

Report and Financial Statements

For the Year ended 31 July 2010





UWE is a Partnership University – partnership is at the heart of our activities and our strategy.

This means working across traditional boundaries to identify problems, generate solutions, and focus on continuous improvement in all our activities. At UWE we work in partnership with our students, staff, employers, community organisations, and other educational providers to really promote and drive opportunity, social justice, creativity and innovation – regionally, nationally and internationally. Whether addressing skills-shortages and social mobility, improving graduate employability skills, or generating user-led solutions in areas such as transport and planning, faster diagnosis for prostate cancer or rapid tests for MRSA, genuine partnership working is key to true success.

This is the agenda we are promoting and believe in. It translates into our vision and mission, and it is captured in our ethos and values. It informs both our strategic goals and our approach to delivery. We have a lot to be proud of and a great deal we can build on to further advance our mission of making a positive difference to our students, employers and society.

As we move forward we will continue to focus on our strengths, on the areas where we can have the most impact, and where there is consistency with our vision and mission. We will continue to improve the delivery of our services and our provision, both in terms of efficiency and effectiveness, meeting and exceeding the expectations of our partners.

As we do so we will continue to be clear that our most important partners are our students. In all of our activities there is one overarching purpose of our success – a truly excellent student experience. Our students are central to all that we do and we will continue to ensure they have the best opportunities possible to realise their ambitions and dreams.

At UWE we believe in the power of partnerships to transform lives for the better, this makes the University a really exciting place to be as we invest for the future.

Professor Steve West, Vice-Chancellor



Contents

01

Board of Governors	2
Operating and Financial Review	3
Corporate Governance and Internal Control	9
Independent Auditors' Report to the Board of Governors	12
Statement of Accounting Policies	13
Consolidated Income and Expenditure Account	16
Balance Sheets	17
Consolidated Statement of Total Recognised Gains and Losses	18
Consolidated Cash Flow Statement	19
Notes to the Financial Statements	20

Board of Governors

Independent Members

Gillian Camm (Chair)
Robert Barnett (to 31 July 2010)
Rosamund Blomfield-Smith (to 31 July 2010)
Chris Booy
Sherrie Eugene-Hart (to 3 March 2010)
Iain Gray
Dr Martin Hagen (from 21 September 2010)
John Laycock
Sonia Mills
The Right Reverend Barry Rogerson
Lise Seager
Trevor Smallwood (from 6 June 2010)

Ex-Officio

Professor Steven West

Academic Board Nominees

Professor Paul Gough
Dr Jane Harrington

Student Nominees

William Harris (to 31 July 2010)
Colin Offler (from 1 July 2010)
Kathryn Phillips (to 30 June 2010)

Co-opted Members

Professor Graham Upton
Graham van der Lely

Operating and Financial Review

This is the eighteenth annual report of the University of the West of England and covers the year to 31 July 2010.

Principal Objectives

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.

Strategic Priorities and Achievements

During 2009/10 the Board of Governors reviewed the Strategic Plan against the changed external environment and confirmed the strategic direction of the University to 2012. 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. At its heart the University of the West of England is a partnership university, engaging with a number of key sectors and a wide range of organisations and institutions to deliver excellence across its core activities of learning, teaching and assessment; research; enterprise and innovation; and public engagement. The excellence of the student experience remains central to the University's mission.

The priorities for 2010 to 2012 in each of the key strategic partnership themes are

- to establish greater connectivity between research, learning and teaching, community, public and employer engagement, and our infrastructure and professional services in order to drive innovation
- nurturing talent to strengthen the 'One University' ethos across UWE, enabling staff to work effectively and efficiently across disciplines and departmental boundaries towards the realisation of our common vision
- to enhance the preparedness of UWE graduates for work and life after graduation by providing the best opportunities possible for them to realise their ambitions through high quality, dynamic academic programmes, personal development and skills training
- to raise aspirations and widen participation further, connecting with potential students especially in hard to reach groups in our local community and to provide an inclusive environment and experience for students and staff
- continuing to develop the effectiveness and impact of our international partnerships, in terms of opportunities for study abroad and staff exchange, transnational education provision, and the internationalisation of our curriculum
- to enhance our reputation for excellent research that has a positive impact on the economy and society, advancing solutions to some of the most pressing concerns facing us regionally, nationally and internationally

- to identify, recognise and raise the profile of our already impressive portfolio of public engagement activity to benefit all those who work with and use the University in whatever way

To support these priorities we will: continue to build on our successful financial management; establish an organisational structure to ensure we deliver a responsive and consistent service; ensure that high quality information is available to support the effective operation of the University and enable the realisation of its vision; provide a creative, sustainable, safe and healthy learning, working and living environment.

The Board of Governors has agreed a set of key performance indicators at corporate level, which allows the Board and senior managers to monitor the performance and progress of the institution in its priority areas. Targets are set or revised for the three years ahead through the annual planning process. The University is currently working on a similar set of performance indicators for faculties and departments.

In 2009/10 the University 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 Hartpur College in Gloucestershire. A master plan for the long term development of the Frenchay campus is being worked on and will be finalised during the coming year.

Main achievements in 2009/10

- The University was very proud to be named 'Best Institute of Widening Participation' at the 2009 Xcel Awards; it was the first time the award had been made. This recognises the tremendous work that staff and students throughout the institution have been engaged in over a number of years in reaching out to the local community and groups traditionally under-represented in higher education to raise the aspiration of students, parents and their communities. The range of activity is extensive, including student mentoring and tutoring in schools, staff visiting or working with particular schools and colleges, summer schools and other events.
- Last year there were fewer UWE graduates unemployed, compared to a rise in graduates unemployed across the UK as a whole. From a detailed survey in January to March 2010 just 7.5 per cent of the 2009 UWE graduates were still seeking employment after six months, against an average 10 per cent for all University graduates nationally - figures from the Higher Education Statistics Agency (HESA). UWE offers a unique graduate development programme (GDP) to support all its full time undergraduates, and has built up powerful partnerships with recruiters across private and public sectors, and from large global corporations to small local businesses. The University provides a vast range of work placement opportunities, internships, and assistance with business start-ups, alongside one of the largest career fairs in the country held in the University's Exhibition and Conference Centre. UWE's success with the HEFCE funded Graduate Internship Programme was recognised through the

award of 20% of the entire national allocation in the second round of internships in April 2010. Much of this success has been achieved through a strong partnership with the Federation of Small Businesses.

- In November 2009 Bristol City Council, UWE Bristol and the SS Great Britain Trust won the bid to build the BLOODHOUND Super Sonic Car in Bristol. The BLOODHOUND engineering team are building a car that aims to break the world land speed record by reaching speeds of over 1,000 mph, inspiring future engineers and designers in Bristol and across the world. The project, initiated by the former Science Minister Lord Drayson and Richard Noble, is designed to inspire future engineers in the same way that NASA's space programme did in the 1960s and the building of Concorde did in Bristol in the 1970s.
- The National Co-ordinating Centre for Public Engagement is a joint initiative with the University of Bristol funded by the UK Research Councils. It is leading a culture change in the higher education sector by assisting universities increase the quantity and quality of their engagement with the wider public. This includes identifying, developing and disseminating good practice in public engagement among universities and by raising the status of public engagement activities in higher education.
- A new sustainable and state of the art extension to the University's Architecture building opened in September 2010. The studio extension will primarily be used by architecture and product design students but also includes teaching and social spaces for common use by all at UWE. The extension has achieved a BREEAM rating of 'excellent' in recognition of its overall environmental performance – including a heating system fuelled by bio-fuel made from recycled cooking oil and ground coupled cooling. All materials have been carefully selected to ensure a high recycled material content throughout and the building project had a large amount of input from professionals who are UWE alumni.
- The University was pleased to win the prestigious Green Gown Award for 'Continuous Improvement – institutional Change', in recognition of its efforts to embed the management of sustainability across the whole of the institution. The prize recognises sustained and successful activities to improve the performance of further and higher education institutions, campuses, faculties and buildings over a number of years. By working together the University community has achieved a 26% reduction in carbon emissions since 2001/2002, the award of the carbon trust standard, and a recycling rate of 37% of all waste. UWE is also recognised as one of the top five institutions for delivering education for sustainable development – making a positive impact on generations to come.

Public benefit

The University delivers benefits to the wider public good through all of its strategic themes and particularly:

- in its work in raising aspirations and widening participation in higher education;
- preparing students for work and life after graduation;
- its engagement and wide range of activities with partners in business, the public sector and communities;
- knowledge exchange and particular research projects.

In 2009/10, contributions to individuals and wider society included:

- putting £6.2 million into scholarships and bursaries for students;
- 450 UWE students participated in activities organised by the Outreach Centre which benefitted over 17,500 students in local schools and colleges. A further 15,700 local students were involved in other activities provided by the Outreach Centre such as summer schools and other larger scale events;
- more than 50 staff were engaged in regular volunteering activities organised through the Community Volunteering Programme and others were involved in one-off events;
- the establishment of the Refugee and Migrant Support Hub to provide a single point of contact to facilitate academic and educational opportunities for scholars at risk, refugees and asylum seekers, and others from under-represented communities;
- establishing the UWE Better Together Fund, a fundraising initiative which raises funds to support the University's overall development, student hardship bursaries, and charitable projects in the local community. The projects must offer the widest possible benefit, and meet a clearly expressed community, student, academic, or overall University need;
- supporting students in financial hardship through the distribution of £130,000 in grants, fee waivers and in other ways, in addition to the Access to Learning Funds provided by the government;
- involvement in the development of two new schools, Orchard School Bristol and Bristol Metropolitan Academy, in areas of low participation in Bristol, with members of UWE staff taking places on the Boards and contributing to the governance and academic development of the institutions;
- running an 'Education without Borders' conference, participants including refugees and asylum seekers and others from migrant communities and voluntary, education and public sector organisations in Bristol and the South West;
- work being undertaken by research centres such as:
 - the Centre for Research in Biomedicine which is researching new diagnostic tests that have the potential to save thousands of lives and improve patient care. This includes the rapid detection of life-threatening bacteria and new tests that will help ensure that leukaemia patients receive more effective chemotherapy
 - the Centre for Transport and Society aims to improve our understanding of the links between lifestyle and personal travel in times of rapid social and technological change. Recent work includes issues in relation to transport and ageing, including exploring and addressing the mobility needs of older citizens in rural areas and how older people approach and deal with the need to give up driving
- encouraging staff engagement in public duties by allowing up to 24 days a year paid leave to undertake roles such as school governors, magistrates and membership of local authorities. The University also supports staff serving in the reserve forces;

- the Family and Community Engagement Initiative, developing a range of activities to work with families and communities in the catchment areas of two Bristol schools supported by the Trust in Learning in which UWE is a partner, which are designed to have the greatest impact for young people.

Financial Highlights

During the year to 31 July 2010 (2009) the University:

- Generated turnover of £223.1m (£207.0m)
- Generated an operating surplus of £3.7m (£1.6m)
- Increased income by £16.0m
- Increased expenditure by £13.9m
- Generated net inflow of cash from operating activities £12.8m (£1.5m)
- Invested £9.3m (£60.1m) in tangible fixed assets

At 31 July 2010 (2009) the University had:

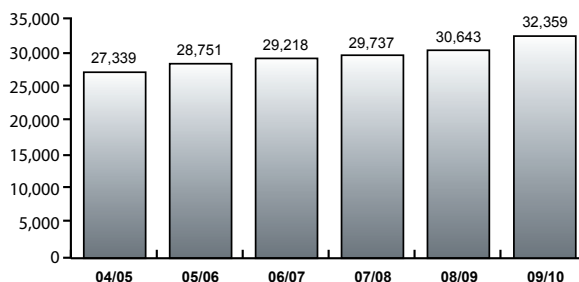
- Cash and Current asset investments of £73.4m (£72.7m)
- Net Current assets of £18.6m (£17.9m)
- Total net assets of £94.1m (£79.5m)
- A borrowing of £90.3m (£94.1m)

The Financial Statements and supporting notes for 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 is further reviewed below in terms of the income and expenditure account and the balance sheet, was maintained during 2009/10, with a surplus for the year before appropriations amounting to £3.7m. The outturn for the year is slightly 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 it is exempt from these requirements with respect to the Universities Superannuation Scheme and the Teachers Pension Scheme. The Government announced that with effect from 8 July 2010, the minimum level of increases on pension would be based on the Consumer Price Index rather than the Retail Price Index. The actuarial valuation at July 2010 has been made using this assumption resulting in a past service gain of £10.3m. This gain been recognised in the Statement of Recognised Gains and Losses and as a result, the pension liability in the Balance Sheet has decreased from £54.1m at July 2009 to £47.6m at July 2010.

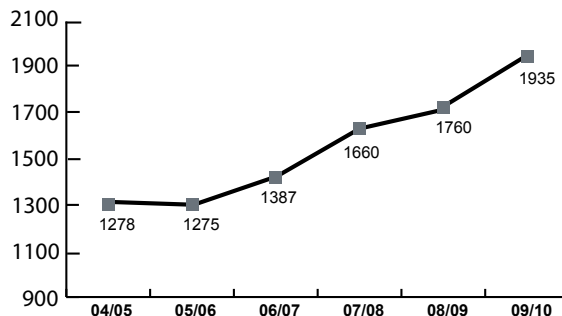
Enrolments

In 2009/2010, the University enrolled a total of 32,359 students, of whom 23,006 were full-time and sandwich students and 9,353 part-time students. This total is an increase of approximately 5.6% on the previous year and continues the year on year growth. Within the full-time numbers were 1,935 overseas students representing a 9.9% increase on the previous year.

Growth in Student Numbers



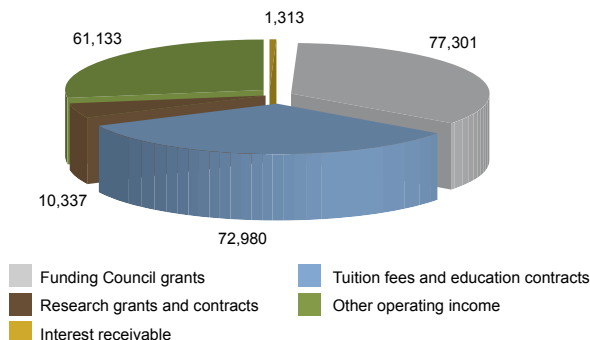
Growth in Overseas Student Numbers

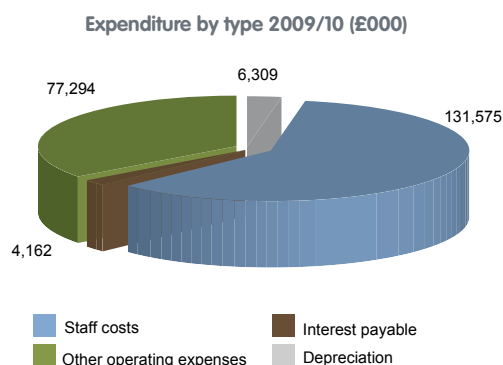


Income and Expenditure

The increase in income was 7.7%. Funding Council Grants increased by 4.6%, tuition fees by 13.9% and research grants by 10.2% whilst other operating income rose by 8.8%. There was a 62.0% decrease in interest receivable. Funding Council Grants represented 34.7% of total income.

Income by type 2009/10 (£000)

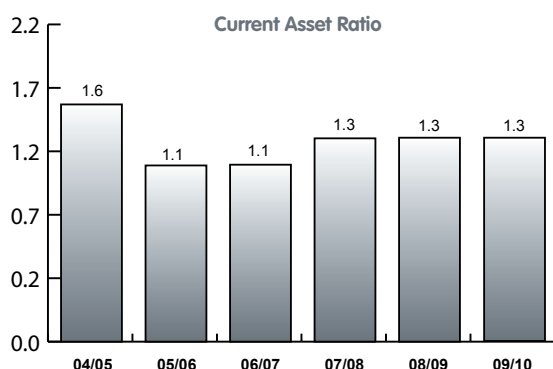




Total expenditure rose by approximately £13.9m, an increase of 6.8% on the previous year. There was an increase of approximately £6.9m in other operating expenses, an increase of 9.8% on the previous year. Payroll costs, including restructuring increased by 5.7% and continue to be the largest item of expenditure at 60% of the total expenditure and an increase of 4.2% excluding restructuring costs.

Balance Sheet

The net book value of tangible fixed assets increased during the year by £2.7m resulting from construction of the new Architecture block on the Frenchay campus and the purchase of student accommodation near Glenside campus known as 'The Hollies'. 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 2010 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 its capital, 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 global financial climate, the University has moved 80% of its deposits into 'AA' rated institutions or institutions backed by government guarantee. Funds are managed primarily by the University's Finance department and operated within by the prescribed investment guidelines.

Subsidiary Companies

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

Parties associated with the University

Bristol Polytechnic Charitable Trust ("BPCT") and 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.

Bristol Polytechnic Charitable Trust

The audited financial statements of BPCT to 31 December 2009 showed net assets of £0.6m, which consisted mainly of short-term deposits. There were no material transactions between the University and BPCT in the period from 31 December 2009 to 31 July 2010.

Wallscourt Foundation

The audited financial statements of Wallscourt to 31 December 2009 showed consolidated net assets amounting to £7.6m, including freehold land and properties of £10.5m. These properties include Wallscourt House and the Bristol Information Technology Centre ("BITC") both of which are leased to the University on an arm's length basis. Future 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 2010 showed net assets of £0.546m. The total income for the year was £4.790m of which block grant from the University during the year amounted to £0.932m.

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 on Foundation, Bachelor and Masters Degree programmes. The unaudited financial statements of Hartpury College to 31 July 2010 showed total turnover of £25.5m, of which Higher Education contract income was £4.0m and achieved a surplus of 0.9m in income and expenditure. The College also hosts students from the University's Faculty of Health and Life Sciences.

Hartpury's development plans align with the mission of UWE and the national HE agenda as outlined in the BIS document Higher Ambitions. The College is therefore now running over 17 Foundation Degree and a range of vocationally focused BA/Bsc 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 2009/10 the College's student tuition fee income was £3.9m of which £2.8m related to UK Higher Education students, £0.5m to non EU Students and £0.6m to UK Further Education students.

University of the West of England Federation

The University continues to actively engage in building up bilateral partnerships with Further Education Colleges (FECs) known as the "UWE Federation". To date formal Federation agreements have been signed with City of Bath College, City of Bristol College, Cirencester College, Filton College, Gloucestershire College, Richard Huish College, Stroud College, New College Swindon, Weston College, Wiltshire College and Yeovil College.

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 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.

It is the policy of the University to employ disabled individuals in suitable posts and to make arrangements whenever possible to encourage employees who develop a disability to continue working for the institution. The Disability Equality Scheme sets out the University's commitment in detail.

The University is committed to providing a safe working environment for employees and students and has developed a comprehensive strategy and range of policies for that purpose. The University is currently updating and enhancing health and safety policies and procedures.

Corporate Social Responsibility

The University is committed to working in a socially responsible way, considering the impact of its work on the environment and society. This commitment is set out in various strategies and policies, including: the sustainability strategy; procurement policies; Human Resources and Organisational Development Strategy and related policies; corporate ethics and research ethics policies; and, the travel plan.

The University follows 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 improvement and while there are many challenges ahead, the approach to date has been successful. The management of sustainability has enhanced the University's reputation externally whilst encouraging faculties, services, students and wider stakeholders to work in partnership. The aim has been to deliver genuinely holistic performance improvement, and this has been achieved through a range of on-going activities since 2005.

During 2009/10 as well as receiving a Green Gown award for Continuous Improvement – Institutional Change, the University also gained the Carbon Trust Standard, a mark of excellence awarded in recognition of measuring, managing and improving our carbon efficiency. This was achieved by an investment of £2.5m for a boiler replacement programme and improved building management system controls, which reduced gas consumption by 50%. A further £216,000 was spent on other energy saving projects such as £50,000 on PC power management. All of this has contributed to a 26% reduction in buildings' carbon emissions since 2001. A £75,000 investment in recycling infrastructure has increased recycling to 42% and reduced cleaning costs. Annually, £400,000 is invested to subsidise bus travel, working in partnership with a local provider to operate the University bus service. The newest building has been BREEAM excellent rated.

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 an ex officio member of the Board of Governors of the University and a number of Student Union representatives are members of Academic Board and other committees. There is regular formal and informal consultation with the Students' Union including through a Governor and Student Forum.

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's financial position continues to remain healthy and the Board of Governors is satisfied that the University has adequate resources to continue its operations for the foreseeable future. However, in common with similar institutions, it faces an increasingly uncertain future due to factors such as a decrease in public funding, the external economic climate and a potential decline in NHS contract income. 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 the staff and the Board of Governors thanks and congratulates them all.

Signed on behalf of the Board of Governors by:

G Camm

Chair of Governors

Corporate Governance and Internal Control

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 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 Acts; 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 and internal rules and bye-laws.

The Articles of Government set out the requirement for and the responsibilities of a Board of Governors and an Academic Board to oversee and manage the University's activities, and define the responsibilities of the Vice-Chancellor.

Charitable Status

In accordance with the 1988 Act, the University enjoys exempt charitable status. Members of the Board of Governors are therefore charitable trustees and responsible for ensuring that the University's activities are conducted in compliance with charity legislation and for the public benefit. The University is required to comply with the reporting and other requirements of the Higher Education Funding Council for England (HEFCE) in its role as principal regulator under the Charities Act 2006. In maintaining oversight of the University's activities, the Board of Governors has had regard to the Charity Commission's guidance, particularly on the public benefit.

The Board of Governors

The Board of Governors is responsible for the finance, property and staffing of the University. It is specifically required to determine the educational character and mission of the University and is responsible for its ongoing strategic direction and development. The Board of Governors meets at least six times a year.

The Board comprises lay, 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. Governors are entitled to claim reimbursement of reasonable expenses incurred in undertaking their duties, but none receives any remuneration for the work they do as a Governor.

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. The main committees which operated during 2009/10 were: Estates Committee; Finance and Information Technology Committee; Human Resources Committee; Audit Committee; Nominations and Governance Committee; and Remuneration Committee. All of these committees are formally constituted with written terms of reference. The decisions of the Committees are formally reported to the Board. The membership of committees consists mainly of lay members of the Board of Governors, one of whom is designated as Chair.

An Emergency Committee, consisting of the Chair and Deputy Chair of Governors and the Chair 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 Chairs of the HR Committee or the Estates Committee. It was not necessary to convene the Emergency Committee in 2009/10.

In accordance with the Articles of Government, 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

During the year to 31 July 2010 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 oversees academic policy and affairs. It is particularly concerned with issues relating to the research, scholarship and teaching work of the University.

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.

Leadership and Management

The Vice-Chancellor is the chief executive officer of the University, who has general responsibility to the Board 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's Executive Group assists the Vice-Chancellor in discharging his responsibilities as Chief Executive. In 2009/10 the Executive Group included the Deputy Vice-Chancellor, the Pro Vice-Chancellor and Assistant Vice-Chancellors. The Executive Group co-ordinates the organisation, direction and management of the University and meets weekly.

The organisational structure of the University in 2009/10 was based on five faculties and a number of central professional and support services, each of which is treated as a planning and budgetary unit. Each faculty is headed by an Executive Dean, whose responsibilities at faculty level largely mirror those of the Vice-Chancellor at a corporate level.

Review of Governance Arrangements

The Board is committed to monitoring its own performance and the effectiveness of governance arrangements and conducted its latest formal review in 2005/06. The Board determined then to bring its practice generally into line with CUC's Governance Code of Practice. Work continues to ensure that corporate governance practice remains consistent with the Code and other guidance available.

The Board has continued to monitor further changes introduced since the review and in 2009/10, has paid further attention to its own composition and committee structure. The Board decided to reduce its maximum membership to 15, with appropriate adjustments in each category of member. As a consequence the committee structure and other arrangements were also revised. These changes are being implemented over the next year.

Similarly, Academic Board reviewed its composition, committee structure and related arrangements in 2009/10 and will be implementing the agreed changes over the forthcoming year.

Register of Interests

The University maintains a register of interests of members of the Board of Governors and key post holders, which may be viewed by arrangement with the Clerk to the Governors.

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, while 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. However, the process is designed to manage rather than eliminate the risk of failure to achieve policies, aims and objectives and it can, therefore only provide reasonable but not absolute assurance of effectiveness.

The Board of Governors regularly discusses risk and related reports from its Committees, in particular the Audit Committee. 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 in its review of internal control by the work of the internal auditors, and the Audit Committee and the Vice-Chancellor's executive group both of whose agendas

ensure regular monitoring of the risk and control processes ensuring that they accord with the internal control guidance for directors as included in the Stock Exchange's 'Combined Code', as deemed applicable to higher education.

The Board 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, approved by the Board, that inter alia form part of the internal control process.
- The Risk Register is compiled by the Vice-Chancellor's Executive Group from information provided by senior managers, and the key corporate risks are reported to the Audit Committee to help facilitate the identification, assessment and monitoring of risks of significant importance to the University. 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 and professional services help facilitate the identification, assessment and monitoring of risks.
- The Audit Committee is required to report to the Board of Governors on internal controls and to alert it to any emerging issues. Amongst its other responsibilities the Audit Committee is responsible for oversight of risk management and ensuring that the Risk Management Policy is applied.
- 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.

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 KPMG 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.

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 their circular 19/2010 "Accounts direction to higher education institutions for 2009/10".

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.

Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of the University is 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 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.

The Board of Governors has ensured that the financial statements have been prepared using:

- 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.

G Camm
Chair of Governors

S G West
Vice-Chancellor

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

We have audited the financial statements for the year ended 31 July 2010 which comprise the consolidated income and expenditure account, the consolidated balance sheet, the University's balance sheet, 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 historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

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

Respective Responsibilities of the Board of Governors and Auditors

As described in the Statement of Corporate Governance, the Board of Governors are responsible for the preparation of 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 Institutions, applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, International Standards of Auditing (UK and Ireland) and the Audit Code of Practice issued by the Higher Education Funding Council for England.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions. We also report to you whether in our opinion, income from funding bodies, grants and income for specific purposes and from other restricted funds administered by the University, have been properly applied in all material respects for the purposes for which they were received, and whether income has been applied in all material respects in accordance with the University's statutes and where appropriate with the Financial Memorandum with the Higher Education Funding Council for England and with the Funding Agreement with the Training and Development Agency for Schools.

We also report to you if, in our opinion, the University has not kept proper accounting records, the accounting records do not agree with the financial statements, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Financial Statements and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises the Report of the Treasurer

and the Statement of Corporate Governance. Our responsibilities do not extend to any other information.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards of Auditing (UK and Ireland) 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 Board of Governors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

Opinion

In our opinion:

- i) the financial statements give a true and fair view of the state of affairs of the University and the group at 31 July 2010, and of the group's surplus of income over expenditure, recognised gains and losses and cash flows for the year then ended and have been properly prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education Institutions;
- ii) in all material respects, income from the Higher Education Funding Council for England, the Training and Development Agency for Schools, grants and income for specific purposes and from other restricted funds administered by the University have been applied for the purposes for which they were received;
- iii) in all material respects, income has been applied in accordance with the University's statutes and where appropriate in accordance with the Financial Memorandum with the Higher Education Funding Council for England and with the Funding Agreement with the Training and Development Agency for Schools.

Mazars LLP

Chartered Accountants and Registered Auditors
Bristol

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 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, and to 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.

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 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.

i Operating Leases

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

Land and buildings acquired and Buildings under construction are accounted for at cost based on architects' certificates or amounts paid plus 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.

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.

k Endowment Fund

Where donations are received on the basis that the University must invest the money received and spend only the income, they are treated as permanent endowments. The value of the endowment is shown in the Balance Sheet under 'Permanent Endowment' and the income arising is credited to the Income and Expenditure account.

Consolidated Income and Expenditure

Consolidated Income and Expenditure Account for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
Income			
Funding Council grants	1	77,301	73,922
Tuition fees and education contracts	2	72,980	64,076
Research grants and contracts	3	10,337	9,382
Other operating income	4	61,133	56,190
Interest receivable	5	1,313	3,459
Total Income		223,064	207,029
Expenditure			
Staff costs	6	131,575	124,503
Other operating expenses	7	77,294	70,412
Depreciation	7	6,309	6,024
Interest payable and other finance costs	7	4,162	4,489
Total Expenditure		219,340	205,428
Surplus on continuing operations after depreciation of assets at cost			
		3,724	1,601
Transfer to designated Reserves	19	(3,547)	(521)
Surplus transferred to General Reserves		177	1,080

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.

Balance Sheets

Balance Sheets at 31 July 2010

	Note	Group		University	
		2010 £000	2009 £000	2010 £000	2009 £000
Fixed Assets					
Tangible fixed assets	8	209,404	206,736	198,716	195,784
Investments	9	39	39	12,685	12,685
		209,443	206,775	211,401	208,469
Endowment Asset					
	18	1,200	-	1,200	-
Current Assets					
Stocks	10	249	233	249	233
Debtors	11	11,359	10,132	11,882	9,944
Current asset investments	12	73,023	65,839	71,539	64,568
Cash at bank and in hand	12	364	6,837	6	1,562
		84,995	83,041	83,676	76,307
Creditors:					
Amounts falling due within one year	13	(66,427)	(65,127)	(66,378)	(59,895)
Net Current Assets		18,568	17,914	17,298	16,412
Total Assets less Current Liabilities					
		229,211	224,689	229,899	224,881
Creditors:					
Amounts falling due after more than one year	14	(87,147)	(90,782)	(87,147)	(90,250)
Provision for liabilities and charges	15	(278)	(313)	(278)	(313)
Net Assets excluding pension liability		141,786	133,594	142,474	134,318
Pension Liability	30	(47,648)	(54,052)	(47,648)	(54,052)
Net Assets		94,138	79,542	94,826	80,266
Deferred capital grants					
	16	40,983	41,610	40,983	41,610
Reserves					
Avon endowment	17	46,530	46,530	46,530	46,530
Permanent Endowment	18	1,200	-	1,200	-
General Reserves excluding pension liability	19	53,073	45,454	53,761	46,178
Pension Reserve	19	(47,648)	(54,052)	(47,648)	(54,052)
General Reserves including pension liability		5,425	(8,598)	6,113	(7,874)
Total Reserves		53,155	37,932	53,843	38,656
Total Funds		94,138	79,542	94,826	80,266

The financial statements were approved by the Board of Governors on 23 November 2010 and signed on its behalf by:

G Camm
Chairman

S G West
Vice-Chancellor

Consolidated Statement of Total Recognised Gains and Losses

Consolidated Statement of Total Recognised Gains and Losses for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
Surplus on continuing operations after depreciation of assets at cost		3,724	1,601
Endowment received during the year		1,200	-
Actuarial gain in respect of pension scheme in the year	30	10,299	4,502
Loss on revaluation of Northavon House	8	-	(650)
Total Recognised Gain		15,223	5,453
Reconciliation			
Opening Reserves		37,932	32,479
Total gain recognised gain for the year		15,223	5,453
Closing Reserves		53,155	37,932

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the year ended 31 July 2010

	Note	2009/10 £000	2008/09 £000
Net cash inflow from operating activities	20	12,820	1,514
Returns on investments and servicing of finance	21	668	1,644
Capital expenditure and financial investment	22	(8,977)	(24,914)
Acquisitions and Disposals	23	-	(11,207)
Cash inflow/(Outflow) before use of liquid resources and financing		4,511	(32,963)
Management of liquid resources	24	(7,184)	10,080
Financing	24	(3,800)	29,720
(Decrease)/increase in cash	25	(6,473)	6,837
Reconciliation of net cash flow to movement in net funds		2009/10 £000	2008/09 £000
(Decrease)/Increase in cash	25	(6,473)	6,837
Increase/(Decrease) in investments	25	7,184	(10,080)
Cash Outflow/(Inflow) from Lloyds TSB loan	25	3,800	(29,720)
Change in net funds in the year		4,511	(32,963)
Net Funds at 1 August 2009	25	(21,374)	11,589
Net Funds at 31 July 2010	25	(16,863)	(21,374)

Notes to the Financial Statements

	2009/10 £000	2008/09 £000
1 Funding Council Grants		
Basic recurrent grant	69,619	67,302
Training and Development Agency	4,268	3,867
Other grants	2,787	2,137
Release of capital grants	627	616
	77,301	73,922
2 Tuition Fees and Education Contracts		
Full time students-home	51,368	44,966
Full time students-EU	2,105	1,867
Full time students-international	9,924	8,214
Part time students	7,500	6,968
Short course fees	2,083	2,061
	72,980	64,076
3 Research Grants and Contracts		
Research Councils	2,669	3,015
UK based charities	1,096	714
European Commission	1,890	1,977
Other research grants and contracts	4,682	3,676
	10,337	9,382
4 Other Operating Income		
Residences and catering	19,104	18,217
NHS contract	23,307	23,960
Other services rendered	11,301	6,430
Other income	7,421	7,583
	61,133	56,190
5 Interest Receivable		
Income from cash and term deposits	1,313	3,459
6 Staff Costs		
Salaries and wages	110,507	103,307
Social security costs	7,790	7,453
Other pension costs	13,278	13,743
	131,575	124,503
	2009/10 Numbers	2008/09 Numbers
Average FTE staff numbers by category		
Academic faculties	1,743	1,738
Learning support services	252	227
Other support services	156	141
Administration and central services and premises	651	631
	2,802	2,737

Notes to the Financial Statements (continued)

21

Emoluments of the Vice-Chancellor	2009/10	2008/09
	£	£
Vice-Chancellor		
Salary	226,125	224,583
Benefits in kind	457	443
Pension costs	31,884	30,526
	258,466	255,552

Remuneration of higher paid staff excluding the Vice-Chancellor	2009/10	2008/09
	Numbers	Numbers
£100,000-£110,000	2	3
£110,001-£120,000	4	1
£120,001-£130,000	-	-
£130,001-£140,000	1	2
£140,001-£150,000	1	-
	8	6

Expenses paid to or on behalf of Trustees

Members of the Board of Governors, the Trustees of the University, are entitled to claim reasonable expenses incurred in undertaking their duties as trustees. In 2009/10 a total of £10,000 for expenses were paid to or on behalf of 13 Trustees, including one who retired from the Board in late 2008/09. 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. Trustees 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.

7 Analysis of expenditure by activity

	Staff Costs	Other Operating Expenses	Dep'n	Interest Payable	Total 2009/10	Total 2008/09
	£000	£000	£000	£000	£000	£000
Academic faculties	86,752	19,543	197	-	106,492	100,759
Academic support services	11,995	6,278	162	-	18,435	16,404
Research grants and contracts	3,964	3,056	-	-	7,020	6,471
Administration and central services	14,856	18,621	605	-	34,082	30,810
Premises	5,924	19,446	2,629	-	27,999	25,145
Residences and catering	4,415	6,611	2,716	645	14,387	14,194
Other services rendered	3,291	3,776	-	-	7,067	5,809
Other	-	(37)	-	-	(37)	1,761
Avon Pension Fund (Note 30)	378	-	-	3,517	3,895	4,075
	131,575	77,294	6,309	4,162	219,340	205,428

Interest payable relates to a bank loan taken to finance the Student Residences and to part finance the acquisition of Wallscourt Farm (Note 14).

The depreciation charge has been funded by:	2009/10	2008/09
	£000	£000
Deferred capital grants released	627	616
General Income	5,682	5,408
Operating expenditure includes:	6,309	6,024
External auditors' remuneration	35	37
Internal auditors' remuneration	29	69
Auditors' remuneration-non audit services	4	2
	68	108

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
Cost or Valuation					
At 1 August 2009	8,200	231,803	1,460	8,776	250,239
Additions	-	8,252	-	1,026	9,278
Transfer	-	-	(301)	-	(301)
Disposals	-	-	-	(150)	(150)
At 31 July 2009	8,200	240,055	1,159	9,652	259,066
Depreciation					
At 1 August 2009	-	36,545	-	6,958	43,503
Charge for the year	-	4,177	1,159	973	6,309
Disposals	-	-	-	(150)	(150)
At 31 July 2010	-	40,722	1,159	7,781	49,662
Written Down Value					
At 31 July 2010	8,200	199,333	-	1,871	209,404
Written Down Value					
At 31 July 2009	8,200	195,258	1,460	1,818	206,736
University					
	Investment Property £000	Freehold Land and Buildings £000	Assets in Course of Construction £000	Equipment £000	Total £000
Cost or Valuation					
At 1 August 2009	8,200	220,572	1,460	8,645	238,877
Additions	-	8,235	-	1,026	9,261
Transfer	-	-	(301)	-	(301)
Disposals	-	-	-	(150)	(150)
At 31 July 2010	8,200	228,807	1,159	9,521	247,687
Depreciation					
At 1 August 2009	-	36,266	-	6,827	43,093
Charge for the year	-	3,896	1,159	973	6,028
Disposals	-	-	-	(150)	(150)
At 31 July 2010	-	40,162	1,159	7,650	48,971
Written Down Value					
At 31 July 2010	8,200	188,645	-	1,871	198,716
Written Down Value					
At 31 July 2009	8,200	184,306	1,460	1,818	195,784
Written Down Value					
of inherited assets At 31 July 2010	-	12,821	-	-	12,821

Notes to the Financial Statements (continued)

The investment property, Northavon House, was valued by the District Valuer in accordance with RICS Appraisal and Valuation Standards as at 31 July 2010. The District Valuer confirmed the valuation of Northavon House at that date at £8.2m based on existing use and open market value.

'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 £38.7m, which has not been depreciated.

Additions during the year include equipment at a cost of £351,046 held under finance lease.

9 Investments

	Group		University	
	2010 £000	2009 £000	2010 £000	2009 £000
CVCP Properties plc	39	39	39	39
Subsidiary companies	-	-	12,646	12,646
	39	39	12,685	12,685

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 2010. 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 £23,519 (2008/09 £1.374m) to the University representing its trading surplus for the year. Bristol UWE Sport Limited made a surplus of £1,890 (2008/09 £152,677) and Bristol Polytechnic Enterprises Limited made a surplus of £36,357 (2008/09 loss of £127,093). The other companies are either not trading or their results are not material.

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.

Notes to the Financial Statements (continued)

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	2010		2009	
Group and University	£000		£000	
Printing and Stationery Services	77		70	
Catering	129		127	
School of Creative Arts shop	24		24	
IT Services	19		12	
	249		233	

	Group		University	
	2010	2009	2010	2009
	£000	£000	£000	£000
11 Debtors				
Other debtors	9,992	9,143	10,470	9,071
Other prepayments	1,367	989	1,412	873
	11,359	10,132	11,882	9,944
12 Current Asset Investments				
Bank and Building Society deposits	73,023	65,839	71,539	64,568
Cash at bank and in hand	364	6,837	6	1,562
	73,387	72,676	71,545	66,130
13 Creditors: Amounts falling due within one year				
Amounts due to subsidiary undertakings	-	-	-	3,258
Research grants received in advance	21,644	22,723	21,644	22,723
Social security and taxation	3,631	3,416	3,631	3,416
Lloyds TSB Loan	3,800	3,800	3,800	3,800
Other receipts in advance	5,631	5,554	5,631	5,554
Accruals and deferred income	31,721	29,634	31,672	21,144
	66,427	65,127	66,378	59,895
14 Creditors: Amounts falling due after more than one year				
Lloyds TSB Loan	86,450	90,250	86,450	90,250
Other creditors	697	532	697	-
	87,147	90,782	87,147	90,250

	2010	2009
	£000	£000
Analysis of Loan (Group and University)		
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	71,250	75,050
	86,450	90,250

Notes to the Financial Statements (continued)

25

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

At 1 August 2009

Transfer to Income and Expenditure account

At 31 July 2010

2010	2009
£000	£000
313	335
(35)	(22)
278	313

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**(Group and University)**

At 1 August 2009

Received during the year

Released to Income and Expenditure Account

At 31 July 2010

2010	2009
£000	£000
41,610	18,384
-	23,842
(627)	(616)
40,983	41,610

17 Reserves: Avon Endowment**(Group and University)**

Avon Endowment

Loan Principal Reimbursed by HEFCE

2010	2009
£000	£000
30,960	30,960
15,570	15,570
46,530	46,530

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.

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

18 Endowment Assets**(Group and University)**

Received during the year

At 31 July 2010

Represented by

Cash at bank

Total Endowment Asset

2010	2009
£000	£000
1,200	-
1,200	-
1,200	-
1,200	-

During the year the University received endowment income of £1.2m to support a Chair for 'Language and Communication Impairment'.

Notes to the Financial Statements (continued)

19 Reserves

Designated Reserves (Group and University)

	2009 £000	Appropriation £000	2010 £000
Strategic Investment Fund	19,629	4,082	23,711
Long Term Maintenance	11,311	481	11,792
Student Accommodation Reserve	944	(1,028)	(84)
Other Designated Reserves	663	12	675
	32,547	3,547	36,094

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

	Group		University	
	2010 £000	2009 £000	2010 £000	2009 £000
Income and Expenditure Account				
At 1 August 2009				
Income and Expenditure Account	12,907	7,752	13,631	8,349
Surplus/(Deficit) retained for the year	177	1,080	141	1,207
Add back pension deficit	3,895	4,075	3,895	4,075
	16,979	12,907	17,667	13,631
Designated reserves as above	36,094	32,547	36,094	32,547
	53,073	45,454	53,761	46,178
General reserves at 31 July 2010				
Pension Reserve				
At 1 August 2009	(54,052)	(54,479)	(54,052)	(54,479)
Actuarial gain/(loss)	10,299	4,502	10,299	4,502
Deficit retained in reserves	(3,895)	(4,075)	(3,895)	(4,075)
	(47,648)	(54,052)	(47,648)	(54,052)
At 31 July 2010				

20 Reconciliation of Surplus for the Year to Net Operating Cash flows

	2010 £000	2009 £000
Operating surplus for the year before exceptional income	3,724	1,601
Depreciation	6,309	6,024
Pension movement in the year	3,895	4,075
Deferred capital grants released to income	(627)	(616)
Interest received	(1,313)	(3,459)
Interest paid	645	1,815
Increase in stock	(16)	(3)
(Increase)/Decrease in debtors	(1,227)	1,986
(Decrease)/Increase in creditors falling due within one year	1,300	(7,559)
(Increase)/Decrease in creditors falling due after one year	165	(2,578)
Decrease in provisions	(35)	(22)
Loss on reduction in value of investment property	-	250
	12,820	1,514
Net Cash Inflow from Operating Activities		

Notes to the Financial Statements (continued)

27

21 Returns on Investments and Servicing of Finance	2009/10	2008/09	
	£000	£000	
Interest received	1,313	3,459	
Interest paid	(645)	(1,815)	
	668	1,644	
22 Capital Expenditure and Financial Investment			
Tangible fixed assets acquired	(8,977)	(48,756)	
Deferred capital grants received	-	23,842	
	(8,977)	(24,914)	
23 Acquisitions and Disposals			
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	
	-	(11,207)	
24 Management of Liquid Resources and Financing			
Lloyds TSB loan	(3,800)	29,720	
Net placement of term deposits	(7,184)	10,080	
	(10,984)	39,800	
25 Analysis of changes in net funds	2010	Cash	2009
	£000	Flows	£000
		£000	
Cash at bank and in hand	364	(6,473)	6,837
Current asset investments	73,023	7,184	65,839
Loan falling due after one year: Lloyds TSB	(86,450)	3,800	(90,250)
Loans falling within one year: Lloyds TSB	(3,800)	-	(3,800)
	(16,863)	4,511	(21,374)
26 Access Funds (Group and University)	2009/10	2008/09	
	£000	£000	
HEFCE	662	736	
Interest earned	6	17	
Disbursement to students	668	753	
27 Training and Development Agency Bursaries (Group and University)			
Grant received	2,220	2,097	
Disbursement to students	(2,220)	(2,097)	
	-	-	

Notes to the Financial Statements (continued)

28 Obligations under Operating Leases of Land and Buildings

	2009/10	2008/09
Commitment expires within 1 year	640	325
Commitment expires between 2 to 5 years	705	960
Commitment expires after 5 years	1,593	2,262
	2,938	3,547

29 Contingent Liability

- 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 2010 there were no capital commitments (31 July 2009: £158,000).

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:

	2009/10	2008/09
	£000	£000
Teachers' Pension Scheme	7,183	6,957
Avon Pension Fund	5,783	6,551
USS	312	236
	13,278	13,744

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.

Notes to the Financial Statements (continued)

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 2010 was £7.991m of which employers' contribution totalled £5.405m and employees' contribution totalled £2.586m. The agreed rates of contribution for current years are 14.5% for employers 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 £2,184 million.

The material assumptions used by the actuary for FRS17 purposes at 31 July 2010 were:

	31 July 2010	31 July 2009
Inflation RPI	3.2%	3.7%
CPI	2.7%	3.2%
Rate of increase in salaries	4.45%	4.95%
Rate of increase for pensions in payment	2.7%	3.7%
Discount rate for liabilities	5.5%	6.3%

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 2010	31 July 2009
Retiring today		
Males	21.2	21.2
Females	24.1	24.0
Retiring in 20 years		
Males	22.2	22.2
Females	25.0	25.0

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

	Rate of return expected at 31 July 2010	Value at 31 July 2010 £000	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
Equities	7.5%	64,982	7.5%	53,962	7.5%	54,674
Bonds-Government	4.2%	16,381	4.8%	11,893	4.8%	15,419
Bonds-Other	5.1%	9,547	5.8%	7,367	5.9%	4,608
Property	6.5%	5,316	6.5%	266	NA	-
Cash/Liquidity	0.5%	2,387	0.5%	6,124	5.0%	4,342
Other	7.5%	9,872	7.5%	9,142	7.5%	9,570
		108,485		88,754		88,613

Notes to the Financial Statements (continued)

30 The Avon Pension Fund (continued)

University's share of the scheme's assets and liabilities:	31 July 2010	31 July 2009
	£000	£000
Market value of assets	108,485	88,754
Present value of the liabilities	(156,133)	(142,806)
Deficit in the scheme-Net pension liabilities	(47,648)	(54,052)
 Amounts charged to income and expenditure account		
Current service cost	(5,784)	(6,549)
Past service cost	-	-
Settlements and curtailments	(296)	(218)
Total operating charge	(6,080)	(6,767)
 Analysis of Finance income and charges		
Expected return on pension scheme assets	5,646	5,925
Interest on pension liabilities	(9,163)	(8,599)
Net Loss	(3,517)	(2,674)
 Analysis of amounts recognised in statement of recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	8,889	(9,906)
Changes in assumptions underlying the present value of the scheme liabilities	1,410	14,408
Actuarial gain recognised in STRGL	10,299	4,502
 Movement in deficit is as follows:		
Deficit in scheme at 1 August	(54,052)	(54,479)
Movement in the year:		
Current service cost	(5,784)	(6,549)
Contributions	5,702	5,366
Past service cost	(296)	(218)
Curtailments or Settlements	(3,517)	(2,674)
Net Interest/Return on assets	10,802	-
Actuarial gain	(503)	4,502
Deficit in scheme at 31 July	(47,648)	(54,052)

Notes to the Financial Statements (continued)

31

30 The Avon Pension Fund (continued)

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

	31 July 2010 £000	31 July 2009 £000
At 1 August	(142,806)	(143,092)
Current service cost	(5,784)	(6,549)
Interest cost	(9,163)	(8,599)
Contribution by scheme participants	(2,550)	(2,423)
Actuarial gains and losses	(9,392)	14,408
Benefits paid	3,056	3667
Past service cost	10,802	-
Curtailements	(296)	(218)
	<hr/>	<hr/>
At 31 July	(156,133)	(142,806)

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

	31 July 2010 £000	31 July 2009 £000
At 1 August	88,754	88,613
Expected rate of return on scheme assets	5,646	5,925
Actuarial gains and losses	8,889	(9,906)
Contribution by employer	5,702	5,366
Contribution by scheme participants	2,550	2,423
Benefits paid	(3,056)	(3,667)
	<hr/>	<hr/>
At 31 July	108,485	88,754

	2010 £000	2009 £000	2008 £000	2007 £000	2006 £000
Difference between the expected and actual return on assets					
Amount	8,889	(9,906)	(9,470)	2,497	3,440
Percentage of scheme assets	8.2%	11.2%	10.7%	2.9%	4.5%
Experience gains/(losses) on scheme liabilities					
Amount	(9,392)	14,408	(16,573)	1,596	(6,051)
Percentage of the present value of scheme liabilities assets	6.0%	10.1%	11.6%	1.4%	5.9%
Actuarial gain recognised in STRGL					
Amount	10,299	4,502	(26,043)	4,093	(2,611)
Percentage of present value of year end scheme liabilities	0.3%	3.2%	18.2%	3.6%	2.5%

UWE Bristol

Frenchay Campus

Coldharbour Lane

Bristol BS16 1QY

Telephone +44 (0)117 965 6261

www.uwe.ac.uk