



# Report and Financial Statements

For the Year ended 31 July 2012



University of the  
West of England

**better**together



### **At UWE Bristol we are very proud to be inspiring and transforming futures locally, nationally and across the globe.**

As demonstrated in this report we are achieving this through our excellent employability record, our strategic partnerships with employers, new networks in areas such as the Creative Economy, our commitment to working with schools in the region, and research that aims to improve lives and futures across the globe.

However, there can be no doubt that universities are experiencing a period of significant change and challenge.

In 2011/12 we introduced a number of organisational and business process improvements to help prepare and position the University for the new environment, and to generate a surplus from which to invest in and protect UWE's future.

As we move into the 2012/13 academic year we see the introduction of a new student finance system and a shift in the way student numbers are allocated. A significant proportion of funding is now based on the decisions that students make and we are moving towards the increasing deregulation of student number controls.

Student choice in this new higher education market is being supported by the opening up of market information and a policy agenda aimed at encouraging new providers to introduce different models of governance and delivery.

In addition, many further education colleges are seeking to grow their higher education provision, and the landscape for teacher training and healthcare education is also shifting.

The impact these changes will have over the next few years is not yet clear.

In addition to the various policy changes, the higher education market is also being shaped by global economic, social, and technological trends. These trends are raising longer-term questions about what we deliver, how we deliver it, how we are funded and what the sector as a whole will look like in the future. How we choose to invest over the coming years will, in part, determine our future competitiveness.

- We will need to keep assessing our institutional efficiency and where we can improve, for example through collaborations and networks to increase our delivery capacity.
- We will need to find the best ways to realise the opportunities and manage the risks of trans-national education and online learning.
- We will need to ensure that the significant investment in our estate over the next 10 years is as future-proof as possible, in light of long term trends. We need to invest in building a University of and for the future.
- We will need to be certain that quality – both experienced and perceived – is evidenced across all our activities.

As we work through these challenges, we will continue to be guided by our values and our core purpose - inspiring and transforming futures locally, nationally and across the globe.

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  
Trevor Smallwood

### Ex-Officio

Professor Steven West

### Academic Board Nominees

Dr Jane Harrington  
Professor Paul Olomolaiye

### Student Nominees

Colin Offler (to 24 June 2012)  
Emanuel Okon (from 25 June 2012)

### Co-opted Members

Professor Graham Upton  
Graham van der Lely



## Operating and Financial Review

This is the twentieth annual report of the University of the West of England and covers the year to 31 July 2012.

### 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. The Board of Governors is currently engaging with the academic community, students and external stakeholders to map out its strategic path up to 2020.

In 2012 UWE continued to use the INSPIRE themes to inform our activities. These themes cover:

#### Innovation:

- to establish greater connectivity between research, learning and teaching, community, public and employer engagement, 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 continue to build on our successful financial management delivering value for money; have further developed our academic and administrative organisational structures to ensure we deliver a responsive and consistent service; deliver high quality information 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 2011/12 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 Swindon and Gloucester. 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 2011/12

- We are proud to have achieved the 12th lowest unemployment percentage among universities in England. The latest Destinations of Leavers of Higher Education figures show that despite the recession and a very challenging year for graduate jobs, unemployment levels among UWE graduates only went up by 0.1% from 6.6% to 6.7%. This compares with a rise in unemployment of graduates from English universities as a whole by 1% to 10%.
- The University welcomed the Rt Hon David Willetts MP to officially open the new Bristol Robotics Laboratory (BRL) building in May 2012. The BRL is home to 70 academics and businesses who are leading current thinking in modern and service robotics, intelligent autonomous systems and bio-engineering. Over £1.65 million has been spent on the new facilities. The total area of the BRL is circa 2,400 sqm, with over 300 metres of specialised laboratory space and two Flying Arenas. The Laboratory is a partnership between UWE Bristol and the University of Bristol.

- The University is leading one of four Arts and Humanities Research Council (AHRC) funded Knowledge Exchange Hubs for the Creative Economy. Over the next four years an investment by the AHRC of some £16m will enable the KE Hubs to build new partnerships and entrepreneurial capacity in the Creative Economy and increase the number of arts and humanities researchers actively engaged in research-based knowledge exchange. UWE is leading a consortium that includes the Universities of Bristol, Exeter, Bath and Cardiff and the Watershed Arts Trust. The KE hub is called Research and Enterprise in the Arts and Creative Technologies - REACT. REACT will also work closely with creative businesses, including small and medium enterprises (SMEs), arts and culture organisations and other agencies.
- The University is delighted to have established a flourishing partnership with BBC Bristol which has enabled a series of initiatives designed to nurture talent and promote diversity and knowledge exchange. Our jointly-designed and jointly-taught MA Wildlife Film-making offers the opportunity to learn with the best in the world from Natural History Unit; two sister joint postgraduate awards - MA Documentaries and Features and MA Journalism will take their first cohorts in 2013. At the same time Talent Ticket, enables young learners from years 9 – 13 to access the BBC facilities and technical expertise whilst receiving advice on career and education choices from UWE. The partnership has also resulted in a number of media innovation testbed projects involving researchers, students and alumni working collaboratively with industry colleagues.
- In conjunction with Kaplan (the educational and career services provider) we have launched the UWE Bristol's International College, based at UWE's Frenchay Campus. UWE Bristol's International College will be run by Kaplan International Colleges in close collaboration with the University. The international college will provide study skills, English language and subject-specific courses, giving students a chance to study in the city before entering the University. Students will be recruited from more than 100 countries, enhancing the University's existing international mix on Frenchay Campus. Students who successfully complete their course will be eligible to enter the University's undergraduate and postgraduate degree programmes across a wide range of subjects including engineering, law and business.
- UWE Bristol was the only University in the UK to win two awards from the Intellectual Property Office in the Fast Forward 2012 competition, which encourages innovative approaches to knowledge transfer from university research to real world products and services. UWE Bristol received £80,000 for the 'Bloodhound@ University' project and £25,000 for the 'Knowing and Growing' project.
- The University has seen the culmination of investment in communication and collaboration technology from Microsoft in partnership with HP, Polycom, Juniper and Schneider to transform the university's teaching environment and help students and lecturers engage in new ways. In particular lecturers will have more availability for consultation through instant messaging, while students are given the option of viewing lectures at their convenience by accessing video files via the University's e-learning environment.

- The Vice-Chancellor, Professor Steve West, was elected as the new Chair of the University Alliance mission group. Professor West took up the three-year position in August 2012.
- On the 1st January 2012 the University launched a significantly revised professional administration structure to improve consistency and eliminate duplication by relocating administrative staff from faculties into cognate central services. The project covered hundreds of staff and was successfully delivered on time and in budget. Preliminary findings indicate that the move has substantially reduced staffing expenditure allowing greater investment towards achieving our principle objectives.

## 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 2011/12 and is mindful of the impact on its reporting of public benefit which may arise from changes to guidance as a result of the Upper Tribunals verdict on fee charging in October 2011.

The principles drawn up at the time of reporting 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 purpose of the charity.
- Detriment or harm do not outweigh the benefits.
- The beneficiaries must be appropriate to the purposes of the charity.
- Where benefit is to a section of the public, the opportunity to benefit must not be unreasonably restricted by among other things:
  - geographical or other restrictions; or
  - personal characteristics, including protected characteristics as defined by the Equality Act 2010;
  - ability to pay any fees charged.
- Any private benefits must be incidental.

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 "purposes".

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 £55,000 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;
- continuing the University's longstanding commitment to breaking down barriers and raising aspirations for a diverse range of potential students, by supporting achievement prior to entry, developing progression opportunities, and encouraging applications and preparation for Higher Education. In 2011/12 these activities were integrated with development;
- work to support retention and achievement for all students, including supporting progression to graduate level employment;
- approximately 500 key events were held, benefitting in excess of 30,000 learners. Our longstanding programme of targeted events, activities and interventions was enhanced by new initiatives, including developing a revised Compact Framework, to build on the previous Heading Higher Passport Scheme and providing a programme of information and advice for staff in our partner schools and colleges, including a free conference held at UWE which was led by Mary Curnock-Cook the CEO of UCAS;
- in partnership with City of Bristol College, sponsoring the development of the new Bristol Technology and Engineering Academy, the first University Technical College in the South West, which will open in September 2013. Initially, the Academy will offer up to 340 places;
- supporting a new £1m scheme to establish Higher Apprenticeships, led by City of Bristol College working with local employers, UWE Bristol, and City of Bath, Norton Radstock, Filton and Weston Colleges. The grant will be used to finance projects to create nearly 600 Higher Apprenticeship opportunities by 2015;
- continuing to award grants and bursaries through the established fundraising initiative, the UWE Better Together Fund. This year the fund has:
  - awarded £16,635 for 15 hardship bursaries to allow students to continue with their studies;
  - awarded £2,400 for 11 student experience projects which have, among other things, supported the launch of a Somali students' network and a Midwifery society, in addition to various sporting and cultural activities;
  - awarded £19,456 to 15 projects in the community that, among other things, have been used to involve/empower/help disabled people, support social enterprises, involve UWE student volunteers with communities in Bristol and bring arts to communities where this has been limited.

The University does not currently incur private benefit from its activities undertaken in pursuance of its purposes, 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 the primary objectives. The Board of

Governors has due regard to any detrimental harm that may arise from the activities carried out in pursuit of principal 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 2012 (2011) the University:

- Generated turnover of £220.7m (£223.4m)
- Decreased expenditure by £8.2m
- Generated an operating surplus of £12.2m (£6.8m)
- Generated net inflow of cash from operating activities of £18.2m (£8.3m)
- Invested £3m (£4.7m) in tangible fixed assets

At 31 July 2012 (2011) the University had:

- Cash and short term deposits of £86.2m (£73.9m)
- Net current assets of £38.6m (£24.3m)
- Total net assets of £96.6m (£97.0m)
- A borrowing of £82.7m (£86.5m)

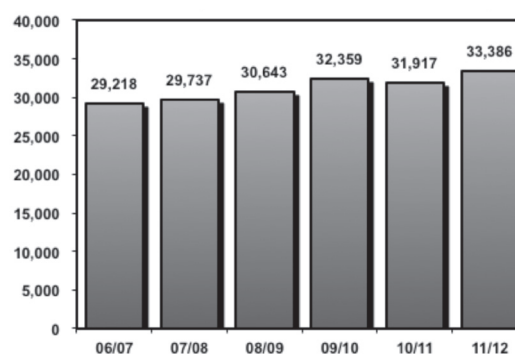
The Financial Statements and supporting notes for this financial period comply with the Statement of Recommended Practice: Accounting for Further and Higher Education and with applicable accounting standards.

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 2011/12, with a surplus for the year before appropriations amounting to £12.2m (£6.8m). 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 in respect 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 £53.4m to £68.1m, mainly because of changes in actuarial valuation assumptions.

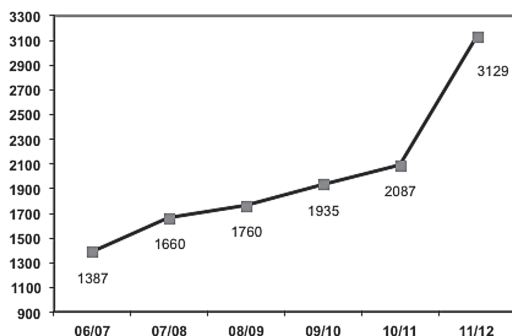
## Enrolments

In 2011/2012 the University enrolled a total of 33,386 students, of whom 24,086 were full-time and sandwich students and 9,300 part-time students. Within the full-time student numbers were 3,129 overseas students representing a 49.9% increase on the previous year mainly due to Trans National Education ("TNE") students based abroad.

### Growth in Student Numbers



Growth in Overseas Student Numbers

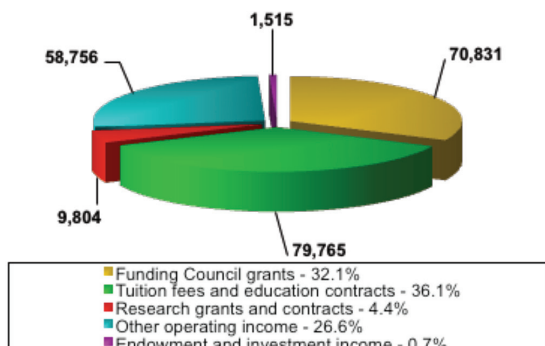


## Income and Expenditure

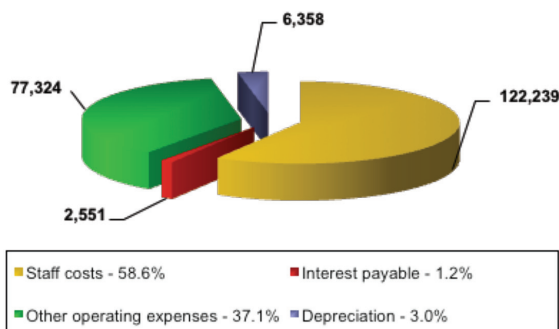
There was a decrease in income of £2.8m: Funding Council Grants decreased by £6.3m, tuition fees increased by £5.5m, and other operating income decreased by £2.0m. Funding Council Grants represented 32.1% of total income.

The 2011/12 income of £220.7m included £104.7m from public sources, made up of: Funding Council grants £70.8m, Research £7.7m, NHS Contract £23.9m and Other £2.3m. This represented a total of 47% of total income. If SLC funded tuition fees are treated as public funds, the percentage increases to 71%.

Income by type 2011/12 (£000)



Expenditure by type 2011/12 (£000)



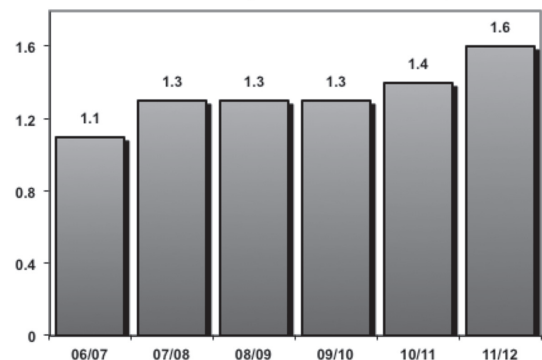
Total expenditure fell by approximately £8.2m, a decrease of 3.8% on the previous year. The main reduction related to staff costs and there was also a decrease in operating expenses of £1.2m (1.5% decrease on the previous year).

Staff costs, including the restructuring costs, decreased by £7.8m, a decrease of 6% on the previous year and continues to be the largest type of expenditure at 58.6% of total expenditure.

## Balance Sheet

The net book value of tangible fixed assets decreased during the year by £3.4m. 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 2012 the University continued to maintain a positive net current asset ratio, now at 1.6.

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 prudent approach to the investment of surplus funds. In order to manage risk, the University spreads its deposits amongst a range of counter parties. 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 Wallscourt Foundation ("Wallscourt") has charitable objectives which are primarily concerned with assisting the provision of higher education at the University of the West of England and is legally independent of the University. For that reason its financial statements are not consolidated with those of the University. However, the respective trustees of Wallscourt 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 the charity nor of any of its subsidiaries. Another charity, Bristol Polytechnic Charitable Trust, ("BPCT") whose objectives were



similar to that of Wallscourt, was wound up on 23 April 2012.

### The Wallscourt Foundation

The audited financial statements of Wallscourt to 31 December 2011 showed consolidated net assets amounting to £8.9m, including freehold land and properties of £10.1m. 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 Polytechnic Charitable Trust

The last audited financial statements for Bristol Polytechnic Charitable Trust were for the period 1 January 2011 to 23 April 2012 at which date it was wound up.

### Bristol UWE Students' Union

The unaudited financial statements of UWE Students' Union to 31 July 2012 show net assets of £0.691m. The total income for the year was £5.175m of which block grant from the University during the year amounted to £0.885m.

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 2012 showed total turnover of £25.5m, of which Higher Education contract income was £3.7m and achieved a surplus of £0.45m.

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's widening participation and partnership activities are embedded in, and form part of the overall University strategy. In 2011/12 the College's student tuition fee income was £4.2m of which £3.2m related to UK Higher Education students, £0.7m to non EU Students and £0.3m to UK Further Education students.

### University of the West of England Federation

The University continues to actively engage in building up bilateral partnerships with Further Education Colleges (FECs) known as the "UWE Federation" to 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 recognises 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 Equality Policy which emphasises the University's commitment to equality and diversity, both in employment, teaching and learning and all aspects of the University's business.

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:

- positively respond to the public sector general and specific equality duties;
- have developed a comprehensive Single Equality Scheme that reflects the university's commitment to equality and diversity;
- through the University's active membership of organisations such as Race for Opportunity, the Employers' Forum on Disability and Stonewall's index of 'Top One Hundred' UK employers we are 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 providing targeted advice and information. The Unit is accountable to the Equality management Group via the Director of Human Resources, and is responsible for the maintenance and promotion of a suite of equality policies and procedures in line with the general and specific duties of the Equalities Act.

The University continues in its commitment to providing a safe working environment for employees and students and to developing its strategies and policies to support this. Key achievements include:

- Improved resourcing of the University's central Health and Safety Unit;
- The launch of a centrally provided Health and Safety Training programme;
- The completion of Health and Safety Audits in all Faculties and Services culminating in prioritised Action Plans for all and an overall health and safety risk profile for the University.

There continues to be improvement in the key Health and Safety performance indicators, including:

- 99% of all senior managers trained in health and safety to augment leadership and competence;
- A reduction in the number of fire alarm activations;
- Improvement in fire evacuation response with 93.5% of buildings achieving the KPI of 4 minute evacuation time;
- The total number of injuries to staff and students below 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.

## Sustainability

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

Whilst there will always be room to improve further the University is proud that during 2011/12 we achieved a 50% recycling rate and continued reduction in overall waste, complemented by a 30% increase in term time bus usage and an 80% increase in non-term time usage demonstrating the attractiveness of the service to local people as well as students. A rethinking of the way we manage our grounds and gardens, aligning to a less intensive, sustainable biodiversity friendly approach, has further delivered an annual cost reduction of £0.25m. We have also achieved phase 3 of BS8555 Environmental Management System and 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 was shortlisted for the Green Gown Award for sustainable construction in 2011.

## Employee Involvement

The University places considerable value on the active participation of its employees in policy making and on good communication with them. Following a staff survey at the start of 2012, a revised approach to communication with staff has been adopted which has seen the staff news magazine, Voice, launched and a fresh approach to email communication.

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. In addition 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 the Academic Board and other committees. There are regular formal and informal consultations with the Students' Union and 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 remains healthy and the Board of Governors is satisfied that the University has sufficient resources to continue its operations for the foreseeable future. However, in common with similar institutions, continuing changes to the student recruitment controls and a challenging regulatory environment in relation to the recruitment of overseas students mean that UWE must be highly responsive in order to maintain and enhance its reputational and financial standing in the nascent higher education marketplace. As part of the University's continued monitoring of its financial position, expenditure continues to be reduced by cost saving measures such as the restructure of professional administration. This maintains the University's ability to weather the continued 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 due regard to, the principles identified by the Committee on Standards in Public Life and with the Committee of University Chairs' 'Guide for Members of Higher Education Governing Bodies in the UK'.

### Constitution and Powers

The University is a statutory corporation, established as a Higher Education Corporation as defined by the Education Reform Act 1988 which also sets out its powers. The activities of the University are conducted in accordance with: the provisions of the Education 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 ("Articles") 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 educational character and mission of the University and is responsible for its ongoing strategic direction and development. It is also responsible for the finance, property and staffing of the University. The Board of Governors meets at least six times a year.

The Board comprises of 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 an ex-officio member of the Board. Appointments to the Board of Governors are considered by the Nominations and Governance Committee which makes recommendations for the Board's approval. Governors are entitled to claim reimbursement of reasonable expenses incurred in undertaking their duties, but none receives any remuneration for the work they do as a Governor.

The Board is entitled to establish committees for any purpose or function, other than those which are assigned elsewhere in the Articles to the Vice-Chancellor or to the Academic Board or designated as the sole responsibility

of the Board of Governors. The main committees which operated during the 2011/12 year were: Audit Committee; Finance Estates and IT Committee; Strategic Planning and Performance Committee; Nominations and Governance Committee; and Remuneration Committee. All of these committees are formally constituted with written terms of reference. 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 Estates and IT 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 Strategic Planning and Performance Committee. Once again it was not necessary to convene the Emergency Committee in 2011/12.

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

### Academic Board

During the year to 31 July 2012 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.

### 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 2011/12 the Executive Group included the Deputy Vice-Chancellors, and the Pro Vice-Chancellors and Executive Deans and the Assistant Vice-Chancellor (Finance and Commercial Projects and Corporation Secretary). The Executive Group co-ordinates the organisation, direction and management of the University and meets bi-weekly.

The organisational structure of the University in 2011/12 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.

## 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 2011/12 a total of £6,329 (£6,780 in 2010/11) for expenses were paid to or on behalf of 15 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.

In 2011/12 the Board approved a refreshed Risk Management Policy for the University; the policy was launched during a risk management workshop run for all senior managers of the University. The main components of the risk management policy 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;
- Where necessary policies and internal control processes are aligned to significant risks to ensure they are managed effectively;
- 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. For the first time, 2011/12 saw the addition of narrative reporting of key risks to both Audit Committee and the Board of Governors to facilitate a greater depth of understanding of the challenges posed by them. 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 21/2012 "Accounts direction to higher education institutions".

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 they are adequate for the needs of the university.

### Responsibilities of the Board of Governors

In accordance with the Education Reform Act 1988, the Board of Governors of the University 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 have been selected and applied consistently;
- judgements and estimates are reasonable and prudent; and
- applicable accounting standards have been followed, 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 Teaching Agency (TA) and other publicly funded bodies, including research councils, are used only for the purposes for which they have been granted and in accordance with the Financial Memorandum issued by HEFCE and any other conditions which it may from time to time prescribe;
- ensure that appropriate financial and management controls are in place to safeguard public and other

funds;

- safeguard the assets of the University and prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University's resources and expenditure.

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

- Board of Governors' approval of annual estimates of income and expenditure and monitoring of the financial performance of the University;
- an internal financial memorandum, which defines the responsibilities and delegated authority of management post holders;
- a comprehensive planning process, which integrates the preparation of annual income, expenditure and capital budgets;
- regular reviews of the performance of each of the University's Planning and Budgetary Units, including monthly reviews of financial results involving variance reporting and the updating of forecasts;
- clearly defined and formalised requirements for approval and control of expenditure, with investment decisions being subjected to detailed appraisal and review; 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 2012 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 2012, and of the group's income and expenditure, recognised gains and losses and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Statement of Recommended Practice – Accounting for Further and Higher Education.

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

In our opinion, in all material respects:

- funds from whatever source administered by the 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 positions 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 commitments 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.

Finance leased assets are depreciated over the term of the lease.

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 2012

	Note	2011/12 £000	2010/11 £000
<b>Income</b>			
Funding Council grants	1	70,831	77,176
Tuition fees and education contracts	2	79,765	74,308
Research grants and contracts	3	9,804	9,875
Other operating income	4	58,756	60,745
Endowment and investment income	5	1,515	1,318
<b>Total Income</b>		<b>220,671</b>	<b>223,422</b>
<b>Expenditure</b>			
Staff costs	6	122,239	130,018
Other operating expenses	7	77,324	78,526
Depreciation	7	6,358	5,758
Interest payable and other finance costs	7	2,551	2,367
<b>Total Expenditure</b>		<b>208,472</b>	<b>216,669</b>
<b>Surplus on continuing operations after depreciation of assets at cost</b>			
		<b>12,199</b>	<b>6,753</b>
Transfer to designated Reserves	20	(5,068)	(4,474)
<b>Surplus transferred to General Reserves</b>		<b>7,131</b>	<b>2,279</b>

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

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

## Balance Sheets

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## Balance Sheets at 31 July 2012

	Note	Group		University	
		2012 £000	2011 £000	2012 £000	2011 £000
<b>Fixed Assets</b>					
Tangible fixed assets	8	204,995	208,390	194,911	197,986
Investments	9	39	39	12,685	12,685
		<b>205,034</b>	<b>208,429</b>	<b>207,596</b>	<b>210,671</b>
<b>Endowment Asset</b>	10	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>	<b>1,800</b>
<b>Current Assets</b>					
Stocks	11	240	268	240	268
Debtors	12	14,372	14,060	14,836	14,539
Current asset investments	13	78,257	73,857	77,207	71,752
Cash at bank and in hand	13	7,979	10	6,600	-
		<b>100,848</b>	<b>88,195</b>	<b>98,883</b>	<b>86,559</b>
<b>Creditors:</b>					
Amounts falling due within one year	14	(62,228)	(63,884)	(62,232)	(63,848)
<b>Net Current Assets</b>		<b>38,620</b>	<b>24,311</b>	<b>36,651</b>	<b>22,711</b>
<b>Total Assets less Current Liabilities</b>		<b>245,454</b>	<b>234,540</b>	<b>246,047</b>	<b>235,182</b>
<b>Creditors:</b>					
Amounts falling due after more than one year	15	(80,552)	(83,915)	(80,552)	(83,915)
Provision for liabilities and charges	16	(207)	(244)	(207)	(244)
<b>Net Assets excluding pension liability</b>		<b>164,695</b>	<b>150,381</b>	<b>165,288</b>	<b>151,023</b>
Pension Liability	31	(68,050)	(53,374)	(68,050)	(53,374)
<b>Net Assets</b>		<b>96,645</b>	<b>97,007</b>	<b>97,238</b>	<b>97,649</b>
<b>Deferred capital grants</b>	17	39,593	40,300	39,593	40,300
<b>Reserves</b>					
Avon endowment	18	46,530	46,530	46,530	46,530
Permanent endowment	19	1,800	1,800	1,800	1,800
		<b>48,330</b>	<b>48,330</b>	<b>48,330</b>	<b>48,330</b>
Income and expenditure excluding pension liability	20	76,772	61,751	77,365	62,393
Pension reserve	20	(68,050)	(53,374)	(68,050)	(53,374)
		<b>8,722</b>	<b>8,377</b>	<b>9,315</b>	<b>9,019</b>
<b>Total Reserves</b>		<b>57,052</b>	<b>56,707</b>	<b>57,645</b>	<b>57,349</b>
<b>Total Funds</b>		<b>96,645</b>	<b>97,007</b>	<b>97,238</b>	<b>97,649</b>

The financial statements were approved by the Board of Governors on 26 November 2012 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 2012

	Note	2011/12 £000	2010/11 £000
Surplus on continuing operations after depreciation of assets at cost		12,199	6,753
Actuarial (loss)/gain in respect of pension scheme in the year	31	(11,854)	(3,201)
<b>Total Recognised Gains</b>		<b>345</b>	<b>3,552</b>
<b>Reconciliation:</b>			
Opening Reserves		56,707	53,155
Total recognised gain for the year		345	3,552
<b>Closing Reserves</b>		<b>57,052</b>	<b>56,707</b>



**Consolidated Cash Flow Statement**

## Consolidated Cash Flow Statement for the year ended 31 July 2012

	<b>Note</b>	<b>2011/12 £000</b>	<b>2010/11 £000</b>
<b>Net cash inflow from operating activities</b>	21	18,210	8,324
Returns on investments and servicing of finance	22	922	700
Capital expenditure and financial investment	23	(2,963)	(4,744)
<b>Cash inflow before use of liquid resources and financing</b>		<b>16,169</b>	<b>4,280</b>
Management of liquid resources	24	(4,400)	(834)
Financing	24	(3,800)	(3,800)
<b>Increase/(Decrease) in cash</b>	25	<b>7,969</b>	<b>(354)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2011/12 £000</b>	<b>2010/11 £000</b>
Increase/(Decrease) in cash	25	7,969	(354)
Increase in investments	25	4,400	834
Repayments of Lloyds TSB loan	25	3,800	3,800
<b>Change in net funds in the year</b>		<b>16,169</b>	<b>4,280</b>
Net Funds at 1 August 2011	25	(12,583)	(16,863)
<b>Net Funds at 31 July 2012</b>	25	<b>3,586</b>	<b>(12,583)</b>

## Notes to the Financial Statements

	2011/12 £000	2010/11 £000
<b>1 Funding Council Grants</b>		
Basic recurrent grant	64,015	68,717
Training and Development Agency	3,807	4,059
Other grants	2,302	3,717
Release of capital grants	707	683
	<b>70,831</b>	<b>77,176</b>
<b>2 Tuition Fees and Education Contracts</b>		
Full time students-home and offshore	55,356	52,193
Full time students-EU	2,215	2,004
International students	12,432	9,854
Part time students	7,867	6,996
Short course fees	1,895	3,261
	<b>79,765</b>	<b>74,308</b>
<b>3 Research Grants and Contracts</b>		
Research Councils	2,546	2,069
UK based charities	823	1,128
European Commission	1,897	1,770
Other research grants and contracts	4,538	4,908
	<b>9,804</b>	<b>9,875</b>
<b>4 Other Operating Income</b>		
Residences and catering	18,191	19,370
NHS contract	23,954	24,709
Other services rendered	6,286	6,283
Other income	10,325	10,383
	<b>58,756</b>	<b>60,745</b>
<b>5 Endowment and Investment Income</b>		
Income from cash and term deposits	<b>1,515</b>	<b>1,318</b>
<b>6 Staff Costs</b>		
Salaries and wages	101,398	108,797
Social security costs	7,693	7,916
Other pension costs	13,148	13,305
	<b>122,239</b>	<b>130,018</b>
<b>Average FTE staff numbers by category</b>	<b>2011/12 Numbers</b>	<b>2010/11 Numbers</b>
Academic faculties	1,405	1,724
Learning support services	263	274
Other support services	217	159
Administration and central services and premises	734	641
	<b>2,619</b>	<b>2,798</b>

The increase in Administration and Central staff relate to the One University Administration ("OUA") that resulted in rebasing administrative staff in the faculties to professional services.

## Notes to the Financial Statements (continued)

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**6 Staff costs (continued)**

<b>Emoluments of the Vice-Chancellor</b>	<b>2011/12 £</b>	<b>2010/11 £</b>
<b>Vice-Chancellor</b>		
Salary	239,180	231,030
Benefits in kind	536	504
Pension costs	22,482	33,127
	<b>262,198</b>	<b>264,661</b>

<b>Remuneration of higher paid staff excluding the Vice-Chancellor</b>	<b>2011/12 Numbers</b>	<b>2010/11 Numbers</b>
£100,000-£110,000	7	3
£110,001-£120,000	1	2
£120,001-£130,000	-	-
£130,001-£140,000	-	1
£140,001-£150,000	2	1
	<b>10</b>	<b>7</b>

**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 2011/12 a total of £6,329 (£6,780 in 2010/11) for expenses were paid to or on behalf of 15 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.

**7 Analysis of expenditure by activity**

	<b>Staff Costs £000</b>	<b>Other Operating Expenses £000</b>	<b>Dep'n £000</b>	<b>Interest Payable £000</b>	<b>Total 2011/12 £000</b>	<b>Total 2010/11 £000</b>
Academic faculties	71,890	17,285	239	-	89,414	103,491
Academic support services	11,484	6,424	1,455	-	19,363	20,190
Research grants and contracts	4,159	2,995	-	-	7,154	6,849
Administration and central services	21,900	21,486	-	-	43,386	36,373
Premises	5,574	18,345	2,256	-	26,175	25,905
Residences and catering	4,053	6,563	2,408	593	13,617	15,146
Other services rendered	2,144	3,598	-	-	5,742	5,764
Other	171	628	-	-	799	426
Avon Pension Fund	864	-	-	1,958	2,822	2,525
	<b>122,239</b>	<b>77,324</b>	<b>6,358</b>	<b>2,551</b>	<b>208,472</b>	<b>216,669</b>

The increase in Administration and Central costs relate to the One University Administration ("OUA") that resulted in rebasing administrative staff in the faculties to professional services.

	<b>2011/12 £000</b>	<b>2010/11 £000</b>
The depreciation charge has been funded by:		
Deferred capital grants released	707	683
General Income	5,401	4,775
	<b>6,108</b>	<b>5,458</b>
Loss on reduction of investment property	250	300
	<b>6,358</b>	<b>5,758</b>

**Operating expenditure includes:**

External auditors' remuneration	38	38
Internal auditors' remuneration	134	110
	<b>172</b>	<b>148</b>

## 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
<b>Cost or Valuation</b>					
At 1 August 2011	7,900	241,073	2,992	11,384	263,349
Additions	-	99	-	2,864	2,963
Transfer	-	-	(1,833)	1,833	-
Loss on Revaluation	(250)	-	-	-	(250)
Disposals	-	-	-	(1,268)	(1,268)
<b>At 31 July 2012</b>	<b>7,650</b>	<b>241,172</b>	<b>1,159</b>	<b>14,813</b>	<b>264,794</b>
<b>Depreciation</b>					
At 1 August 2011	-	45,029	1,159	8,771	54,959
Charge for the year	-	4,307	-	1,801	6,108
Disposals	-	-	-	(1,268)	(1,268)
<b>At 31 July 2012</b>	<b>-</b>	<b>49,336</b>	<b>1,159</b>	<b>9,304</b>	<b>59,799</b>
<b>Written Down Value</b> At 31 July 2012	<b>7,650</b>	<b>191,836</b>	<b>-</b>	<b>5,509</b>	<b>204,995</b>
<b>Written Down Value</b> At 31 July 2011	<b>7,900</b>	<b>196,044</b>	<b>1,833</b>	<b>2,613</b>	<b>208,390</b>
<b>University</b>					
	Investment Property £000	Freehold Land and Buildings £000	Assets in Course of Construction £000	Equipment £000	Total £000
<b>Cost or Valuation</b>					
At 1 August 2011	7,900	229,826	2,992	11,253	251,971
Additions	-	139	-	2,864	3,003
Transfer	-	-	(1,833)	1,833	-
Loss on Revaluation	(250)	-	-	-	(250)
Disposals	-	-	-	(1,268)	(1,268)
<b>At 31 July 2012</b>	<b>7,650</b>	<b>229,965</b>	<b>1,159</b>	<b>14,682</b>	<b>253,456</b>
<b>Depreciation</b>					
At 1 August 2011	-	44,186	1,159	8,640	53,985
Charge for the year	-	4,027	-	1,801	5,828
Disposals	-	-	-	(1,268)	(1,268)
<b>At 31 July 2012</b>	<b>-</b>	<b>48,213</b>	<b>1,159</b>	<b>9,173</b>	<b>58,545</b>
<b>Written Down Value</b> At 31 July 2012	<b>7,650</b>	<b>181,752</b>	<b>-</b>	<b>5,509</b>	<b>194,911</b>
<b>Written Down Value</b> At 31 July 2011	<b>7,900</b>	<b>185,640</b>	<b>1,833</b>	<b>2,613</b>	<b>197,986</b>
<b>Written Down Value</b> <b>of inherited assets</b> At 31 July 2012	<b>-</b>	<b>10,528</b>	<b>-</b>	<b>-</b>	<b>10,528</b>



## Notes to the Financial Statements (continued)

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**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 2012. The District Valuer confirmed the valuation of Northavon House at that date at £7.65m based on existing use and open market value. A decrease of £0.25m 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 the 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:

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Cost	3,928	2,184
Accumulated depreciation	234	117
Charge for the year	807	117

**9 Investments**

	<b>Group</b>		<b>University</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
CVCP Properties plc	39	39	39	39
Subsidiary companies	-	-	12,646	12,646
	<b>39</b>	<b>39</b>	<b>12,685</b>	<b>12,685</b>

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

**Wholly owned subsidiary companies**

The following companies, all of which are incorporated in England and Wales, were wholly owned by the University at 31 July 2012.

Bristol Business School Limited	Dormant
Bristol Institute of Legal Practice	Dormant
Bristol Law School Limited	Dormant
*Bristol Polytechnic Enterprises Limited	Property Management
Bristol School of Art Media and Design Limited	Dormant
*Bristol UWE Health Training Limited	Dormant
*Bristol UWE Sport Limited	Non trading
Bristol UWE Utilities Limited	Dormant
BUWE (B80) Limited	Dormant
Campus Services Limited	Dormant
CAVE 6 plc	Dormant
CAVE 7 plc	Dormant
Satman Developments (No 35) Limited	Dormant
University of the West of England, Bristol's International College	Dormant
UWE Global Limited	Dormant
UWE Gloucester Limited	Dormant
UWE Somerset Limited	Dormant
UWE Swindon Limited	Dormant

\*The results of these companies have been consolidated with those of the University. The accounting surplus/(loss) is as below:

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Bristol UWE Sport Limited	-	-
Bristol UWE Health Training Limited	-	-
Bristol Polytechnic Enterprises Limited	49	46

## Notes to the Financial Statements (continued)

## 9 Investments (continued)

## Other companies

The University owns 50% of the share capital of Analyse Health Limited, a company registered in England and Wales, which has been formed to carry out activities related to health.

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	2012	2011
University and Group	£000	£000
At 1 August	1,800	1,200
New endowments invested	-	600
At 31 July	<b>1,800</b>	<b>1,800</b>
Represented by cash	<b>1,800</b>	<b>1,800</b>

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

11 Stocks	2012	2011
University and Group	£000	£000
Printing and Stationery Services	73	73
Catering	120	146
School of Creative Arts shop	27	27
IT Services	20	22
	<b>240</b>	<b>268</b>

12 Debtors	Group		University	
	2012	2011	2012	2011
	£000	£000	£000	£000
Amount due from subsidiary	-	-	443	443
Other debtors	11,763	11,923	11,739	11,914
Other prepayments	2,609	2,137	2,654	2,182
	<b>14,372</b>	<b>14,060</b>	<b>14,836</b>	<b>14,539</b>

13 Current Asset Investments	Group		University	
	2012	2011	2012	2011
	£000	£000	£000	£000
Bank and building society deposits	78,257	73,857	77,207	71,752
Cash at bank and in hand	7,979	10	6,600	-
	<b>86,236</b>	<b>73,867</b>	<b>83,807</b>	<b>71,752</b>

14 Creditors: Amounts falling due within one year	Group		University	
	2012	2011	2012	2011
	£000	£000	£000	£000
Research grants received in advance	18,422	18,615	18,422	18,615
Social security and taxation	4,191	4,777	4,191	4,777
Lloyds TSB Loan	3,800	3,800	3,800	3,800
Obligations under Finance Lease	695	651	695	651
Other receipts in advance	6,009	5,311	6,009	5,311
Accruals and deferred income	29,111	30,730	29,115	30,694
	<b>62,228</b>	<b>63,884</b>	<b>62,232</b>	<b>63,848</b>

## Notes to the Financial Statements (continued)

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	Group		University	
	2012 £000	2011 £000	2012 £000	2011 £000
<b>15 Creditors: Amounts falling due after more than one year</b>				
Lloyds TSB Loan	78,850	82,650	78,850	82,650
Obligations under Finance Lease	1,702	919	1,702	919
Other creditors	-	346	-	346
	<b>80,552</b>	<b>83,915</b>	<b>80,552</b>	<b>83,915</b>
	<b>2012 £000</b>	<b>2011 £000</b>		
Analysis of Loan and net Finance Lease				
Due between one and two years	4,915	3,917		
Due between two and five years	11,987	12,202		
Due in five years or more	63,650	67,450		
<b>16 Provision for Liabilities and Charges</b>				
<b>University and Group</b>				
<b>Early Retirement Costs</b>				
At 1 August	244	278		
Transfer to Income and Expenditure account	(37)	(34)		
At 31 July	<b>207</b>	<b>244</b>		
<b>17 Deferred Capital Grants (Buildings)</b>				
<b>University and Group</b>				
At 1 August	40,300	40,983		
Released to Income and Expenditure Account	(707)	(683)		
At 31 July	<b>39,593</b>	<b>40,300</b>		
<b>18 Reserves: Avon Endowment</b>				
<b>University and Group</b>				
Avon Endowment	30,960	30,960		
Loan Principal Reimbursed by HEFCE	15,570	15,570		
	<b>46,530</b>	<b>46,530</b>		

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

## Notes to the Financial Statements (continued)

**19 Endowment Fund**  
**University and Group**

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
<b>At 1 August</b>	1,800	1,200
New Endowments	-	600
Investment income	33	20
Expenditure	(33)	(20)
<b>At 31 July</b>	<b>1,800</b>	<b>1,800</b>

**20 Reserves**  
**Designated Reserves**

	<b>2012</b>	<b>Movement</b>	<b>2011</b>
	<b>£000</b>	<b>in the year</b>	<b>£000</b>
		<b>£000</b>	
Strategic Investment Fund	26,128	1,542	24,586
Long Term Maintenance	12,465	(84)	12,549
Student Accommodation Maintenance Reserve	4,178	2,895	1,283
Other Designated Reserves	2,265	715	1,550
	<b>45,036</b>	<b>5,068</b>	<b>39,968</b>

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

	<b>Group</b>		<b>University</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Income and Expenditure Account</b>				
<b>At 1 August</b>				
Income and Expenditure Account	21,783	16,979	22,425	17,667
Surplus retained	7,131	2,279	7,082	2,233
Add back pension deficit	2,822	2,525	2,822	2,525
<b>At 31 July</b>	<b>31,736</b>	<b>21,783</b>	<b>32,329</b>	<b>22,425</b>
Designated reserves as above	45,036	39,968	45,036	39,968
<b>General reserves at 31 July</b>	<b>76,772</b>	<b>61,751</b>	<b>77,365</b>	<b>62,393</b>
<b>Pension Reserve</b>				
<b>At 1 August</b>	(53,374)	(47,648)	(53,374)	(47,648)
Actuarial gain/(loss)	(11,854)	(3,201)	(11,854)	(3,201)
Deficit retained in reserves	(2,822)	(2,525)	(2,822)	(2,525)
<b>At 31 July</b>	<b>(68,050)</b>	<b>(53,374)</b>	<b>(68,050)</b>	<b>(53,374)</b>

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

	<b>2012</b>	<b>2011</b>
	<b>£000</b>	<b>£000</b>
Operating surplus for the year before exceptional income	12,199	6,753
Depreciation	6,108	5,458
Pension movement in the year	2,822	2,525
Deferred capital grants released to income	(707)	(683)
Interest received	(1,515)	(1,318)
Interest paid	593	618
Decrease/(Increase) in stock	28	(19)
Increase in debtors	(312)	(2,701)
Decrease in creditors falling due within one year	(1,656)	(2,543)
Increase in creditors falling due after one year	437	568
Decrease in provisions	(37)	(34)
Loss on revaluation value of investment property	250	(300)
<b>Net Cash Inflow from Operating Activities</b>	<b>18,210</b>	<b>8,324</b>

## Notes to the Financial Statements (continued)

27

22	Returns on Investments and Servicing of Finance	2012 £000	2011 £000	
	Interest received	1,515	1,318	
	Interest paid	(593)	(618)	
		922	700	
23	Capital Expenditure and Financial Investment			
	Tangible fixed assets acquired	(2,963)	(4,744)	
	Deferred capital grants received	-	-	
		(2,963)	(4,744)	
24	Management of Liquid Resources and Financing			
	Lloyds TSB loan	(3,800)	(3,800)	
	Net placement of Term Deposits	(4,400)	(834)	
		(8,200)	(4,634)	
25	Analysis of changes in net funds	2012 £000	Cash Flows £000	2011 £000
	Cash at bank and in hand	7,979	7,969	10
	Current asset investments	78,257	4,400	73,857
	Loan falling due after one year: Lloyds TSB	(78,850)	3,800	(82,650)
	Loans falling due within one year: Lloyds TSB	(3,800)	-	(3,800)
		3,586	16,169	(12,583)
26	Access Funds	2011/12 £000	2010/11 £000	
	HEFCE	613	625	
	Interest earned	5	6	
	Disbursement to students	618	631	
27	Training and Development Agency Bursaries			
	Grant received	520	2,030	
	Disbursement to students	(520)	(2,030)	
		-	-	
28	Obligations under Operating Leases of Land and Buildings			
	Commitment expires within 1 year	258	150	
	Commitment expires between 2 to 5 years	1,210	1,009	
	Commitment expires after 5 years	434	1,019	
		1,902	2,178	



## 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 of Organisation	Nature of Interest	Detail	(Income)/ Expenditure £000	(Debtor)/ Creditor £000
Hartpury College	UWE Governor acts as Chairman of Hartbury	Federation expenditure. Income relates to Library services	5,425	(28)
HEFCE	Vice-Chancellor acts as a member of HEFCE Healthcare Education Advisory Committee. A Senior Manager is a member of the Widening Access Participation Strategic Advisory Committee.	Use of facilities	(909)	2
Strategic Health Authority South Cluster	Vice-Chancellor acts as Vice-Chair of the Strategic Health Authority South Cluster	Training for Health Care	(25,284)	(30)
UWE Students Union	President of Students' Union is a Governor of UWE Board	Income relates to hire and alterations of University facilities, and catering. Majority of Expenditure relates block grant	950	(54)
Wallscourt Foundation	Vice-Chancellor acts as Director and Trustee	Income relates to a grant, ground rent and service charges. Expenditure relates to rent of Buildings	735	(24)

## Notes to the Financial Statements (continued)

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**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 2012 value of capital commitments were £2m (31 July 2011 £4.8m)

**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:**

	<b>2011/12</b>	<b>2010/11</b>
	<b>£000</b>	<b>£000</b>
Teachers' Pension Scheme	6,518	7,110
Avon Pension Fund	6,305	5,841
USS	325	354
	<b>13,148</b>	<b>13,305</b>

**Teachers' Pension Scheme**

Contributions to the TPS are assessed no 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**

The University participates in the Universities Superannuation Scheme. 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 FRS17. 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 2012 was £6.6m of which employers' contribution totalled £4.0m and employees' contribution totalled £2.6m. 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 2012 were:

	31 July 2012	31 July 2011
Inflation RPI		3.4%
CPI	2.1%	2.9%
Rate of increase in salaries	3.6%	4.4%
Rate of increase for pensions in payment	2.1%	2.9%
Discount rate for liabilities	4.3%	5.3%

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

	31 July 2012	31 July 2011
<b>Retiring today</b>		
Males	22.8	22.7
Females	25.7	25.6
<b>Retiring in 20 years</b>		
Males	25.1	25.0
Females	28.1	28.0

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

	Rate of return expected at 31 July 2012	Value at 31 July 2012 £000	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
Equities	7.0%	77,326	7.0%	78,029	7.5%	64,982
Bonds-Government	2.5%	16,390	3.9%	16,711	4.2%	16,381
Bonds-Other	3.4%	15,994	4.9%	10,052	5.1%	9,547
Property	6.0%	9,781	6.0%	8,544	6.5%	5,316
Cash/Liquidity	0.5%	2,379	0.5%	2,136	0.5%	2,387
Other	7.0%	10,310	7.5%	10,178	7.5%	9,872
		<b>132,180</b>		<b>125,650</b>		<b>108,485</b>

## Notes to the Financial Statements (continued)

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## 31 The Avon Pension Fund (continued)

<b>University's share of the scheme's assets and liabilities:</b>	<b>31 July 2012 £000</b>	<b>31 July 2011 £000</b>
Market value of assets	132,180	125,650
Present value of the liabilities	(200,230)	(179,024)
Deficit in the scheme-Net pension liability	<b>(68,050)</b>	<b>(53,374)</b>
<b>Amounts charged to income and expenditure account</b>		
Current service cost	(6,386)	(6,313)
Settlements and curtailments	(389)	(275)
Total operating charge	<b>(6,775)</b>	<b>(6,588)</b>
<b>Analysis of finance income and charges</b>		
Expected return on pension scheme assets	7,624	6,986
Interest on pension liabilities	(9,582)	(8,735)
Net Loss	<b>(1,958)</b>	<b>(1,749)</b>
<b>Analysis of amounts recognised in statement of recognised gains and losses (STRGL)</b>		
Actual return less expected return on pension scheme assets	(4,148)	5,322
Changes in assumptions underlying the present value of the scheme liabilities	(7,706)	(8,523)
Actuarial gain/(loss) recognised in STRGL	<b>(11,854)</b>	<b>(3,201)</b>
<b>Movement in deficit is as follows:</b>		
Deficit in scheme at 1 August	(53,374)	(47,648)
Movement in the year:		
Current service cost	(6,386)	(6,313)
Contributions	5,911	5,812
Curtailments or Settlements	(389)	(275)
Net Interest/Return on assets	(1,958)	(1,749)
Actuarial gain/(loss)	(11,854)	(3,201)
Deficit in scheme at 31 July	<b>(68,050)</b>	<b>(53,374)</b>

## 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 2012 £000	31 July 2011 £000
At 1 August	(179,024)	(156,133)
Current service cost	(6,386)	(6,313)
Interest cost	(9,582)	(8,735)
Contribution by scheme participants	(2,530)	(2,594)
Actuarial gains and losses	(7,706)	(8,523)
Benefits paid	5,387	3,549
Curtailments	(389)	(275)
At 31 July	<b>(200,230)</b>	<b>(179,024)</b>

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

	31 July 2012 £000	31 July 2011 £000
At 1 August	125,650	108,485
Expected rate of return on scheme assets	7,624	6,986
Actuarial gains and losses	(4,148)	5,322
Contribution by employer	5,911	5,812
Contribution by scheme participants	2,530	2,594
Benefits paid	(5,387)	(3,549)
At 31 July	<b>132,180</b>	<b>125,650</b>

	2012 £000	2011 £000	2010 £000	2009 £000	2008 £000
Difference between the expected and actual return on assets					
Amount	(4,148)	5,322	8,889	(9,906)	(9,470)
Percentage of scheme assets	3.1%	4.2%	8.2%	11.2%	10.7%
Experience (losses)/gains on scheme liabilities					
Amount	(7,706)	(8,523)	(9,392)	14,408	(16,573)
Percentage of the present value of scheme liabilities assets	3.8%	4.8%	6.0%	10.1%	11.6%
Actuarial (losses)/gains recognised in STRGL					
Amount	(11,854)	(3,201)	10,299	4,502	(26,043)
Percentage of present value of year end scheme liabilities	5.9%	1.8%	3.0%	3.2%	18.2%





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