 'revolving credit' facility from Lloyds TSB and capital grants received from HEFCE. This purchase will enable the University to improve and extend the existing 80 acre campus.



The extension of the Frenchay campus underpins the University's strategy to enhance the student and staff experience by providing contemporary facilities for teaching and learning, as well as reaching out to employers and the business community through new conference facilities, premises and space. It also wants to create a 'healthy university' – an environmentally friendly, sustainable and healthy place to live, work, learn and socialise.

A project is now underway to look at both what can be done with the new land and how the existing campus can be improved. Views and ideas are being gathered from all parts of the University and its partners in business and the community to help create an exceptional campus that inspires and attracts students, staff, alumni, employers and other partners.

### Report of the Board of Governors for the year ended 31 July 2009 (continued)

#### Future Developments

By 2012, we aim to be a comprehensive University that is an internationally acknowledged centre for knowledge exchange, drawing upon its excellent teaching, scholarship and research in order to prepare students for the various needs and challenges of work and society. We aim to be a University that enriches and supports our staff and students and contributes to the wider communities we serve. This will mean that the University:

- is renowned for inspiring and supporting students' learning across a spectrum of activity offering them lifelong learning, progression pathways and truly excellent standards in learning and teaching which lead to high quality employment outcomes through the relevance and practicality of its curriculum
- is known by employers for its user led research applicable to real world problems and for its consultancy, courses, toolkits, events and employable graduates
- is recognised for its pre-eminence in the field of knowledge exchange and enterprise
- conducts world-class research in clearly identified areas of strength
- is known for the diversity of its students, its recognition of their differing needs and the value of their active participation and engagement.

#### Subsidiary Companies

The University's subsidiaries are listed in the Note 9 to the Financial Statements.

In February 2009 the University acquired the entire share capital in Bristol Polytechnic Enterprises Limited, previously a subsidiary of Wallscourt Foundation. The company initially constructed and leased to the University a building occupied by the Faculty of Education.

Pursuant to Section 641 of the Companies Act 2006, Bristol UWE Sport Limited passed a resolution in June 2009, to reduce its share capital to 12,429 Ordinary shares of £1 each. To facilitate this reduction the company sold its building, which housed the sports centre, to the University.

With effect from August 2009, Bristol UWE Health Training Limited ceased to provide education and training of health and social care students. The University has taken over the provision of these services.

#### Corporate Governance

The University is committed to best practice in all aspects of corporate governance. It endeavours to conduct its business in accordance with and with regard to the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairmen's "Guide for Members of Higher Education Governing Bodies in the UK". 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 is required to express a view as to whether its processes are adequate in accordance with the direction from the Higher Education Funding Council for England 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, whilst adequate, the University should seek to continue to strengthen them further during the forthcoming year. A fuller statement on corporate governance is set out on page 9.

#### Review of Effectiveness of the Board of Governors and the Academic Board

In 2005/06, the Board of Governors undertook its second review of the effectiveness of governance arrangements, as recommended in the guidance published by the Committee of University Chairmen (CUC). The review encompassed reviews of: the Board of Governors; the Academic Board and the relationship between them.

Within their review, the Board of Governors considered its current operation against the main points of the CUC's Governance Code of Practice. The Board agreed to bring its practice generally into line with the Code and appropriate steps have been taken.

The Board has continued to monitor the new arrangements put into place in 2006 and made further adjustments in 2007 and 2008. In April 2009 the Board decided to reduce its maximum membership from 25 to 19, with appropriate adjustments in each category of members. This change is being implemented over the next year.

The performance of the University is reviewed by the Board of Governors annually.

## Report of the Board of Governors for the year ended 31 July 2009 (continued)

### Parties associated with the University

The Bristol Polytechnic Charitable Trust (BPCT) and the Wallscourt Foundation (Wallscourt) have charitable objectives which are primarily concerned with assisting the provision of higher education at the University of the West of England. However, they are all legally independent of the University and are not under its control. For that reason, their financial statements are not consolidated with those of the University. However, the respective trustees of these bodies have resolved that their financial statements should be made available to the University as background information for regular dialogue about its needs. The University has given neither security nor comfort in respect of any liabilities of those separate charities nor of any of the companies in which they are shareholders.

### The Wallscourt Foundation

The audited financial statements of Wallscourt to 31 December 2008 showed consolidated net assets amounting to £6.8m, including freehold land and properties of £21.8m, offset by bank borrowings secured on those land and properties totalling £18.8m. These properties include Wallscourt House and the Bristol Information Technology Centre (BITC). These buildings are leased to the University on an arm's length basis and corresponding commitments are included in note 28 to these financial statements (Obligations under operating leases).

### Bristol UWE Students' Union

The unaudited financial statements of the Bristol UWE Students' Union to 31 July 2009 showed net assets of £0.560m. The total income for the year was £4.756m of which block grant from the University during the year amounted to £0.890m.

The University's consolidated financial statements do not include those of the Bristol UWE Students' Union as the Union is a separate entity which the University does not control or have significant influence over its policy decisions.

### Hartpury College

Hartpury College is an Associate Faculty of the University, though legally and financially an autonomous institution, with over 1,300 students studying Foundation Degrees and Masters programmes. The unaudited financial

statements of Hartpury College to 31 July 2009 showed total turnover of £24m, of which Higher Education contract income was £3.9m, and achieved a break even in income and expenditure. The College also hosts students from the University's Faculty of Health and Life Sciences.

Hartpury's development plans support the national objectives of having 50% of 18-30 year olds in higher education by 2010. The College is, therefore, now running over 20 Foundation Degree programmes in conjunction with the University with part time options available in several areas thus widening possible participation. Validation of new programmes takes place every year in conjunction with the University in response to market needs. The College is participating in the "Aim Higher" scheme to raise awareness of Higher Education opportunities available to Further Education students in the College. In 2008/09, the College's student tuition fee income was £1.7m of which £1.0m related to UK Higher Education students, £0.4m to non EU Students and £0.3m to UK Further Education students.

### University of the West of England Federation

The University is actively engaged in building up bilateral partnerships with Further Education Colleges (FEC's) known as the "UWE Federation". To date, formal Federation agreements have been signed with The City Academy Bristol, City of Bath College, City of Bristol College, Cirencester College, Filton College, Gloucestershire College, Hartpury College, Richard Huish College, Stroud College, New College Swindon, Weston College, Wiltshire College and Yeovil College. The University is also in discussions with a number of other FEC's.

### Equal Opportunities, Diversity and Health and Safety

The Board of Governors has an equal opportunities policy which emphasises the University's commitment to equality of opportunity both in employment and in every other sphere of the University's activities.

The University is committed to sustaining a diverse workforce and student body and will continue to build on current good practice to create an even more inclusive institution. This process will include identifying and recruiting students who may not have followed a traditional route towards higher education but can be identified as having potential to benefit from the University's programmes of study. The University will also



### Report of the Board of Governors for the year ended 31 July 2009 (continued)

continue to create an inclusive environment for staff and students where differences are respected and individuals are treated in a fair and non-discriminatory way.

The University is committed to providing a safe working environment for employees and students and for that purpose employs professionally qualified staff to identify and report on problems, to organise training and to provide advice and information.

#### Employee Involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. A monthly newsletter is made available to all staff and separate supplements are published when the need arises. Staff are encouraged to participate in formal and informal consultation at University, Faculty and Departmental level, through membership of formal committees and in other ways. The University's Human Resources department offers technical and general training and staff development to all levels of staff.

#### Student Involvement

The University has a number of mechanisms in place to facilitate communication with students and it makes extensive use of email and the internet to disseminate information and receive feedback. The Student Representative Council President is a member of the Board of Governors of the University ex officio and there is regular formal and informal consultation with the Students' Union.

#### Officers' Insurance

The University maintains appropriate insurance for its officers in respect of their duties as officers of the University.

#### Payment of Creditors

The University endeavours to abide by payment terms agreed with suppliers. However, as it is the University's policy to negotiate favourable terms for all transactions, there are no uniform terms for payment of creditors.

#### Conclusion

The University moves into the exciting phase of development on the land acquired during the year in order to facilitate the University's vision to be the pre-eminent Enterprise and Knowledge Exchange University delivering excellence in learning and teaching and research.

The University's financial position remains healthy but, in common with similar institutions, it faces an increasingly uncertain future due to factors such as an increasingly competitive market for undergraduates and a potential decline in NHS contract income. The current difficult economic conditions adds to the pressures on the University in a number of key areas. As part of the University's continued monitoring of its financial position, it has introduced budgets for future years which look to reduce overall expenditure.

The University's achievements reflect the efforts and success of staff and the Board of Governors thanks and congratulate them all.

Signed on behalf of the Board of Governors by:

**G Camm**

Chairman

## Governance, Direction and Financial Responsibilities

### Governance

The Chancellor of the University is the Rt Hon the Baroness Butler-Sloss GBE, who fulfils an important advisory, representative and ceremonial role.

The activities of the University are conducted in accordance with: the provisions of the Education Acts; orders or directions made by the Secretary of State for Business, Innovation and Skills; other enactments or regulations from time to time in force; and its Instrument and Articles of Government and internal rules and by-laws.

The Board of Governors is moving from a maximum of twenty-five to nineteen members. The majority of members are non-executive including the Chairman and the Deputy Chairman. During the year the membership of the Board of Governors included up to five employees of the University at any one time and the Student Representative President. The University's Chief Executive, the Vice-Chancellor, is a member of the Board ex-officio.

#### The Board of Governors' responsibilities include:

- the determination of the educational character and mission of the University and oversight of its activities;
- the effective and efficient use of resources, the solvency of the institution, safeguarding its assets and providing an independent judgement on issues of strategy, performance and standards of conduct;
- approving annual estimates of income and expenditure;
- the appointment and determination of the pay and conditions of service of the Vice-Chancellor and the holders of certain senior posts, and setting a framework for the pay and conditions of service of all other staff;
- the maintenance of true records of the University's income and expenditure and providing the Higher Education Funding Council for England (HEFCE) with true accounts at such times and in such form as the Council may direct.

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. To this end, the University has developed and approved a Risk Management Policy. However, the process is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives: it can, therefore, only provide reasonable and not absolute assurance of effectiveness.

The Board of Governors regularly discusses risk, the Risk Management Policy and reports from its Committees. These discussions set the tone and influence the culture of risk management and determine the risk appetite of the University, which types of risk are acceptable and which are not 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 on risk management by the Senior Management Team (SMT) and the Audit Committee both of whose 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. Risks identified in this way are then disseminated to appropriate staff across the institution.

The University's Board of Governors has approved a Risk Management Policy for the University the main components of which are summarised below: :

- The University focuses on the active management of risk as an integral part of the management process within every part of the organisation.
- The system of internal control is based on an ongoing process to identify the principal risks to the achievement of policies, aims and objectives, to evaluate the nature and extent of those risks and to manage them efficiently, effectively and economically. These risks may be strategic or operational and may present potential implications for the University's reputation, its financial position or its day to day operations or any combination thereof.
- Related to significant risks are policies that inter alia form part of the internal control process. The

### Governance, Direction and Financial Responsibilities (continued)

policies are approved by the Board of Governors and implemented by senior management.

- The Risk Register is compiled by the University's Management Group (UMG) and the Senior Management Team (SMT) and is reported to the Audit Committee to help facilitate the identification, assessment and monitoring of risks of significant importance to the University. The Register is formally appraised annually by the SMT and received by the Audit Committee. Emerging risks are added as required, and improvement actions and risk indicators are monitored on an ongoing basis through line management.
- Risk management is addressed on a University wide basis but individual Faculties, Schools and Departments help facilitate the identification, assessment and monitoring of risks. Faculty and Department Annual Operating Statements, which are used in the annual budgeting process, identify mitigating actions which will be taken to reduce risk.
- The Audit 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 Committee is responsible for oversight of risk management and ensuring that the Risk Management Policy is applied. The Audit Committee directly monitors the most significant risks to the University.
- The University has agreed with its internal auditors that their programme of work and the approach to internal control will be risk based. Their internal audit plan is guided by the assessment of risks identified through risk management.

The above policy and related procedures have continued to be developed and the Board of Governors is satisfied that the University's internal control and risk management processes meet the requirements set out by HEFCE in its circular 16/2008 "Accounts direction to higher education institutions for 2008-09".

The Board of Governors meets at least six times a year. Before each meeting, Governors are supplied with a formal agenda and appropriate reports and papers. 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. It may delegate certain of its powers to its Chairman or to the Vice-Chancellor, however, there is a clear division of responsibility between these two roles. The main committees which operated during 2008/09 were:

- Finance and Information Technology Committee
- Estates Committee
- Human Resources Committee
- Diversity Committee
- Audit Committee
- Nominations and Governance Committee
- Remuneration Committee

All Committees have written terms of reference, which are available on request from the Clerk to the Governors. The membership of committees consists mainly of lay members of the Board of Governors, one of whom is designated as Chairman.

An Emergency Committee, consisting of the Chairman and Deputy Chairman of the Board of Governors and the Chairman of Finance and Information Technology Committee, may exercise certain powers between meetings of the Board of Governors, on the advice of the Vice-Chancellor. Its membership is augmented when appropriate by the Chairmen of the Human Resources Committee or the Estates Committee.

Governors are entitled to claim reimbursement of reasonable expenses incurred in undertaking their duties, but none is paid a salary or allowance for services as a Governor. Appointments to the Board of Governors are considered by the Nominations and Governance Committee. The University maintains a register of interests of members of the Board of Governors and key post holders which may be inspected by arrangement with the Clerk to the Governors.

### Leadership, Direction and Management

#### The Vice-Chancellor is responsible for:

- making proposals to the Board of Governors about the University's educational character and mission, and implementing Governors' decisions;
- the leadership of the staff and the organisation, direction and management of the University;

## Governance, Direction and Financial Responsibilities (continued)

- the appointment, assignment, appraisal, and the determination of the pay and conditions of staff, other than the holders of senior posts, within a framework set by the Board of Governors;
- the determination of the University's activities (in the case of academic activities, after consultation with the Academic Board);
- the preparation of annual estimates of income and expenditure, for consideration by the Board of Governors;
- the management of budgets and resources, within approved estimates; and,
- the maintenance of student discipline and the implementation of decisions to expel students for academic reasons.
- the appointment of internal and external examiners;
- policies and procedures for the assessment and examination of students;
- the contents of the curriculum;
- academic standards and the validation and review of courses;
- procedures for the award of qualifications and honorary academic titles; and
- the process of expulsion of students for academic reasons.

The main committees of the Academic Board during 2008/09 included:

- Faculty Boards, one for each faculty
- an Associate Faculty Board (Hartpury College)
- Learning, Teaching and Assessment Committee
- Honorary Degrees Committee
- Research Committee
- Quality and Standards Committee

The Academic Board also advises on such other matters as the Board of Governors or the Vice-Chancellor may refer to it, including the development of academic activities and the resources needed to support them.

The Vice-Chancellor's executive group is, in effect, the University's Executive Board and assists the Vice-Chancellor in discharging his responsibilities as Chief Executive. In 2008/09, the executive group included the Deputy Vice-Chancellor, Pro Vice-Chancellor and Assistant Vice-Chancellors. The senior management team co-ordinates the organisation, direction and management of the University and meets weekly.

The organisational structure of the University is based on five faculties and a number of central support services such as the library, each of which is treated as a planning and budgetary unit. Each faculty is headed by an Executive Dean, whose responsibilities largely mirror those at a corporate level of the Vice-Chancellor. Executive Deans are responsible to the Vice-Chancellor.

### Academic Responsibilities

During 2008/09, there was an Academic Board of 40 members, chaired by the Vice-Chancellor ex-officio, half of whom are individuals with primarily executive and managerial responsibilities with the remainder being elected non-executive staff or students.

Subject to the Articles, the overall responsibility of the Board of Governors, and the responsibilities of the Vice-Chancellor, the Academic Board is responsible for:

- issues relating to research, scholarship, teaching and courses, including criteria for the admission of students;

### Financial Responsibilities

The terms and conditions of a Financial Memorandum agreed between HEFCE and the Board of Governors require the University, through its designated 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.

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 Statement of Recommended Practice on Accounting for Further and Higher Education and other relevant accounting standards. The Board of Governors is satisfied that the University has adequate resources to continue its operations for the foreseeable future and for this reason a 'going concern' basis has been adopted in the preparation of the financial statements which reflect:

### Governance, Direction and Financial Responsibilities (continued)

- suitable accounting policies, selected and applied consistently;
- judgements and estimates that are reasonable and prudent; and
- applicable accounting standards, 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 and the Training and Development Agency (TDA) are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by the Council 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; and,
- comprehensive financial regulations approved by the Board of Governors which detail financial controls, procedures and guidelines.

The Audit Committee meets at least three times a year, with representatives of the University's external and internal auditors in attendance. On behalf of the Board of Governors the Audit 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 Committee also considers reports and updates from HEFCE as they affect the University's business and monitors adherence to the regulatory requirements. A professional internal audit team, provided by Grant Thornton UK LLP, undertakes an annual programme approved by the Audit Committee.

External auditors are appointed and other audit work conducted in accordance with the requirements of HEFCE.

Signed on behalf of the Board of Governors by:

**G Camm**  
Chairman

## Independent auditors' report to the Board of Governors of the University of the West of England

We have audited the Group and University financial statements (the "financial statements") of the University of the West of England, Bristol for the year ended 31 July 2009 which comprise the consolidated Income and Expenditure Account, the consolidated and University Balance Sheets, the consolidated Cash Flow Statement, the consolidated Statement of Total Recognised Gains and Losses and the related notes. These financial statements have been prepared under the historic cost convention (as modified by the revaluation of certain assets) and in accordance with the accounting policies set out therein.

This report is made solely to the Board of Governors, in accordance with paragraph 14(2) of the University's Articles and section 124B of the Education Reform Act 1988. Our audit work has been undertaken so that we might state to the Board of Governors those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Governors for our audit work, for this report, or for the opinions we have formed.

### Respective Responsibilities of the University's Board of Governors and Auditors

The University's Board of Governors' responsibilities for preparing the Board of Governors' Report and the group financial statements in accordance with the accounts direction issued by the Higher Education Funding Council for England the Statement of Recommended Practice: Accounting for Further and Higher Education, applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Responsibilities on page 11.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice: Accounting for Further and Higher Education. We also report to you whether income from funding bodies, grants and income for specific purposes

and from other restricted funds administered by the University have been properly applied only for the purposes for which they were received and whether, in all material respects, income has been applied in accordance with the University's articles of government and, where appropriate, with the Financial Memorandum with the Higher Education Funding Council for England, the Financial Memorandum with the Training and Development Agency for Schools and the Learning and Skills Council. We also report to you whether in our opinion the Board of Governors' Report is not consistent with the financial statements. In addition we report to you if, in our opinion, the University has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Board of Governors' Report and the Corporate Governance Statement and consider the implications for our report if we become aware of any apparent misstatements within them or material inconsistencies with the financial statements.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board and the Audit Code of Practice issued by the Higher Education Funding Council for England. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the University's Board of Governors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Group and University's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Independent auditors' report to the Board of Governors of the University of the West of England

#### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the University's affairs as at 31 July 2009 and of the Group's surplus of income over expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with the Statement of Recognised Practice: Accounting for Further and Higher Education;
- in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools and income for specific purposes and from other restricted funds administered by the University during the year ended 31 July 2009 have been applied for the purposes for which they were received; and
- in all material respects, income during the year ended 31 July 2009 has been applied in accordance with the University's articles of government and, where appropriate, with the financial memorandum with the Higher Education Funding Council for England and the Financial Memorandum with the Training and Development Agency for Schools.

Chris Wilson  
For and on behalf of KPMG LLP. Statutory Auditors  
Chartered Accountants  
100 Temple Street  
Bristol  
BS1 6AG

24 November 2009

## Statement of Accounting Policies

### 1 General Policies

#### a Accounting Convention

The financial statements have been prepared on the historical cost basis of accounting, modified by (i) the revaluation of certain fixed assets for which a cost is not readily ascertainable and (ii) the revaluation of Investment Properties, both in accordance with applicable accounting standards and the Statement of Recommended Practice: Accounting for Further and Higher Education 2007.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### b Basis of Consolidation

The consolidated accounts incorporate the accounts of the institution and those of its subsidiaries which are active and material on a line by line basis. Intra-group sales and profits are eliminated fully on consolidation. The consolidated accounts do not include those of: (i) The University of the West of England Students' Union, which is an autonomous body not under the control of the University or; (ii) Bristol Polytechnic Charitable Trust and the Wallscourt Foundation which have charitable objectives primarily concerned with assisting the provision of higher education at the University of the West of England but which are legally independent of the University and not under its control.

#### c 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.

#### d Pension Costs

Retirement benefits for employees of the University are provided by defined benefit schemes, which are funded by contributions from the University and its employees.

Payments are made to the Department for Business, Innovation and Skills in respect of staff who are members of the Teachers' Superannuation Scheme, the Universities Superannuation Scheme (USS) and the Avon Pension Fund (administered by Bath and North East Somerset Council). The financial position of all these funds is disclosed in their audited financial statements.

Where the University is unable to identify its share of the underlying assets and liabilities of a relevant superannuation scheme on a consistent and reasonable basis, as required by FRS 17, it accounts for the scheme as if it were a defined contribution scheme. As a result, the annual amount charged to the Income and Expenditure account represents the contributions payable to the scheme in respect of the accounting period.



### Statement of Accounting Policies (continued)

Where the University is able to identify its share of the underlying assets and liabilities in a scheme it accounts for the scheme in accordance with FRS17. The University's share of any surplus or deficit is recognised as an asset or liability in the balance sheet. 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, is 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 income and expenditure account. All changes in the pension surplus or deficit due to changes in actuarial assumptions are reported in the statement of total recognised gains and losses.

The rate of employer's contribution on any relevant superannuation scheme is reviewed periodically on the basis of actuarial valuations.

#### **2 Income and Expenditure Account**

##### **a Block Grants and Other Recurrent Grants**

Block grants and other recurrent grants are included in income in the year to which they relate. Specific grants are brought into income to the extent of expenditure in the year.

##### **b Tuition Fees**

Income from tuition fees represents the sum attributable to the financial period. Fee income is stated gross. Financial assistance to students in the form of bursaries and fee waivers is included in operating expenses.

##### **c Research Grants and Contracts**

Income from research grants and contracts is accounted for on an accruals basis and is included to the extent of the completion of the contract or service concerned. Payments received in advance of such performance are recognised in the balance sheet as a liability. Expenditure incurred by the University on research grants and contracts is charged to the income and expenditure account as it is incurred.

##### **d Investment Income**

Income from investments and deposits is calculated on an accruals basis.

##### **e Release of Capital Grants**

HEFCE capital grants received in respect of the acquisition or construction of fixed assets are treated as deferred capital grants. The grants are credited to deferred capital grants on receipt and annual transfers are made to the income and expenditure account over the lives of the assets concerned.

##### **f Long Term Contract Income**

Income from long term contracts is deemed to accrue evenly over the life of the contract.

##### **g Sale of Property**

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

##### **h Maintenance of Premises**

The University has a rolling maintenance plan which forms the basis of the ongoing maintenance of the University's estate. The cost of routine maintenance is charged to the Income and Expenditure account as it is incurred.

## Statement of Accounting Policies (continued)

### i Operating Leases

Where the University leases out buildings for less than their useful economic life or does not substantially transfer all the risks and rewards, the lease is accounted for as operating lease. Rental income is taken to the Income and Expenditure account on a straight line basis over the period of the lease. The cost of the building is treated as a fixed asset and depreciated on the basis calculated to give approximately constant rate of return on the funds invested.

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

### J Access Funds and Training and Development Agency Bursaries

The University acts as agent on behalf of HEFCE with regard to the disbursement of access funds and the Training and Development Agency for its bursaries. The receipt and payment of these funds are, therefore, not included in the Income and Expenditure account.

## 3 Balance Sheet

### a Land and Buildings

Buildings inherited from the former Avon County Council on 1 April 1989 were valued at that date at their depreciated replacement cost, which was calculated by applying 'rebuild costs' to each building's floor area. These rebuild costs were based on authoritative tables of such costs published by the Royal Institution of Chartered Surveyors. An estimate was made of the remaining useful economic life of each building which was applied to a total life of 50 years, or a longer period for buildings already exceeding that age, in order to arrive at the depreciated value. It is not proposed to adjust this valuation until it is clear that there has been a material change. Depreciation is charged at 2% per annum on that valuation. Expenditure on buildings (including refurbishments and expenditure needed to bring a building into full operation) since that valuation is capitalised if it is probable that increased future economic benefits will arise as a result of the expenditure. Such expenditure is depreciated on a straight line basis over the estimated useful life of the corresponding asset. All other expenditure on buildings is treated as an expense in the accounting period in which it is incurred.

Buildings under construction are accounted for at cost based on architects' certificates and other direct costs incurred at the balance sheet date. These costs are not depreciated until the building concerned has been brought into use.

Finance costs attributable to the construction of buildings are capitalised as part of the cost of the corresponding asset.

In accordance with Statement of Standard Accounting Practice (SSAP) 4 and the Statement of Recommended Practice (SORP) restricted capital grants received are held as deferred capital grants and released to the income and expenditure account over the estimated life of the asset concerned.

Land is stated at cost and is not depreciated.

### Statement of Accounting Policies (continued)

**b Investment Properties**

Investment Properties are included in the Balance Sheet at their open market value. Any changes in the market value of investment properties are shown as movements on the Investment Revaluation Reserve unless a deficit is expected to be permanent in which case it is charged to the Income and Expenditure account. In accordance with SSAP 19 Investment Properties are not depreciated.

**c Roads and Car Parks**

Expenditure on Roads and Car Parks is capitalised if it is probable that increased future economic benefits will arise as a result of the expenditure. Depreciation is charged at 2% per annum on a straight line basis. All other expenditure on Roads and Car Parks is treated as an expense in the accounting period in which it is incurred.

**d Equipment, Furniture and Software**

Expenditure on items or groups of items of equipment, furniture and software costing more than £25,000 is capitalised, and then depreciated on a straight line basis over a 3 year period. 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 a capitalised asset. Expenditure funded by research grants and contracts and similar external sources of funds is not capitalised.

**e Disability Discrimination Act (DDA) assets**

Expenditure on DDA assets is capitalised if it is probable that increased future economic benefits will arise as a result of the expenditure. Depreciation is charged on a straight line basis over its 15 years useful economic life.

**f Designated Reserves**

The University exercises its discretion in the creation of designated reserves, in anticipation of future needs, and in the utilisation of those reserves.

**g Stocks**

Stocks of consumables for catering, printing and stationery, or for sale to students, and computing equipment held for issue to faculties are valued at cost or, if lower, at net realisable value. No account is taken of other stocks as they are not material to the financial statements.

**h Term Deposits and Cash at Bank**

The heading "Cash at bank and in hand" includes deposits repayable within 24 hours notice without penalty, all other deposits are included within the heading "Current Asset Investments". Term Deposits comprise sums on short-term deposit with approved banks and building societies and UK government securities and they are included within "Current Asset Investments" in the balance sheet. Current Asset Investments are stated at market value.

**i Investments**

Fixed asset investments are carried at historical cost less any provision for impairment in their value.

**j Provisions**

Provisions are recognised when: the institution has a present legal or constructive obligation as a result of a past event; it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

## Consolidated Income and Expenditure Account for the year ended 31 July 2009

	Note	2008/09 £000	2007/08 £000
<b>Income</b>			
Funding Council grants	1	73,922	70,652
Tuition fees and education contracts	2	64,076	53,846
Research grants and contracts	3	9,382	9,113
Other operating income	4	56,190	52,264
Interest receivable	5	3,459	3,799
<b>Total Income</b>		<b>207,029</b>	<b>189,674</b>
<b>Expenditure</b>			
Staff costs	6	124,503	118,813
Other operating expenses	7	70,412	62,616
Depreciation	7	6,024	4,303
Interest payable and other finance costs	7	4,489	3,736
<b>Total Expenditure</b>		<b>205,428</b>	<b>189,468</b>
<b>Surplus on continuing operations after depreciation of assets at cost</b>			
		1,601	206
Transfer to designated Reserves	18	(521)	(1,996)
<b>Surplus/(Deficit) transferred to/(from) General Reserves</b>		<b>1,080</b>	<b>(1,790)</b>

The consolidated income and expenditure of the University and its subsidiaries relate wholly to continuing operations. There were no material surpluses or deficits arising in the subsidiaries in the year.

No note of historical cost surplus is given, as there was no difference between the results as set out in the Consolidated Income and Expenditure Account and their historical cost equivalents.

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Balance Sheets at 31 July 2009

	Note	Group		University	
		2009 £000	2008 £000	2009 £000	2008 £000
<b>Fixed Assets</b>					
Tangible fixed assets	8	206,736	153,542	195,784	148,955
Investments	9	39	39	12,685	5,039
		<b>206,775</b>	<b>153,581</b>	<b>208,469</b>	<b>153,994</b>
<b>Current Assets</b>					
Stocks	10	233	230	233	230
Debtors	11	10,132	12,111	9,944	11,407
Current asset investments	12	65,839	75,919	64,568	75,905
Cash at bank and in hand	12	6,837	-	1,562	-
		<b>83,041</b>	<b>88,260</b>	<b>76,307</b>	<b>87,542</b>
<b>Creditors:</b>					
Amounts falling due within one year	13	(65,127)	(68,724)	(59,895)	(70,932)
Net Current Assets		17,914	19,536	16,412	16,610
<b>Total Assets less Current Liabilities</b>		<b>224,689</b>	<b>173,117</b>	<b>224,881</b>	<b>170,604</b>
<b>Creditors:</b>					
Amounts falling due after more than one year	14	(90,782)	(67,440)	(90,250)	(64,330)
Provision for liabilities and charges	15	(313)	(335)	(313)	(335)
<b>Net Assets excluding pension liability</b>		<b>133,594</b>	<b>105,342</b>	<b>134,318</b>	<b>105,939</b>
Pension Liability	30	(54,052)	(54,479)	(54,052)	(54,479)
<b>Net Assets</b>		<b>79,542</b>	<b>50,863</b>	<b>80,266</b>	<b>51,460</b>
<b>Deferred capital grants</b>					
	16	41,610	18,384	41,610	18,384
<b>Reserves</b>					
Avon endowment	17	46,530	47,180	46,530	47,180
General Reserves excluding pension liability	18	45,454	39,778	46,178	40,375
Pension Reserve	18	(54,052)	(54,479)	(54,052)	(54,479)
General Reserves including pension liability		<b>(8,598)</b>	<b>(14,701)</b>	<b>(7,874)</b>	<b>(14,104)</b>
Total Reserves		37,932	32,479	38,656	33,076
<b>Total Funds</b>		<b>79,542</b>	<b>50,863</b>	<b>80,266</b>	<b>51,460</b>

The financial statements were approved by the Board of Governors on 24 November 2009 and signed on its behalf by:

**G Camm**  
Chairman

**S G West**  
Vice-Chancellor

## Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 July 2009

	Note	2008/09 £000	2007/08 £000
Surplus on continuing operations after depreciation of assets at cost		1,601	206
Actuarial gain/(loss) in respect of pension scheme in the year	30	4,502	(26,126)
Loss on revaluation of Northavon House	8	(650)	(600)
<b>Total Recognised Gain/(Loss)</b>		<b>5,453</b>	<b>(26,520)</b>
<b>Reconciliation</b>			
Opening Reserves		32,479	58,999
Total gain/(loss) recognised gain for the year		5,453	(26,520)
<b>Closing Reserves</b>		<b>37,932</b>	<b>32,479</b>

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Consolidated Cash Flow Statement for the year ended 31 July 2009

	Note	2008/09 £000	2007/08 £000
<b>Net cash inflow from operating activities</b>	19	1,514	15,864
Returns on investments and servicing of finance	20	1,644	844
Capital expenditure and financial investment	21	(24,914)	(4,185)
Acquisitions and Disposals	21	(11,207)	-
<b>Cash (outflow)/inflow before use of liquid resources and financing</b>		<b>(32,963)</b>	<b>12,523</b>
Management of liquid resources	23	10,080	(25,139)
Financing	23	29,720	11,980
<b>Increase/(Decrease) in cash</b>	24	<b>6,837</b>	<b>(636)</b>
 <b>Reconciliation of net cash flow to movement in net funds</b>		 <b>2008/09 £000</b>	 <b>2007/08 £000</b>
Increase/(Decrease) in cash	24	6,837	(636)
(Decrease)/Increase in investments	24	(10,080)	25,139
Cash Inflow from Lloyds TSB loan	24	(29,720)	(11,980)
<b>Change in net funds in the year</b>		<b>(32,963)</b>	<b>12,523</b>
Net Funds at 1 August 2008	24	11,589	(934)
<b>Net Funds at 31 July 2009</b>	24	<b>(21,374)</b>	<b>11,589</b>

## Notes to the Financial Statements

	<b>2008/09</b> <b>£000</b>	<b>2007/08</b> <b>£000</b>
<b>1 Funding Council Grants</b>		
Basic recurrent grant	67,302	63,391
Training and Development Agency	3,867	3,766
Other grants	2,137	2,979
Release of capital grants	616	516
	<b>73,922</b>	<b>70,652</b>
<b>2 Tuition Fees and Education Contracts</b>		
Full time students-home	44,966	37,073
Full time students-EU	1,867	1,527
Full time students-international	8,214	7,827
Part time students	6,968	5,769
Short course fees	2,061	1,650
	<b>64,076</b>	<b>53,846</b>
<b>3 Research Grants and Contracts</b>		
Research Councils	3,015	3,075
UK based charities	714	1,181
European Commission	1,977	1,576
Other research grants and contracts	3,676	3,281
	<b>9,382</b>	<b>9,113</b>
<b>4 Other Operating Income</b>		
Residences and catering	18,217	17,176
NHS contract	23,960	24,414
Other services rendered	6,430	4,532
Other income	7,583	6,142
	<b>56,190</b>	<b>52,264</b>
<b>5 Interest Receivable</b>		
Income from cash and term deposits	<b>3,459</b>	<b>3,799</b>
<b>6 Staff Costs</b>		
Salaries and wages	103,307	93,969
Voluntary severance schemes	-	4,008
Social security costs	7,453	7,289
Other pension costs	13,743	13,547
	<b>124,503</b>	<b>118,813</b>



### Notes to the Financial Statements (continued)

#### 6 Staff Costs (continued)

	2008/09 Numbers	2007/08 Numbers
<b>Average FTE staff numbers by category</b>		
Academic faculties	1,738	1,765
Learning support services	227	228
Other support services	141	120
Administration and central services and premises	631	626
	<b>2,737</b>	<b>2,739</b>

Staff numbers shown are average FTE values derived from monthly census data whereas in previous years they were from annual census data. The figures for 2007/08 have been adjusted to the new basis.

#### Emoluments of the Vice-Chancellors

	2008/09 £	2007/08 £
<b>Vice-Chancellor from 1 May 2008</b>		
Salary	224,583	50,000
Benefits in kind	443	111
Pension costs	30,526	7,050
	<b>255,552</b>	<b>57,161</b>

#### Acting-Vice Chancellor

Salary	-	125,000
Benefits in kind	-	295
Pension costs	-	17,624
	<b>-</b>	<b>142,919</b>

#### Previous Vice-Chancellor

Salary	-	179,597
Benefits in kind	-	612
Pension costs	-	25,144
	<b>-</b>	<b>205,353</b>

#### Remuneration of higher paid staff excluding the Vice-Chancellor

	2008/09 Numbers	2007/08 Numbers
£100,000 - £110,000	3	3
£110,001 - £120,000	1	1
£120,001 - £130,000	-	1
£130,001 - £140,000	2	-
£160,001 - £170,000	-	1
	<b>6</b>	<b>6</b>

## Notes to the Financial Statements (continued)

### 7 Analysis of expenditure by activity

	Staff Costs £000	Other Operating Expenses £000	Dep'n £000	Interest Payable £000	Total 2008/09 £000	Total 2007/08 £000
Academic faculties	81,766	18,791	202	-	100,759	91,909
Academic support services	10,054	5,800	550	-	16,404	15,069
Research grants and contracts	3,445	3,026	-	-	6,471	6,390
Administration and central services	13,795	16,696	319	-	30,810	27,109
Premises	5,516	16,540	3,089	-	25,145	21,585
Residences and catering	3,975	6,540	1,864	1,815	14,194	14,486
Other services rendered	3,045	2,764	-	-	5,809	5,984
Other	1,506	255	-	-	1,761	4,158
Avon Pension Fund (Note 30)	1,401	-	-	2,674	4,075	2,778
	<b>124,503</b>	<b>70,412</b>	<b>6,024</b>	<b>4,489</b>	<b>205,428</b>	<b>189,468</b>

Interest payable relates to a bank loan taken to finance the Student Residences and to part finance the acquisition of Wallscourt Farm (Note14).

	2008/09 £000	2007/08 £000
The depreciation charge has been funded by:		
Deferred capital grants released	616	516
General Income	5,408	3,787
	<b>6,024</b>	<b>4,303</b>

Operating expenditure includes:		
External auditors' remuneration	37	41
Internal auditors' remuneration	69	63
Auditors' remuneration-non audit services	2	2
	<b>108</b>	<b>106</b>

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Notes to the Financial Statements (continued)

### 8 Tangible Fixed Assets (continued)

#### Consolidated

	Investment Property £000	Freehold Land and Buildings £000	Assets in Course of Construction £000	Equipment £000	Total £000
<b>Cost or Valuation</b>					
At 1 August 2008	9,100	173,986	-	8,248	191,334
Additions	-	57,817	1,460	841	60,118
Loss on Revaluation	(900)	-	-	-	(900)
Disposals	-	-	-	(313)	(313)
<b>At 31 July 2009</b>	<b>8,200</b>	<b>231,803</b>	<b>1,460</b>	<b>8,776</b>	<b>250,239</b>
<b>Depreciation</b>					
At 1 August 2008	-	31,593	-	6,199	37,792
Charge for the year	-	4,952	-	1,072	6,024
Disposals	-	-	-	(313)	(313)
<b>At 31 July 2009</b>	<b>-</b>	<b>36,545</b>	<b>-</b>	<b>6,958</b>	<b>43,503</b>
<b>Written Down Value</b> At 31 July 2009	<b>8,200</b>	<b>195,258</b>	<b>1,460</b>	<b>1,818</b>	<b>206,736</b>
<b>Written Down Value</b> At 31 July 2008	<b>9,100</b>	<b>142,393</b>	<b>-</b>	<b>2,049</b>	<b>153,542</b>
<b>University</b>					
<b>Cost or Valuation</b>					
At 1 August 2008	9,100	169,245	-	8,248	186,593
Additions	-	51,327	1,460	710	53,497
Loss on Revaluation	(900)	-	-	-	(900)
Disposals	-	-	-	(313)	(313)
<b>At 31 July 2009</b>	<b>8,200</b>	<b>220,572</b>	<b>1,460</b>	<b>8,645</b>	<b>238,877</b>
<b>Depreciation</b>					
Charge for the year	-	31,439	-	6,199	37,638
Disposals	-	4,827	-	941	5,768
	-	-	-	(313)	(313)
<b>At 31 July 2008</b>	<b>-</b>	<b>36,266</b>	<b>-</b>	<b>6,827</b>	<b>43,093</b>
<b>Written Down Value</b> At 31 July 2009	<b>8,200</b>	<b>184,306</b>	<b>1,460</b>	<b>1,818</b>	<b>195,784</b>
<b>Written Down Value</b> At 31 July 2008	<b>9,100</b>	<b>137,806</b>	<b>-</b>	<b>2,049</b>	<b>148,955</b>
<b>Written Down Value</b> of inherited assets At 31 July 2009	<b>-</b>	<b>14,682</b>	<b>-</b>	<b>-</b>	<b>14,682</b>

## Notes to the Financial Statements (continued)

In October 2008, the University acquired 70 acres of land and buildings adjacent to Frenchay campus at a cost of £43.1m. The University leased two of these buildings back to the vendor. The net book value of these leased buildings at July 2009 is £3.2m.

The investment property, Northavon House, was valued by the District Valuer in accordance with RICS Appraisal and Valuation Standards as at 31 July 2009. The District Valuer confirmed the valuation of Northavon House at that date at £8.2m based on existing use and open market value. A decrease of £0.650m in the valuation has been adjusted against Revaluation Reserve and £0.250m has been charged to revenue.

'Freehold Land and Buildings' includes capitalised interest of £1.8m in respect of the cost of Student Village at Frenchay Campus.

'Freehold Land and Buildings' includes land at cost of £38.4m, which has not been depreciated.

### 9 Investments

	Group		University	
	2009 £000	2008 £000	2009 £000	2008 £000
CVCP Properties plc	39	39	39	39
Bristol UWE Sport Limited	-	-	12,646	5,000
	<b>39</b>	<b>39</b>	<b>12,685</b>	<b>5,039</b>

The University holds 38,049 £1 shares in CVCP Properties plc, called up and fully paid representing 0.89% of the company's share capital.

#### Subsidiary companies and shareholdings

The following companies, all of which are incorporated in England and Wales, were wholly owned by the University at 31 July 2009. The University holds ordinary share capital in these companies with the exception of Bristol Institute of Legal Practice which is limited by guarantee.

*Bristol UWE Health Training Limited (BUHT)	Education and training in healthcare professions
*Bristol UWE Sport Limited	Sports facilities
*Bristol Polytechnic Enterprises Limited	Property Management
Bristol UWE Utilities Limited	Energy supplies
Bristol Law School Limited	Education and training
Bristol Business School Limited	Education and training
Bristol School of Art Media and Design Limited	Education and training
Campus Services Limited	Catering
BUWE (B80) Limited	Protection of name
Satman Developments (No 35) Limited	Construction
UWE Gloucester Limited	Education and training
UWE Somerset Limited	Education and training
UWE Swindon Limited	Education and training
Bristol Institute of Legal Practice	Education and training
CAVE 6 plc	Property leasing and management
CAVE 7 plc	Property leasing and management

\*The results of these companies have been consolidated with those of the University. BUHT made a gift aid payment of £1.374m (2007/08 £3.991m) to the University representing its trading surplus for the year. Bristol UWE Sport Limited made a surplus of £0.155m (2007/08, loss of £0.078m) and Bristol Polytechnic Enterprises made a loss of £0.127m. The other companies are either not trading or their results are not considered material.

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Notes to the Financial Statements (continued)

Pursuant to Section 641 of the Companies Act 2006, Bristol UWE Sport Limited passed a resolution in June 2009 to reduce its Share Capital to 12,429 Ordinary Shares of £1 each.

On 19 February 2009, the University acquired the entire share capital (4,750,003 Ordinary shares of £1 each) of Bristol Polytechnic Enterprises Limited for a consideration of £5.325m. The net book value of the company which is considered to be the fair value at that date is as below:

	<b>Book Value</b>
	<b>£000</b>
Tangible Fixed Assets	11,362
Cash and Current Asset Investments	3,040
Other Debtors	7
Current Liabilities	(162)
Bank Loan	(8,922)
<b>Net Book Value</b>	<b>5,325</b>

The company issued a further 7,309,850 Ordinary shares of £1 each to the University. These funds were utilised by the company to repay the bank loan.

The University holds 15,000,000 fully paid 1p shares in LISTechnology Limited representing 18 percent of the company's share capital. The consideration for the allotment of these shares was the assignment of certain intellectual property rights.

The University is a member of South West England Regional Network Limited, a company limited by guarantee, whose business is the operation of communication networks. The other members of this company are four universities in the South West of England.

### 10 Stocks

#### University and Group

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
Printing and Stationery Services	70	66
Catering	127	127
School of Creative Arts shop	24	23
IT Services	12	14
	<b>233</b>	<b>230</b>

### 11 Debtors

Amounts due from subsidiary undertakings  
Other debtors  
Other prepayments

	<b>Group</b>		<b>University</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts due from subsidiary undertakings	-	-	-	573
Other debtors	9,143	9,737	9,071	8,736
Other prepayments	989	2,374	873	2,098
	<b>10,132</b>	<b>12,111</b>	<b>9,944</b>	<b>11,407</b>

### 12 Current Asset Investments

Bank and Building Society deposits  
Cash at bank and in hand

Bank and Building Society deposits	65,839	75,919	64,568	75,905
Cash at bank and in hand	6,837	-	1,562	-
	<b>72,676</b>	<b>75,919</b>	<b>66,130</b>	<b>75,905</b>

## Notes to the Financial Statements (continued)

**13 Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>University</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Amounts due to subsidiary undertakings	-	-	3,258	14,986
Research grants received in advance	22,723	22,384	22,723	22,384
Social security and taxation	3,416	3,346	3,416	3,346
Lloyds TSB loan	3,800	-	3,800	-
Other receipts in advance	5,554	10,715	5,554	5,912
Accruals and deferred income	29,634	32,279	21,144	24,304
	<b>65,127</b>	<b>68,724</b>	<b>59,895</b>	<b>70,932</b>

**14 Creditors: Amounts falling due after more than one year**

Lloyds TSB loan	90,250	64,330	90,250	64,330
Other creditors	532	508	-	-
Deferred income	-	2,602	-	-
	<b>90,782</b>	<b>67,440</b>	<b>90,250</b>	<b>64,330</b>

**Analysis of Secured Loan**

Due between one and two years	3,800	3,800
Due between two and five years	11,400	11,400
Due in five years or more	75,050	75,050
	<b>90,250</b>	<b>90,250</b>

During the year, the University converted its 'revolving' credit facility of £95m to a 25 year fixed term loan. The loan is secured under a negative pledge over the Frenchay campus at base rate plus a margin.

**15 Provision for Liabilities and Charges**  
**University and Group****Early Retirement Costs**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
At 1 August 2008	335	353
Transfer to Income and Expenditure Account	(22)	(18)
At 31 July 2009	<b>313</b>	<b>335</b>

Early Retirement Costs represents the present value of the University's future obligation in relation to staff who have taken early retirement. This represents the SSAP24 provision not covered by FRS 17 actuarial valuation. No valuation has been carried out for this fund as the values are not considered material.

**16 Deferred Capital Grants (Buildings)**  
**University and Group**

	<b>2009</b>	<b>2008</b>
	<b>£000</b>	<b>£000</b>
At 1 August 2008	18,384	16,870
Received during the year	23,842	2,030
Released to Income and Expenditure Account	(616)	(516)
At 31 July 2009	<b>41,610</b>	<b>18,384</b>

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Notes to the Financial Statements (continued)

### 17 Reserves: Avon Endowment University and Group

	2009 £000	2008 £000
Avon Endowment	30,960	30,960
Loan Principal Reimbursed by HEFCE	15,570	15,570
Investment revaluation reserve	-	650
	<b>46,530</b>	<b>47,180</b>

As a consequence of the Education Reform Act 1988, all freehold interests in land and buildings used by Bristol Polytechnic were transferred from Avon County Council on 1 April 1989 to what is now the University. The buildings were brought into the Balance Sheet at their depreciated replacement cost, and the amount shown as Avon Endowment represents the difference between that value and the outstanding loan debt inherited from the County Council.

Investment revaluation reserve relates to the revaluation of Northavon House (Note 8).

### 18 Reserves Designated Reserves

	2008 £000	Appropriation £000	2009 £000
Strategic Investment Fund	19,629	-	19,629
Long Term Maintenance	10,642	669	11,311
Student Accommodation Reserve	1,276	(332)	944
Other Designated Reserves	479	184	663
	<b>30,026</b>	<b>521</b>	<b>32,547</b>

Designated reserves are funds within General Reserve and are set aside for the purposes indicated.

	Group		University	
	2009 £000	2008 £000	2009 £000	2008 £000
Income and Expenditure Account At 1 August 2008				
Income and Expenditure Account Surplus/(Deficit) retained for the year	7,752	6,764	8,349	7,283
Add back pension deficit	1,080	(1,790)	1,207	(1,712)
	4,075	2,778	4,075	2,778
At 31 July 2009	<b>12,907</b>	<b>7,752</b>	<b>13,631</b>	<b>8,349</b>
Designated reserves as above	32,547	32,026	32,547	32,026
<b>General reserves at 31 July 2009</b>	<b>45,454</b>	<b>39,778</b>	<b>46,178</b>	<b>40,375</b>
Pension Reserve At 1 August 2008	(54,479)	(25,658)	(54,479)	(25,658)
Actuarial gain/(loss)	4,502	(26,043)	4,502	(26,043)
Deficit retained in reserves	(4,075)	(2,778)	(4,075)	(2,778)
At 31 July 2009	<b>(54,052)</b>	<b>(54,479)</b>	<b>(54,052)</b>	<b>(54,479)</b>

## Notes to the Financial Statements (continued)

<b>19 Reconciliation of Surplus for the Year to Net Operating Cash flows</b>	<b>2009 £000</b>	<b>2008 £000</b>
Operating surplus for the year before exceptional income	1,601	206
Depreciation	6,024	4,303
Pension movement in the year	4,075	2,778
Deferred capital grants released to income	(616)	(515)
Interest received	(3,459)	(3,798)
Interest paid	1,815	2,954
Increase in stock	(3)	(54)
Decrease in debtors	1,986	20
(Decrease)/Increase in creditors falling due within one year	(7,559)	13,235
Decrease in creditors falling due after one year	(2,578)	(3,247)
Decrease in provisions	(22)	(18)
Loss on reduction of investment property	250	-
	<b>1,514</b>	<b>15,864</b>
Net Cash Inflow from Operating Activities	<b>1,514</b>	<b>15,864</b>
<b>20 Returns on Investments and Servicing of Finance</b>	<b>2008/09 £000</b>	<b>2007/08 £000</b>
Interest received	3,459	3,798
Interest paid	(1,815)	(2,954)
	<b>1,644</b>	<b>844</b>
<b>21 Capital Expenditure and Financial Investment</b>		
Tangible fixed assets acquired	(48,756)	(6,307)
Disposal of tangible fixed asset	-	92
Deferred capital grants received	23,842	2,030
	<b>(24,914)</b>	<b>(4,185)</b>
<b>22 Acquisitions and Disposals</b>		
Purchase of subsidiary undertaking	(5,325)	-
Net bank loan acquired with subsidiary undertaking	(8,922)	-
Cash at bank and current asset investments acquired with subsidiary undertaking	3,040	-
	<b>(11,207)</b>	-
<b>23 Management of Liquid Resources and Financing</b>		
Lloyds TSB loan	29,720	11,980
Net placement of term deposits	10,080	(25,139)
	<b>39,800</b>	<b>(13,159)</b>



### Notes to the Financial Statements (continued)

#### 24 Analysis of changes in net funds

	2008 £000	Cash Flows £000	2009 £000
Cash at bank and in hand	-	6,837	6,837
Current asset investments	75,919	(10,080)	65,839
Loan falling due after one year: Lloyds TSB	(64,330)	(25,920)	(90,250)
Loans falling within one year: Lloyds TSB	-	(3,800)	(3,800)
	<b>11,589</b>	<b>(32,963)</b>	<b>(21,374)</b>

#### 25 Access Funds

	2008/09 £000	2007/08 £000
HEFCE	736	945
Interest earned	17	23
Disbursement to students	<b>753</b>	<b>968</b>

#### 26 Training and Development Agency Bursaries

Grant received	2,097	2,163
Disbursement to students	(2,097)	(2,163)
	<b>-</b>	<b>-</b>

#### 27 Aim Higher Disbursements

Grant received	-	4,050
Disbursement	-	(3,606)
Retained as income	<b>-</b>	<b>444</b>

#### 28 Obligations under Operating Leases of Land and Buildings

Commitment expires within 1 year	325	128
Commitment expires between 2 to 5 years	960	771
Commitment expires after 5 years	2,262	2,687
	<b>3,547</b>	<b>3,586</b>

#### 29 Contingent Liabilities

- (a) The University is a member of UM Association (Special Risks) Limited, a company limited by guarantee, formed to provide mutual insurance cover for terrorism risks. If the company as a whole suffers a shortfall in any underwriting year, members are liable for their pro rata share. No liability has yet arisen under this membership.
- (b) The University has entered into an agreement with its subsidiary Bristol UWE Health Training Limited (BUHT) in connection with its request that BUHT purchase shares in BQC Performance Management Limited (BQC) for £0.44m. As sole shareholder in BUHT, the University guarantees the purchase of shares in BQC for the same consideration in the event that BUHT is deemed insolvent.
- (c) At 31 July 2009 capital commitments were £0.158m.

## Notes to the Financial Statements (continued)

**30 Pension Costs**

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>2008/09</b>	<b>2007/08</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme	6,957	6,825
Avon Pension Fund	6,551	6,509
USS	236	213
	<hr/>	<hr/>
	<b>13,744</b>	<b>13,547</b>

**Teachers' Pension Scheme (TPS)**

Contributions to the TPS are assessed not less than every 5 years by the Government Actuary. Contributions are paid by the University at the rate specified by the Government Actuary. The University's contribution from January 2007 is 14.1% of pensionable salaries (previously 13.5%) and the employees' contribution is 6.4%. The scheme is unfunded and, therefore, no valuations of the fund's assets are published.

**Universities Superannuation Scheme (USS)**

The University participates in the Universities Superannuation Scheme (USS). According to the USS, it is not possible to identify each individual institution's underlying assets and liabilities and hence contributions to the scheme are accounted for as if it were a defined contribution scheme, in accordance with FRS 17. The cost recognised within the surplus/deficit for the year in the income and expenditure account is equal to the contributions payable to the scheme for the year.

Further disclosure is not made as there are only a small number of University employees in the scheme.

**The Avon Pension Fund**

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

The total contribution made for the year ended 31 July 2009 was £7.61m of which employers' contribution totalled £5.15m and employees' contribution totalled £2.46m. The agreed rates of contribution for current years are 14.5% for employers with banded contribution rates for employees ranging from 5.5% to 7.5% apply depending on an individual's full time pay.

The Avon Pension Fund is valued every 3 years by a professionally qualified actuary using the projected unit method, the rates of contribution payable being determined by the trustees on the advice of the actuaries. The latest actuarial assessment was at 31 March 2007.

The value of the assets of the Fund at 31 March 2007 was £2,184m.

### Notes to the Financial Statements (continued)

#### 30 The Avon Pension Fund (continued)

The material assumptions used by the actuary for FRS17 at 31 July 2009 were:

	31 July 2009	31 July 2008
Inflation	3.7%	3.8%
Rate of increase in salaries	4.95%	5.05%
Rate of increase for pensions in payment	3.7%	3.8%
Discount rate for liabilities	6.3%	5.9%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	31 July 2009	31 July 2008
<b>Retiring today</b>		
Males	21.2	19.7
Females	24.0	22.6
<b>Retiring in 20 years</b>		
Males	22.2	22.5
Females	25.0	25.0

The University's share of the assets in the scheme and expected rate of return were:

	Rate of return expected at 31 July 2009	Value at 31 July 2009 £000	Rate of return expected at 31 July 2008	Value at 31 July 2008 £000	Rate of return expected at 31 July 2007	Value at 31 July 2007 £000
Equities	7.5%	53,962	7.5%	54,674	7.5%	51,053
Bonds-Government	4.5%	11,893	4.8%	15,419	4.9%	13,702
Bonds-Other	5.8%	7,367	5.9%	4,608	5.8%	4,451
Property	6.5%	266	NA	-	6.5%	8,378
Cash/Liquidity	0.5%	6,124	5.0%	4,342	5.75%	785
Other	7.5%	9,142	7.5%	9,570	7.5%	8,902
		<b>88,754</b>		<b>88,613</b>		<b>87,271</b>

## Notes to the Financial Statements (continued)

## 30 The Avon Pension Fund (continued)

<b>University's share of the scheme's assets and liabilities:</b>	<b>31 July 2009</b>	<b>31 July 2008</b>
	<b>£000</b>	<b>£000</b>
Market value of assets	88,754	88,613
Present value of the liabilities	(142,806)	(143,092)
	<b>(54,052)</b>	<b>(54,479)</b>
<b>Amounts charged to income and expenditure account</b>		
Current service cost	(6,549)	(5,069)
Past service cost	-	(1,458)
Settlements and curtailments	(218)	-
	<b>(6,767)</b>	<b>(6,527)</b>
<b>Analysis of Finance income and charges</b>		
Expected return on pension scheme assets	5,925	5,925
Interest on pension liabilities	(8,599)	(6,707)
	<b>(2,674)</b>	<b>(782)</b>
<b>Analysis of amounts recognised in statement of recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	(9,906)	(16,573)
Changes in assumptions underlying the present value of the scheme liabilities	14,408	(9,470)
	<b>4,502</b>	<b>(26,043)</b>
<b>Movement in deficit is as follows:</b>		
Deficit in scheme at 1 August	(54,479)	(25,658)
Movement in the year:		
Current service cost	(6,549)	(5,069)
Contributions	5,366	4,531
Past service cost	-	(1,458)
Curtailments or Settlements	(218)	-
Net interest/Return on assets	(2,674)	(782)
Actuarial gain/(loss)	4,502	(26,043)
	<b>(54,052)</b>	<b>(54,479)</b>

# University of the West of England

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2009

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## Notes to the Financial Statements (continued)

### 30 The Avon Pension Fund (continued)

#### Analysis of the movement in the present value of the scheme's liabilities:

	31 July 2009 £000	31 July 2008 £000
At 1 August	(143,092)	(112,929)
Current service cost	(6,549)	(5,069)
Interest cost	(8,599)	(6,707)
Contribution by scheme participants	(2,423)	(2,151)
Actuarial gains and losses	14,408	(16,573)
Benefits paid	3,667	1,795
Past service cost	-	(1,458)
Curtailments	(218)	-
	<hr/>	<hr/>
At 31 July	<b>(142,806)</b>	<b>(143,092)</b>

#### Analysis of the movement in the present value of the scheme's assets

	31 July 2009 £000	31 July 2008 £000
At 1 August	88,613	87,271
Expected rate of return on scheme assets	5,925	5,925
Actuarial gains and losses	(9,906)	(9,470)
Contribution by employer	5,366	4,531
Contribution by scheme participants	2,423	2,151
Benefits paid	(3,667)	(1,795)
	<hr/>	<hr/>
At 31 July	<b>88,754</b>	<b>88,613</b>

	2009 £000	2008 £000	2007 £000	2006 £000
Difference between the expected and actual return on assets				
Amount	(9,906)	(9,470)	2,497	3,440
Percentage of scheme assets	11.2%	10.7%	2.9%	4.5%
Experience gains/(losses) on scheme liabilities				
Amount	14,408	(16,573)	1,596	(6,051)
Percentage of the present value of scheme liabilities assets	10.1%	11.6%	1.4%	5.9%
Actuarial gain recognised in STRGL				
Amount	4,502	26,043	4,093	(2,611)
Percentage of present value of year end scheme liabilities	3.2%	18.2%	3.6%	2.5%

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