



Report and Financial Statements

For the Year ended 31 July 2011



University of the
West of England

bettertogether



The higher education sector is entering a period of significant change. The new system will bring with it new ways of working, new opportunities and new challenges.

At UWE we are in a strong position to capitalise on these opportunities.

From 2012, all English universities will see:

- A rise in the graduate contribution level to £6k-£9k
- A shift from public to private funding via student loans
- A redistribution of student numbers across the system and to new providers

UWE has a clear strategy for the years ahead, based on our partnership vision and mission. Our strategy will ensure we adapt to external changes and maximise our potential.

We understand that genuine partnership working is key to success; success that benefits our students, staff, employers and the communities that we serve – regionally, nationally and internationally.

Partnership means working across traditional boundaries to identify problems, generate solutions, and focus on continuous improvement. It means working with our partners to promote opportunity, social justice, creativity, and innovation. It also means playing an active leadership role, bringing together key players to drive economic growth and social mobility.

At UWE we are at the heart of a number of important partnership networks, in areas such as Biomedicine, Microelectronics, the Environment and the Creative Industries. It is through strong partnerships between universities, businesses, the professions and communities that we will access the full potential of the talent base that we have in the UK.

Most importantly, these networks and partnerships are essential to the rich and inspiring learning environment we provide for our students. Their experience is our number one priority. Over 7,000 skilled students graduate from UWE each year, having benefitted from the opportunity to maximise their potential and realise their ambitions in the global knowledge-based economy.

At UWE we believe in the power of partnerships to transform lives – this is at our core as we invest in the future.

Professor Steve West, Vice-Chancellor

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Board of Governors

Independent Members

Chris Booy
Gillian Camm (Chair)
Sandra Forbes (from 29 November 2011)
Iain Gray
Dr Martin Hagen
John Laycock
Sonia Mills
Simon Moore (from 24 May 2011)
The Right Reverend Barry Rogerson (to 31 July 2011)
Lise Seager (to 31 July 2011)
Trevor Smallwood

Ex-Officio

Professor Steven West

Academic Board Nominees

Dr Jane Harrington
Professor Paul Olomolaiye (from 27 October 2010)

Student Nominees

Colin Offler

Co-opted Members

Professor Graham Upton
Graham van der Lely

Operating and Financial Review

This is the nineteenth annual report of the University of the West of England and covers the year to 31 July 2011.

Principal Objectives

The principal objectives of the University, in accordance with Section 124 of the Education Reform Act 1998, are concerned with the provision of higher education and the conduct of research. However, the University also undertakes other activities in support of those principal objectives. These include knowledge transfer, consultancy and the provision of accommodation, catering and conference services.

Strategic Priorities and Achievements

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 in pursuance of its principal objectives. Excellence of the student experience remains central to the University's mission. During 2010/11 the Board of Governors confirmed that the strategic ethos of partnership remained appropriate despite challenging legislative and policy environments. As a result, strategic objectives, outlined in the 2007 – 2012 strategic plan and communicated through our partnership INSPIRE themes, remain at the centre of everything the University does.

The priorities for 2010-12 in each of the key strategic partnership INSPIRE themes are:-

Innovation:

- 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:

- 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.

Student Experience:

- 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.

Participation:

- to raise aspirations and widen participation further, connecting with potential students especially in hard to reach groups in our local community in order to provide an inclusive environment and experience for students and staff.

Internationalisation:

- 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.

Research:

- 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.

Exchange:

- 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.

Alongside and to support these priorities, we will: continue to build on our successful financial management delivering value for money; further develop our academic and administrative organisational structures 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; and, 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. Targets are set or revised for the three years ahead through the annual planning process.

In 2010/11 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 Hartpury College in Gloucestershire. In keeping with the University's emphasis on efficiency and providing value for the public purse, a Masterplan has been developed to consolidate a significant amount of the activity to the University's Frenchay campus.

Main achievements in 2010/11

- The University was proud to install Sir Ian Carruthers OBE, Chief Executive of the South West Strategic Health Authority, as our New Chancellor in July.
- The University was pleased to announce in October that it had entered into a unique and innovative five-year partnership with HP, which has seen the creation of an Enterprise Computing degree programme with embedded industry qualifications. HP and UWE have collaborated on a number of joint initiatives in the areas of curriculum development and knowledge exchange to improve the student experience and enhance graduate prospects.
- For the third year running there were fewer UWE graduates unemployed, compared to a rise in graduates unemployed across the UK as a whole, making the University 11th in the country for employability of its graduates. From a detailed survey in January to March 2011 just 6.5 per cent of the 2010 UWE graduates were still seeking employment after six months, against an average 9 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.

- UWE's successful Internship Programme continued to go from strength to strength and has created over 800 high quality paid opportunities with an exciting and diverse range of employers bringing benefits to the regional businesses, as well as career benefits to UWE graduates. Much of this success has been achieved through a strong partnership with the Federation of Small Businesses. This activity alongside the GDP programme and our strong partnerships enhances students' experience while at University and makes it easier for them to enter the employment market upon graduation, thus allowing them to make a positive contribution to society and the economy.
- In June 2011 UWE announced a ground-breaking partnership with Bristol Rovers Football Club for the development (subject to planning permission) of a 20,000 seat sports stadium on the University's Frenchay Campus. The "UWE Stadium" will bring investment of approximately £30 million pounds to the University and contribute to links between the University and the community, as well as providing students with access to state of the art sporting, media and event management facilities and provide casual employment opportunities to help students support themselves through their studies.
- The University held the launch of the Southwest iNets in February, attended by special guest Communities Minister, Baroness Hanham from the Department for Communities and Local Government. UWE is at the forefront of the £12.5 million project to make links that foster creativity and knowledge exchange between research and business by leading three out of the five networks and being closely involved in the other two. UWE is responsible for: Environment and Technologies; Microelectronics; Biomedical and is associated with Aerospace and Advanced Engineering and Creative Industries.
- Building on the success of the iNets it was announced in August 2011 that UWE had been chosen to lead one of four prestigious Knowledge Exchange Hubs for the Creative Economy by the Arts and Humanities Research Council (AHRC). The SW UK creative industries hub, will have the task of building new partnerships and entrepreneurial capacity in the creative economy and increasing the number of arts and humanities researchers actively engaged in research-based knowledge exchange and thus boosting the regional economy.
- During the year the University has undertaken a number of change projects in order to be prepared for the expected turbulence in the HE sector. These include a review of the management structure of the four faculties, a review of Professors and Readers and the combining of administrative staff from both faculties and professional services in the "One University Administration" project. A restructuring scheme assisted in the reduction of headcount which will be fully reflected in 2011/12 financial statements. The University is in a strong position, with both improved efficiency and effectiveness of core university processes and a reduction in the University cost base.

Public benefit

The Board of Governors, as Trustees, has had due regard to the Charity Commission guidance on public benefit in discharging its duties during 2010/11. The Principles drawn up by the Charity Commission, and adopted by HEFCE as the principal regulator of the University as an exempt charity, state:

- It must be clear what the benefits are.
- The benefits must be related to the aims [of the charity].
- Benefits must be balanced against any detriment or harm.
- The beneficiaries must be appropriate to the aims [of the charity].
- Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted:
 - by geographical or other restrictions; or
 - by ability to pay any fees charged.
- People in poverty must not be excluded from the opportunity to benefit.
- Any private benefits must be incidental.¹

The Board of Governors recognise that students as a distinct section of the public, both undergraduate and postgraduate, are the principal beneficiaries of the provision of higher education while the public at large are beneficiaries of the University's Research and Knowledge exchange provision. For the purpose of public benefit reporting, the Principle Objectives outlined above should be considered to be the "aims".

The University delivers not only benefits to students and the public at large through the provision of higher education and research but also through activities designed to reduce the considerable financial and intangible barriers that may prevent individuals becoming students or impeding their success as graduates. It does this through its widening participation, 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 research projects.

In specifically considering the principles above, examples of the University's activities include:

- investing £7.1 million into scholarships and bursaries for students to support them during their studies and ease financial hardship and a further distribution of £130,000 in grants, and fee waivers in addition to the Access to Learning Funds provided by the government. Investment in these areas is planned to increase as tuition fees rise;
- UWE Academic, Dr. Jennifer Hill, received a prestigious National Teaching Fellowship award from the Higher Education Academy in recognition of her excellence in higher education teaching and support for learning at the University;
- mirroring the national scheme UWE launched its own Learning and Teaching Fellowships to recognise and promote outstanding practices in Teaching and Learning and thus helping to improve the experience of all students;
- building on the partnership with HP, the University has developed and built a new, state of the art Education Innovation Centre at UWE which launched in June. This has enabled staff and students to experience and develop innovative approaches to learning, wherever that learning takes place;

¹ Adapted from the Charity Commission guidance on public benefit reporting.

- the University reinforced its commitment to breaking down barriers to higher education by setting up a new Schools and Colleges Partnership Service and appointing a new University Director of Widening Participation. This Service worked across the University to maximise delivery of outreach activity and to support the recruitment of students who might not otherwise consider or progress to higher education. The university delivered over of 450 key events benefitting in excess of 30,000 learners. These events included:
 - a residential session for young people in care, designed to boost their confidence and motivation to study;
 - an event which saw the visit of the crew of the last Space Shuttle Discovery to raise the aspirations of a diverse group of 200 young people in the local area and promote the participation in STEM (Science, Technology, Engineering and Maths) subjects; and
 - the Ambitions Event held by UWE to raise learner aspirations by providing an innovative way for them to obtain information directly from employers, universities, colleges, training providers and volunteering organisations. This has already been attended by over 4,000 school pupils, and numbers are forecast to increase in subsequent years.
 - more than 60 staff were engaged in regular volunteering activities organised through UWE Volunteering. Many are engaged in supporting learning, raising aspirations, developing skills and improving the life chances of Bristol's young people in partnership with Ablaze. Over 600 students were also supported to volunteer in a community setting, delivering well in excess of 15,000 hours of community engagement;
 - the established UWE Better Together Fund, a fundraising initiative which raises funds to support the University's overall development, has:
 - awarded seven student hardship bursaries to allow students to continue with their studies;
 - provided 15 student experience grants which among other things have supported law students to reach out to schools to promote legal careers to those who wouldn't normally consider higher education; and
 - provided community grants that, among other things, have been used by students to support internet training for older people in sheltered accommodation.
 - Law students from the University of the West of England's Bristol Law School won a prestigious Attorney General's award for a free service offering legal support to victims of domestic abuse. The Domestic Abuse Support Service (DASS) was launched in November 2010 by trainee solicitors and barristers at UWE. This directly enriches the Students' experience, boosts their graduate prospects and enhances our links with and supports the wider public. It has already dealt with over eighty cases;
 - In June the UWE Purchasing Team were successful in winning the "Outstanding Procurement Team" category at the annual Times Higher Education Leadership and Management Awards. The Chair of the UK's Strategic Procurement Group for Higher Education stated: "The team's activity in partnering SMEs (Small and Medium Enterprises) is of vital importance not just to higher education but also to the economy at large."
 - UWE is one of the leading and fastest growing post 1992 universities for research. It focuses on user-led research applicable to real world problems and conducting world-class research in clearly identified areas of strength. The University's research agenda continues to deliver real benefits for local, regional, national and international communities. The research supports innovation in teaching, ensuring our students are in touch with cutting edge developments and contributes to the economic development at home and abroad. UWE's research portfolio includes:
 - The Bristol Robotics Laboratory. A unique collaboration between UWE and the University of Bristol and the largest of its type in the UK. The Lab's mission is to understand the science, engineering and social role of robotics and embedded intelligence and create autonomous devices capable of working independently and with each other for the benefit of society.
 - UWE's Centre for Research in Bioscience brings together world class researchers with a focus on biomedicine, bio-sensing technology, plant science and environmental science. The Centre addresses both fundamental and applied aspects of research to ensure that it has real social and economic impact. An example of the output from the Centre is the development of a device that can confirm the presence of disease by smell.
 - The Centre for Sustainable Planning and Environments undertakes world-class research and consultancy on contemporary issues in spatial planning and urban design. It aims to produce evidence and knowledge that is valuable to other scholars, practitioners and policy makers.
- The University does not currently incur private benefit from its activities undertaken in pursuance of its aims, however it is alive to the possibility of commercialising propriety technology or intellectual property that may arise as part of its activities as a means of increasing investment in pursuance of its primary objectives. The Board of Governors has due regard to any detrimental harm that may arise from the activities carried out in pursuit of principle objectives and has established an Ethics forum which would be in a position to advise the University should an issue arise which required careful consideration of whether or not they would contribute to the University's delivery of a public benefit.

Financial Highlights

During the year to 31 July 2011 (2010) the University:

- Generated turnover of £223.4m (£223.1m)
- Generated an operating surplus of £6.8m (£3.7m)
- Increased income by £0.3m
- Decreased expenditure by £2.7m
- Generated net inflow of cash from operating activities £8.3m (£12.8m)
- Invested £4.7m (£9.3m) in tangible fixed assets

At 31 July 2011 (2010) the University had:

- Cash and short term deposits of £73.9m (£73.4m)
- Net Current assets of £24.3m (£18.6m)
- Total net assets of £97.0m (£94.1m)
- A borrowing of £86.5m (£90.2m)

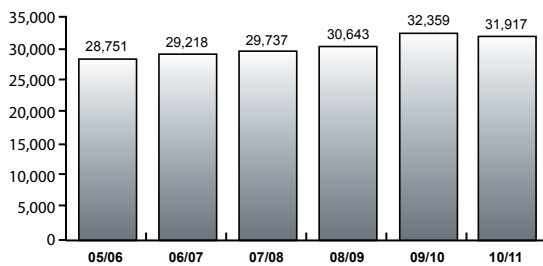
The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education and with applicable accounting standards.

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 2010/11, with a surplus for the year before appropriations amounting to £6.8m (£3.7m). The outturn for the year is above the targeted 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 increased from £47.6m to £53.4m, mainly because of changes in actuarial valuation assumptions.

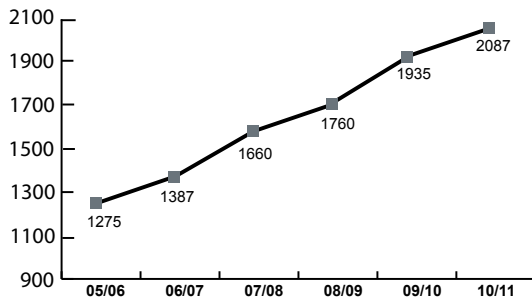
Enrolments

In 2010/2011 the University enrolled a total of 31,917 students, of whom 22,034 were full-time and sandwich students and 9,883 part-time students. This total is a decrease of approximately 1.4% on the previous year. Within the full-time student numbers were 2,087 overseas students representing a 7.9% increase on the previous year.

Growth in Student Numbers



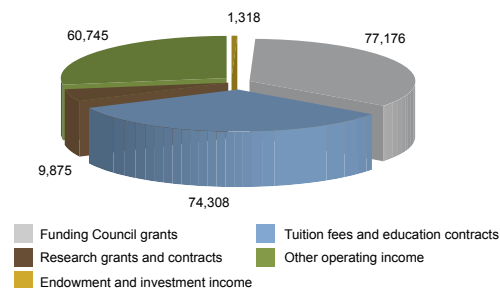
Growth in Overseas Student Numbers



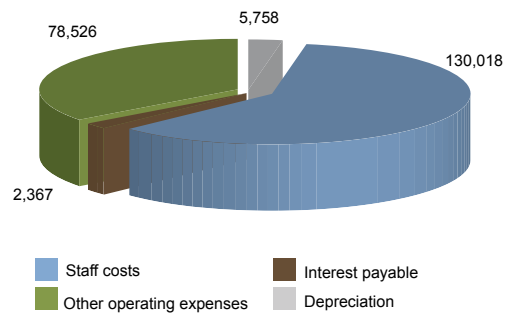
Income and Expenditure

The increase in income was £0.3m. Funding Council Grants decreased by £0.1m, tuition fees increased by £1.3m and research grants decreased by £0.5m and other operating income decreased by £0.4m. There was a 0.4% increase in interest receivable. Funding Council Grants represented 34.5% of total income.

Income by type 2010/11 (£000)



Expenditure by type 2010/11 (£000)

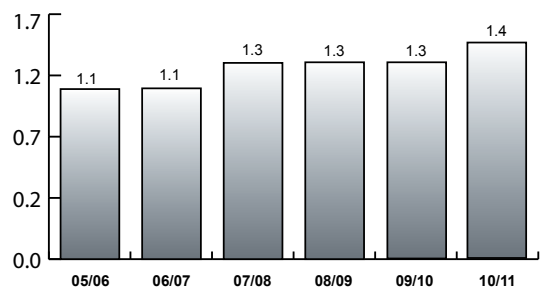


Total expenditure fell by approximately £2.7m, a decrease of 1.2% on the previous year. An increase of approximately £1.2m in other operating expenses is an increase of 1.6% on the previous year. Payroll cost, including restructuring costs, decreased by £1.6m, a decrease of 1.2% over the previous year and continues to be the largest type of expenditure at 60% of total expenditure.

Balance Sheet

The net book value of tangible fixed assets decreased during the year by £1.0m. 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 2011 the University continued to maintain a positive net current asset ratio, now at 1.4.

Current Asset Ratio



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 placed to mature over a range of maturity dates.

Subsidiary Companies

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

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.

Bristol Polytechnic Charitable Trust

The audited financial statements of BPCT to 31 December 2010 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 2010 to 31 July 2011.

Wallscourt Foundation

The audited financial statements of Wallscourt to 31 December 2010 showed consolidated net assets amounting to £8.5m, including freehold land and properties of £10.5m. 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 UWE Students' Union to 31 July 2011 show net assets of £0.569m. The total income for the year was £5.1m 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 degrees and Masters degree programmes. The unaudited financial statements of Hartpury College to 31 July 2011 showed total turnover of £25.7m, of which Higher Education contract income was £3.9m and achieved a pre FRS17 surplus of £0.7m.

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 degrees 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 widening participation and partnership activities are embedded in, and form part of the overall University strategy. In 2010/11 the College's student tuition fee income was £4.2m of which £3.2m related to UK Higher Education students, £0.9m to non EU Students and £0.1m 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 (FEC's) known as the "UWE Federation" to support access to, and widen participation, in higher education. To date formal Federation agreements have enabled higher education programmes to be delivered at 11 locations across the Southwest. The University recognised the importance of widening access to higher education and is committed to further developing its relationship with Further Education.

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.

UWE recognises the value of a truly diverse workforce and student body and the contribution that every individual can make. We aim to create an environment that respects the diversity of staff and students and enables them to derive maximum benefit and enjoyment from their involvement in the life of the University. To do this we will be proactive about ensuring people are treated fairly regardless of age, disability, race, nationality, ethnicity, gender, religion or sexual orientation. The University's Equality and Diversity Unit plays a pivotal role in identifying and reporting on problems, organising training and to providing advice and information. They are responsible to the Director of Human Resources and for the maintenance and promotion of a suite of equal opportunities policies and produces equality schemes in line with the specific duties of the equalities legislation.

The University is committed to providing a safe working environment for employees and students and has invested in developing its strategies and policies to that purpose, including:

- review of the University's Health and Safety Policy and the development of the overarching Health and Safety Management System;
- identification of a series of Key Performance Indicators that seek to actively measure the University's improvement in health and safety performance;
- introduction of a further eight Health and Safety Standards.

The approach adopted has resulted in significant improvements in key health and safety indicators, including reductions in:

- reported accidents;
- the number of days lost by staff who have had accidents or ill-health attributed to their work;
- fire alarm activations;

In addition, the number of injuries to staff and students remains significantly lower than the Sector average.

The Vice-Chancellor, advised by his Executive Group and the Health and Safety Unit, is responsible for Health and Safety. The University is committed to continuing improvements seen to date and to a comprehensive schedule of enhancement activity that has been agreed for implementation over the next three academic years.

Corporate Social Responsibility

UWE takes seriously our sustainability and corporate responsibilities and is committed to working in a socially responsible way considering the impact of its work on the environment and society. This commitment is embedded in various enabling strategies and policies that underpin the University's strategic plan including the sustainability strategy and environmental policy. The sustainability and human resources strategies are mutually dependent, and provide future opportunities for joint working and sharing outcomes.

The University's Senior Management Team and Sustainability Board will be responsible for ensuring that these opportunities are taken up, and that managers and staff are fully engaged in the delivery of the sustainability strategy and in 2010/11 the University appointed an Assistant Vice-Chancellor with responsibility for environment and sustainability.

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 which have been successful to date. The approach has enhanced the University's reputation externally, and encouraged faculties, services, students and wider stakeholders to work in partnership.

Whilst there will always be room to improve further the University is proud that during 2010/11 we achieved a 46% recycling rate complemented by a reduction in paper (22.5%), water (9%) and building carbon emissions (30%). Embodying the holistic approach, the Board of Governors endorsed the comprehensive Community and Public Engagement Strategy. The University's bus network, run for the benefit of students and the local community, has added new services and increased service availability. Our Annual Sustainability Week is one of the largest events of its kind in the UK.

In recognition of these achievements the University won the Green Gown Sector awards for Continuous Improvement in 2010, and has been shortlisted for Green Gown Award for sustainable construction and obtained a score of 72% in the Business in the Community Corporate Responsibility Index 2010.

Employee Involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. Frequent communication with staff is facilitated via the VC Update email newsletters and 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.

There is regular formal and informal consultation with staff through a Staff - Governor Forum.

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, not least through partnership with the Students' Union to train and recognise the contribution made by hundreds of student representatives on the University's programmes. The Students' Union President is a member of the Board of Governors of the University ex officio and a number of Student Union representatives are members of Academic Board and other committees. There are regular formal and informal consultations with the Students' Union including through a Student- Governor 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 continues to face an uncertain future due to factors such as decrease in public funding, revisions to funding arrangements and a challenging external economic climate. As part of the University's continued monitoring of its financial position, expenditure continues to be reduced by the cost saving measures introduced during 2010/11. This has enhanced the University's ability to weather the unprecedented changes occurring within the higher education sector.

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

Signed on behalf of the Board of Governors by:

G Camm

Chair

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

Also 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.

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 (independent), staff and student members appointed in accordance with the Instrument of Government. The majority of members are non-executive including the Chair and the Deputy Chair. The University's Chief Executive, the Vice-Chancellor, is a member of the Board ex-officio. 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 and designated by the Articles of

Governments (Articles) as solely the responsibility of the Board of Governors. The main committees which operated during the 2010/11 year were: Finance Committee encompassing estates and information technology; 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 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 Chair of the Human Resources Committee. It was not necessary to convene the Emergency Committee in 2010/11.

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 2011 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 is in effect the University's Executive Board and assists the Vice-Chancellor in discharging his responsibilities as Chief Executive. In 2010/11 the Executive Group included the Deputy Vice-Chancellors, and the Pro Vice-Chancellors and Executive Deans and the Assistant Vice-Chancellor (Finance and Commercial Developments). The Executive Group co-ordinates the organisation, direction and management of the University and meets bi weekly.

The organisational structure of the University in 2010/11 was based on four 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 and Pro Vice-Chancellor, whose responsibilities at faculty level largely mirror those of the Vice-Chancellor at a corporate level.

Review of Governance Arrangements

In line with the CUC's Governance Code of Practice the Board is committed to monitoring its own performance and the effectiveness of governance arrangements and conducted a review at the end of 2010/11. The review found that the Boards effectiveness was increasing over time, partly as a result of its previous decision to reduce the maximum membership. Recommendations as to how the Board could further enhanced effectiveness will be taken forward and embedded within future practices. Work continues to ensure that corporate governance practice remains consistent with the Code and other guidance available.

The Board continues to monitor further changes in regulatory and legislative requirements and has paid further attention to its own composition and committee structure, most recently resulting in a substantial change to the terms of reference of the Audit Committee.

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.

Expenses paid to or on behalf of Trustees

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

Trustees are entitled to claim reasonable expenses incurred in undertaking their duties as Trustees in accordance with the University's financial regulations. In 2010/11 a total of £6,780.35 for expenses were paid to or on behalf of 14 Trustees. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events; subscriptions and costs of publications to inform them in carrying out their role.

Internal Control

The Board of Governors is responsible for maintaining a sound system of internal control that supports the achievement of its policies, aims and objectives, 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: it can therefore only provide reasonable and 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, what types of risk are acceptable and what 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 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.

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 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" which remained current for the 2010/11 accounts, with some additions as outlined in circular 20/2011.

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 they continue to improve, 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.

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

- 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, the Training and Development Agency (TDA) and the Learning and Skills Council (LSC) are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by HEFCE and any other conditions which it may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other funds;
- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- Board of Governors' approval of annual estimates of income and expenditure and monitoring of the financial performance of the University;
- an internal financial memorandum, which defines the responsibilities and delegated authority of management post holders;
- a comprehensive planning process, which integrates the preparation of annual income, expenditure and capital budgets;
- regular reviews of the performance of each of the University's Planning and Budgetary Units, including monthly reviews of financial results involving variance reporting and the updating of forecasts;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subjected to detailed appraisal and review; and,
- comprehensive financial regulations approved by the Board of Governors which detail financial controls, procedures and guidelines.

G Camm
Chair

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 group and parent institution financial statements (the "financial statements") of the University of the West of England for the year ended 31 July 2011 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. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective Responsibilities of the Board of Governors and Auditors

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

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and institution's affairs as at 31 July 2011, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

- funds from whatever source administered by the institution for specific purposes have been properly applied to those purposes and, if relevant, managed in accordance with relevant legislation;
- income has been applied in accordance with the institution's articles of government; and
- funds provided by HEFCE have been applied in accordance with the Financial Memorandum and any other terms and conditions attached to them.

Matters on which we are required to report by exception

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

- the statement of internal control included as part of the Corporate Governance Statement is inconsistent with our knowledge of the parent institution and group.

Mazars LLP

Chartered Accountants and Statutory Auditors
Bristol

Statement of Accounting Policies

1 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 are 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 and the past service cost, are included in staff costs. The expected return on the University's share of scheme assets and interest on its liabilities are netted off and shown as a net return in the 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 Finance and 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.

Finance leases which substantially transfer all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of leasing commitment are shown as obligations under finance 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.

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

Consolidated Income and Expenditure Account for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Income			
Funding Council grants	1	77,176	77,301
Tuition fees and education contracts	2	74,308	72,980
Research grants and contracts	3	9,875	10,337
Other operating income	4	60,745	61,133
Endowment and investment income	5	1,318	1,313
Total Income		223,422	223,064
Expenditure			
Staff costs	6	130,018	131,575
Other operating expenses	7	78,526	77,294
Depreciation	7	5,758	6,309
Interest payable and other finance costs	7	2,367	4,162
Total Expenditure		216,669	219,340
Surplus on continuing operations after depreciation of assets at cost			
Transfer to designated Reserves and Endowment Funds	19/20	(4,474)	(3,547)
Surplus transferred to General Reserves		2,279	177

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 2011

	Note	Group		University	
		2011 £000	2010 £000	2011 £000	2010 £000
Fixed Assets					
Tangible fixed assets	8	208,390	209,404	197,986	198,716
Investments	9	39	39	12,685	12,685
		208,429	209,443	210,671	211,401
Endowment Asset					
	10	1,800	1,200	1,800	1,200
Current Assets					
Stocks	11	268	249	268	249
Debtors	12	14,060	11,359	14,539	11,882
Current asset investments	13	73,857	73,023	71,752	71,539
Cash at bank and in hand	13	10	364	-	6
		88,195	84,995	86,559	83,676
Creditors:					
Amounts falling due within one year	14	(63,884)	(66,427)	(63,848)	(66,378)
Net Current Assets		24,311	18,568	22,711	17,298
Total Assets less Current Liabilities		234,540	229,211	235,182	229,899
Creditors:					
Amounts falling due after more than one year	15	(83,915)	(87,147)	(83,915)	(87,147)
Provision for liabilities and charges	16	(244)	(278)	(244)	(278)
Net Assets excluding pension liability		150,381	141,786	151,023	142,474
Pension Liability	31	(53,374)	(47,648)	(53,374)	(47,648)
Net Assets		97,007	94,138	97,649	94,826
Deferred capital grants					
	17	40,300	40,983	40,300	40,983
Reserves					
Avon endowment	18	46,530	46,530	46,530	46,530
Permanent endowment	19	1,800	1,200	1,800	1,200
		48,330	47,730	48,330	47,730
Income and expenditure excluding pension liability	20	61,751	53,073	62,393	53,761
Pension reserve	20	(53,374)	(47,648)	(53,374)	(47,648)
		8,377	5,425	9,019	6,113
Total Reserves		56,707	53,155	57,349	53,843
Total Funds		97,007	94,138	97,649	94,826

The financial statements were approved by the Board of Governors on 29 November 2011 and signed on its behalf by:

G Camm
Chair

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 2011

	Note	2010/11 £000	2009/10 £000
Surplus on continuing operations after depreciation of assets at cost		6,753	3,724
Endowment received during the year		-	1,200
Actuarial (loss)/gain in respect of pension scheme in the year	31	(3,201)	10,299
Total Recognised Gains		3,552	15,223
Reconciliation			
Opening Reserves		53,155	37,932
Total gain recognised gain for the year		3,552	15,223
Closing Reserves		56,707	53,155

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement for the year ended 31 July 2011

	Note	2010/11 £000	2009/10 £000
Net cash inflow from operating activities	21	8,324	12,820
Returns on investments and servicing of finance	22	700	668
Capital expenditure and financial investment	23	(4,744)	(8,977)
		<hr/>	<hr/>
Cash inflow before use of liquid resources and financing		4,280	4,511
Management of liquid resources	24	(834)	(7,184)
Financing	24	(3,800)	(3,800)
		<hr/>	<hr/>
Decrease in cash	25	(354)	(6,473)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds		2010/11 £000	2009/10 £000
Decrease in cash	25	(354)	(6,473)
Increase in investments	25	834	7,184
Repayments of Lloyds TSB loan	25	3,800	3,800
		<hr/>	<hr/>
Change in net funds in the year		4,280	4,511
Net Funds at 1 August 2010	25	(16,863)	(21,374)
		<hr/>	<hr/>
Net Funds at 31 July 2011	25	(12,583)	(16,863)
		<hr/>	<hr/>

Notes to the Financial Statements

	2010/11 £000	2009/10 £000
1 Funding Council Grants		
Basic recurrent grant	68,717	69,619
Training and Development Agency	4,059	4,268
Other grants	3,717	2,787
Release of capital grants	683	627
	77,176	77,301
2 Tuition Fees and Education Contracts		
Full time students-home and offshore	52,193	53,335
Full time students-EU	2,004	1,975
International students	9,854	9,264
Part time students	6,996	6,323
Short course fees	3,261	2,083
	74,308	72,980
3 Research Grants and Contracts		
Research Councils	2,069	2,669
UK based charities	1,128	1,096
European Commission	1,770	1,890
Other research grants and contracts	4,908	4,682
	9,875	10,337
4 Other Operating Income		
Residences and catering	19,370	19,104
NHS contract	24,709	23,307
Other services rendered	6,283	11,301
Other income	10,383	7,421
	60,745	61,133
5 Endowment and Investment Income		
Income from cash and term deposits	1,318	1,313
6 Staff Costs		
Salaries and wages	108,797	110,507
Social security costs	7,916	7,790
Other pension costs	13,305	13,278
	130,018	131,575
Average FTE staff numbers by category	2010/11 Numbers	2009/10 Numbers
Academic faculties	1,724	1,743
Learning support services	274	252
Other support services	159	156
Administration and central services and premises	641	651
	2,798	2,802

Notes to the Financial Statements (continued)

6 Staff costs (continued)

Emoluments of the Vice-Chancellor	2010/11 £	2009/10 £
Vice-Chancellor		
Salary	231,030	226,125
Benefits in kind	504	457
Pension costs	33,127	31,884
	264,661	258,466

Remuneration of higher paid staff excluding the Vice-Chancellor	2010/11 Numbers	2009/10 Numbers
£100,000-£110,000	3	2
£110,001-£120,000	2	4
£120,001-£130,000	-	-
£130,001-£140,000	1	1
£140,001-£150,000	1	1
	7	8

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 2010/11 a total of £6,780 (£10,000 in 2009/10) for expenses were paid to or on behalf of 14 Trustees. This covered: travel expenses to formal and informal meetings and other University events; fees for training and development events; travel, accommodation and other expenses incurred in representing the University at external events; subscriptions and costs of publications to inform them in carrying out their role.

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 £000	Other Operating Expenses £000	Dep'n £000	Interest Payable £000	Total 2010/11 £000	Total 2009/10 £000
Academic faculties	83,047	20,231	213	-	103,491	106,492
Academic support services	12,280	7,637	273	-	20,190	18,435
Research grants and contracts	4,324	2,525	-	-	6,849	7,020
Administration and central services	16,623	19,162	588	-	36,373	34,082
Premises	5,788	17,681	2,436	-	25,905	27,999
Residences and catering	4,334	7,946	2,248	618	15,146	14,387
Other services rendered	2,846	2,918	-	-	5,764	7,067
Other	-	426	-	-	426	(37)
Avon Pension Fund (Note 31)	776	-	-	1,749	2,525	3,895
	130,018	78,526	5,758	2,367	216,669	219,340

Interest payable relates to a bank loan taken to finance the Student Residences and to part finance the acquisition of Wallscourt Farm (Note 15).

	2010/11 £000	2009/10 £000
The depreciation charge has been funded by:		
Deferred capital grants released	683	627
Loss on reduction of investment property	300	-
General Income	4,775	5,682
	5,758	6,309

Operating expenditure includes:

External auditors' remuneration	25	35
Internal auditors' remuneration	110	29
Auditors' remuneration-non audit services	-	4
	135	68

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets

Group	Investment Property £000	Freehold Land and Buildings £000	Assets in Course of Construction £000	Equipment £000	Total £000
Cost or Valuation					
At 1 August 2010	8,200	240,055	1,159	9,652	259,066
Additions	-	1,018	1,833	1,893	4,744
Loss on Revaluation	(300)	-	-	-	(300)
Disposals	-	-	-	(161)	(161)
At 31 July 2011	7,900	241,073	2,992	11,384	263,349
Depreciation					
At 1 August 2010	-	40,722	1,159	7,781	49,662
Charge for the year	-	4,307	-	1,151	5,458
Disposals	-	-	-	(161)	(161)
At 31 July 2011	-	45,029	1,159	8,771	54,959
Written Down Value At 31 July 2011	7,900	196,044	1,833	2,613	208,390
Written Down Value At 31 July 2010	8,200	199,333	-	1,871	209,404
University					
Cost or Valuation					
At 1 August 2010	8,200	228,807	1,159	9,521	247,687
Additions	-	1,019	1,833	1,893	4,745
Loss on Revaluation	(300)	-	-	-	(300)
Disposals	-	-	-	(161)	(161)
At 31 July 2011	7,900	229,826	2,992	11,253	251,971
Depreciation					
At 1 August 2010	-	40,162	1,159	7,650	48,971
Charge for the year	-	4,024	-	1,151	5,175
Disposals	-	-	-	(161)	(161)
At 31 July 2011	-	44,186	1,159	8,640	53,985
Written Down Value At 31 July 2011	7,900	185,640	1,833	2,613	197,986
Written Down Value At 31 July 2010	8,200	188,645	-	1,871	198,716
Written Down Value of inherited assets At 31 July 2011	-	11,563	-	-	11,563

Notes to the Financial Statements (continued)

8 Tangible Fixed Assets (continued)

The investment property, Northavon House, was valued by the District Valuer in accordance with RICS Appraisal and Valuation Standards as at 31 July 2011. The District Valuer confirmed the valuation of Northavon House at that date at £7.9m based on existing use and open market value. A decrease of £0.3m in the valuation has been charged to revenue as depreciation.

“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.

Tangible fixed assets include equipment held under finance lease as follows:

	2011	2010
	£000	£000
Cost	2,184	351
Accumulated depreciation	117	-
Charge for the year	117	-

9 Investments

	Group		University	
	2011	2010	2011	2010
	£000	£000	£000	£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 2011. 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. The accounting surplus/(loss) is as below:

	2011	2010
	£000	£000
Bristol UWE Sport Limited	-	-
Bristol UWE Health Training Limited	-	-
Bristol Polytechnic Enterprises Limited	46	36

During the year LISTechnology, a company in which the University held 18 percent of the company's share capital was wound up and an application was made to Companies House to strike it off its records. The shares were received as consideration for the assignment of certain intellectual property rights and was shown at £nil.

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 Endowment Assets	2011	2010
University and Group	£000	£000
At 1 August 2010	1,200	-
New endowments invested	600	1,200
	1,800	1,200
	1,800	1,200
Represented by cash	1,800	1,200

The endowment has been received to support a Chair for 'Language and Communication Impairment'.

11 Stocks	2010	2009
University and Group	£000	£000
Printing and Stationery Services	73	77
Catering	146	129
School of Creative Arts shop	27	24
IT Services	22	19
	268	249

12 Debtors	Group		University	
	2011	2010	2011	2010
	£000	£000	£000	£000
Amount due from subsidiary	-	-	443	-
Other debtors	11,923	9,992	11,914	10,470
Other prepayments	2,137	1,367	2,182	1,412
	14,060	11,359	14,539	11,882

13 Current Asset Investments	2011	2010	2011	2010
	£000	£000	£000	£000
Bank and building society deposits	73,857	73,023	71,752	71,539
Cash at bank and in hand	10	364	-	6
	73,867	73,387	71,752	71,545

14 Creditors: Amounts falling due within one year	2011	2010	2011	2010
	£000	£000	£000	£000
Research grants received in advance	18,615	21,644	18,615	21,644
Social security and taxation	4,777	3,868	4,777	3,868
Lloyds TSB Loan	3,800	3,800	3,800	3,800
Obligations under Finance Lease	651	-	651	-
Other receipts in advance	5,311	5,631	5,311	5,631
Accruals and deferred income	30,730	31,484	30,694	31,435
	63,884	66,427	63,848	66,378

Notes to the Financial Statements (continued)

	Group		University	
	2011 £000	2010 £000	2011 £000	2010 £000
15 Creditors: Amounts falling due after more than one year				
Lloyds TSB Loan	82,650	86,450	82,650	86,450
Obligations under Finance Lease	919	-	919	-
Other creditors	346	697	346	697
	83,915	87,147	83,915	87,147

	2011 £000	2010 £000
Analysis of Loan and net Finance Lease		
Due between one and two years	3,917	3,800
Due between two and five years	12,202	11,400
Due in five years or more	67,450	71,250

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

At 1 August 2010	278	313
Transfer to Income and Expenditure account	(34)	(35)
At 31 July 2011	244	278

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.

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

At 1 August 2010	40,983	41,610
Released to Income and Expenditure Account	(683)	(627)
At 31 July 2011	40,300	40,983

18 Reserves: Avon Endowment**University and Group**

Avon Endowment	30,960	30,960
Loan Principal Reimbursed by HEFCE	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.

Notes to the Financial Statements (continued)

19 Endowment Fund University and Group

	2011	Movement in the year	2010
	£000	£000	£000
Opening balance	1,200	-	1,200
New Endowments	600	600	-
Investment income	20	20	-
Expenditure	(20)	(20)	-
At 31 July 2011	1,800	600	1,200

20 Reserves Designated Reserves

	2011	Movement in the year	2010
	£000	£000	£000
Strategic Investment Fund	24,586	875	23,711
Long Term Maintenance	12,549	757	11,792
Student Accommodation Reserve	1,283	1,367	(84)
Other Designated Reserves	1,550	875	675
	39,968	3,874	36,094

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

	Group		University	
	2011	2010	2011	2010
	£000	£000	£000	£000
Income and Expenditure Account				
At 1 August 2010				
Income and Expenditure Account	16,979	12,907	17,667	13,631
Surplus retained	2,279	177	2,233	141
Add back pension deficit	2,525	3,895	2,525	3,895
At 31 July 2011	21,783	16,979	22,425	17,667
Designated reserves as above	39,968	36,094	39,968	36,094
General reserves at 31 July 2011	61,751	53,073	62,393	53,761
Pension Reserve				
At 1 August 2010	(47,648)	(54,052)	(47,648)	(54,052)
Actuarial gain/(loss)	(3,201)	10,299	(3,201)	10,299
Deficit retained in reserves	(2,525)	(3,895)	(2,525)	(3,895)
At 31 July 2011	(53,374)	(47,648)	(53,374)	(47,648)

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

	2011	2010
	£000	£000
Operating surplus for the year before exceptional income	6,753	3,724
Depreciation	5,458	6,309
Pension movement in the year	2,525	3,895
Deferred capital grants released to income	(683)	(627)
Interest received	(1,318)	(1,313)
Interest paid	618	645
Increase in stock	(19)	(16)
(Increase)/Decrease in debtors	(2,701)	(1,227)
(Decrease)/Increase in creditors falling due within one year	(2,543)	1,300
Decrease in creditors falling due after one year	568	165
Decrease in provisions	(34)	(35)
Loss on reduction in value of investment property	(300)	-
Net Cash Inflow from Operating Activities	8,324	12,820

Notes to the Financial Statements (continued)

27

22 Returns on Investments and Servicing of Finance	2011	2010	
	£000	£000	
Interest received	1,318	1,313	
Interest paid	(618)	(645)	
	700	668	
23 Capital Expenditure and Financial Investment			
Tangible fixed assets acquired	(4,744)	(8,977)	
Deferred capital grants received	-	-	
	(4,744)	(8,977)	
24 Management of Liquid Resources and Financing			
Lloyds TSB loan	(3,800)	(3,800)	
Net placement of Term Deposits	(834)	(7,184)	
	(4,634)	(10,984)	
25 Analysis of changes in net funds	2011	Cash	2010
	£000	Flows	£000
		£000	
Cash at bank and in hand	10	(354)	364
Current asset investments	73,857	834	73,023
Loan falling due after one year: Lloyds TSB	(82,650)	3,800	(86,450)
Loans falling due within one year: Lloyds TSB	(3,800)	-	(3,800)
	(12,583)	4,280	(16,863)
26 Access Funds (University and Group)	2010/11	2009/10	
	£000	£000	
HEFCE	625	662	
Interest earned	6	6	
Disbursement to students	631	668	
27 Training and Development Agency Bursaries			
Grant received	2,030	2,220	
Disbursement to students	(2,030)	(2,220)	
	-	-	
28 Obligations under Operating Leases of Land and Buildings			
Commitment expires within 1 year	150	640	
Commitment expires between 2 to 5 years	1,009	705	
Commitment expires after 5 years	1,019	1,593	
	2,178	2,938	

Notes to the Financial Statements (continued)

29 Related party transactions

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

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

Name	Nature of Interest	Detail	(Income)/ Expenditure £000	(Debtor)/ Creditor £000
Association of Business Schools	Governor acts as Non-Executive Director	Annual Membership Fee and Development Programmes.	9	-
Bristol City Football Club	Governor is a shareholder.	FA Premier League Care Scheme	(1)	-
Bristol Urological Institute	Governor acts as a trustee.	UWE costs relating to Project work.	(69)	(8)
Capita Symonds Ltd	Governor acts as Non-Executive Chairman.	Professional Services	2	-
City Academy Bristol	Governor acts as Chair of Governors. Another Governor acts as President.	Purchase of educational and sports related services. Income relates to hire of facilities	15	2
Hartpury College	Governor acts as Chairman	Federation expenditure. Income relates to Library services	4,552	(52)
HEFCE	Governor acts as a member of HEFCE Healthcare Education Advisory Committee. Senior Manager is a member of the Widening Access Participation Strategic Advisory Committee.	Use of facilities	(921)	(9)
Jongor limited	Governor acts as director and a shareholder	Hire of catering equipment and goods for events	7	4
Leadership Foundation for Higher Education	Governor acts as International Associate on Leadership Training.	Purchase of Membership and Management Training.	68	-
The Princes Trust	Governor acts as a member of the Regional Council of the Prince's Trust.	Sponsorship.	5	-
ROK plc	Governor acts as director and is a shareholder.	Refurbishment of University Buildings.	307	-
Patrons of the West of England Academy	Two Governor act as Trustees.	Donation.	100	-
South West Strategic Health Authority	Governor acts as Vice-Chair of the Strategic Health Authority	Training for Health Care.	(23,883)	40
SS Great Britain Trust	Governor acts as a trustee	Rent payable	20	-
St. Monica Trust	Two Governors act as a trustees.	BSC social work placement fee.	2	-
UCEA	Governor acts as a member of the UCEA Clinical Staff Advisory Group.	Annual Subscription and Survey Fee.	10	-
Universities UK	Governor acts as chair of the Health and Social Care committee and a member of the International and European policy committee.	Subscription	1	29
UWE Students Union	Governor acts as a trustee.	Income relates to Hire and alterations of University facilities, and catering. Majority of Expenditure relates block grant.	945	9
Wallscourt Foundation	Governor acts as Director and Trustee.	Income relates to a grant, ground rent and service charges. Expenditure relates to rent of Buildings	648	-
Wycliffe College	Governor acts as Chair of Trustees	Teacher training placement	1	-

Notes to the Financial Statements (continued)

29

30 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 2011 value of capital commitments were £4.8m (31 July 2010 -£0)

31 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:

	2010/11	2009/10
	£000	£000
Teachers' Pension Scheme	7,110	7,183
Avon Pension Fund	5,841	5,783
USS	354	312
	13,305	13,278

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 2011 was £8.474m of which employers' contribution totalled £5.841m and employees' contribution totalled £2.633m. 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 2010

The value of the assets of the Fund at 31 March 2010 was £2,459 million.

The material assumptions used by the actuary for FRS17 purposes at 31 July 2011 were:

	31 July 2011	31 July 2010
Inflation RPI	3.4%	3.2%
CPI	2.9%	2.7%
Rate of increase in salaries	4.40%	4.45%
Rate of increase for pensions in payment	2.9%	2.7%
Discount rate for liabilities	5.3%	5.5%

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 2011	31 July 2010
Retiring today		
Males	22.7	21.2
Females	25.6	24.1
Retiring in 20 years		
Males	25.0	22.2
Females	28.0	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 2011	Value at 31 July 2011 £000	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
Equities	7.0%	78,029	7.5%	64,982	7.5%	53,962
Bonds-Government	3.9%	16,711	4.2%	16,381	4.8%	11,893
Bonds-Other	4.9%	10,052	5.1%	9,547	5.8%	7,367
Property	6.0%	8,544	6.5%	5,316	6.5%	266
Cash/Liquidity	0.5%	2,136	0.5%	2,387	0.5%	6,124
Other	7.5%	10,178	7.5%	9,872	7.5%	9,142
		125,650		108,485		88,754

Notes to the Financial Statements (continued)

31

31 The Avon Pension Fund (continued)

University's share of the scheme's assets and liabilities:	31 July 2011	31 July 2010
	£000	£000
Market value of assets	125,650	108,485
Present value of the liabilities	(179,024)	(156,133)
Deficit in the scheme-Net pension liability	(53,374)	(47,648)
Amounts charged to income and expenditure account		
Current service cost	(6,313)	(5,784)
Past service cost	-	-
Settlements and curtailments	(275)	(296)
Total operating charge	(6,588)	(6,080)
Analysis of finance income and charges		
Expected return on pension scheme assets	6,986	5,646
Interest on pension liabilities	(8,735)	(9,163)
Net Loss	(1,749)	(3,517)
Analysis of amounts recognised in statement of recognised gains and losses (STRGL)		
Actual return less expected return on pension scheme assets	5,322	8,889
Changes in assumptions underlying the present value of the scheme liabilities	(8,523)	1,410
Actuarial gain/(loss) recognised in STRGL	(3,201)	10,299
Movement in deficit is as follows:		
Deficit in scheme at 1 August	(47,648)	(54,052)
Movement in the year:		
Current service cost	(6,313)	(5,784)
Contributions	5,812	5,702
Curtailments or Settlements	(275)	(296)
Net Interest/Return on assets	(1,749)	(3,517)
Past service cost - recognised in STRGL	-	10,802
Actuarial gain/(loss)	(3,201)	(503)
Deficit in scheme at 31 July	(53,374)	(47,648)

Notes to the Financial Statements (continued)

31 The Avon Pension Fund (continued)

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

	31 July 2011 £000	31 July 2010 £000
At 1 August	(156,133)	(142,806)
Current service cost	(6,313)	(5,784)
Interest cost	(8,735)	(9,163)
Contribution by scheme participants	(2,594)	(2,550)
Actuarial gains and losses	(8,523)	(9,392)
Benefits paid	3,549	3,056
Past service cost	-	10,802
Curtailments	(275)	(296)
At 31 July	(179,024)	(156,133)

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

	31 July 2011 £000	31 July 2010 £000
At 1 August	108,485	88,754
Expected rate of return on scheme assets	6,986	5,646
Actuarial gains and losses	5,322	8,889
Contribution by employer	5,812	5,702
Contribution by scheme participants	2,594	2,550
Benefits paid	(3,549)	(3,056)
At 31 July	125,650	108,485

	2011 £000	2010 £000	2009 £000	2008 £000	2007 £000
Difference between the expected and actual return on assets					
Amount	5,322	8,889	(9,906)	(9,470)	2,497
Percentage of scheme assets	4.2%	8.2%	11.2%	10.7%	2.9%
Experience gains/(losses) on scheme liabilities					
Amount	(8,523)	(9,392)	14,408	(16,573)	1,596
Percentage of the present value of scheme liabilities assets	4.8%	6.0%	10.1%	11.6%	1.4%
Actuarial gain recognised in STRGL					
Amount	(3,201)	10,299	4,502	(26,043)	4,903
Percentage of present value of year end scheme liabilities	1.8%	3.0%	3.2%	18.2%	3.6%



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