



UNIVERSITY of  
BRADFORD

# Financial Statements

For the  
year ended  
31 July 2015



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Please contact Finance on  
**01274 233128**

The University of Bradford - **Confronting Inequality: Celebrating Diversity™**  
The University of Bradford is committed to promoting equality, diversity and an inclusive and supportive environment for students, staff and others closely associated with the University in conformity with the provisions of its Charter.

# External Advisers

## External Independent Auditors

PricewaterhouseCoopers LLP  
Benson House  
33 Wellington Street  
Leeds  
LS1 4JP

## Internal Auditors

uniac  
Armstrong House  
Oxford Road  
Manchester  
M1 7ED

## Legal Advisors

Eversheds LLP  
Cloth Hall Court  
Infirmary Street  
Leeds  
LS1 2JB

## Main Bank

Lloyds Bank  
Bradford City Centre Branch  
45 Hustlergate  
Bradford  
BD1 1NT

# Membership of the Council for 2014/2015

## Ex-Officio Members

### Pro-Chancellors:

Mr P Jagger (2015)  
Baroness A Taylor - appointed August 2015  
Ms S Smith (2018)

### Pro-Chancellor and Treasurer:

Mr R Clark (2017)

### Vice-Chancellor and Principal:

Professor B Cantor

### Deputy Vice-Chancellor:

Professor B Winn (resigned December 2014)  
Professor S Congdon  
Professor B McCarthy

## Appointed Members

### By the City of Bradford:

Councillor K Hussain (2017)

### By the Court:

Mr M Bell (2017)

### By the Senate:

Ms S Marsh (2016)  
Dr C Oltean-Dumbrava (2016)  
Professor R Greene (2018) - appointed July 2015

## Student Member

Mr J Oke (2015)  
Ms B Almari (2015)

## Co-opted Members

Mr M Cole (2015)  
Ms S Needham (resigned November 2014)  
Ms R Pickard (2015)  
Mr T Higgins (2018)  
Mr K Bates (2016)  
Mr S Khan (2016)  
Ms F Driscoll (2018) - appointed July 2015

## Graduate of the University

Mr M Pandor (2017)

## Non-Academic Staff

Mr J Fairhill (resigned July 2015)

The date of the end of the term of office is 31st July in whichever year is shown in brackets after the name of the member, unless otherwise stated.

# Operating and Financial Review for the year ended 31 July 2015

## Aims and objectives

The overall aim of the University is that set out in its Charter, namely "the advancement of learning and knowledge and the application of knowledge to human welfare and in particular (although without prejudice to the generality of the foregoing) study and research in liberal, professional, scientific and technological disciplines in an environment of equality and diversity; it shall collaborate for the furtherance of these objects with industry, commerce, the professions and other institutions; in addition to its national and international roles, it shall have a particular commitment to the economic and educational well-being of the city, district and region of Bradford."

## Scope of financial statements

The Council of the University of Bradford presents the financial results of the University, including those of the subsidiary company Bradford Education Consulting (Beijing) Co. Ltd, for the year ended 31 July 2015. The results of Inprint & Design Limited, a joint venture between the University and Bradford College are also included.

## University Strategy 2015-2025

Following an extensive consultation exercise, the University Strategy 2015 - 2025 was approved by the Council of the University in February 2015 and formally came into effect from August 2015. The Strategy and associated Development Plan set out the broad ambitions of the University for the next ten years, articulating plans for growth in student numbers both home and overseas and undergraduate and postgraduate.

The Strategy sets out the vision, values, academic themes and objectives.

### Our vision

The University of Bradford is a technology university with great strengths. Our ambition is to build on our heritage and these areas of strength, to be a world leader in:

- (a) the creation of knowledge through fundamental and applied research;
- (b) the dissemination of knowledge by teaching students from all backgrounds;
- (c) the application of knowledge for the prosperity and well-being of people.

## Making knowledge work

This vision is summarised well in the phrase **making knowledge work**. On the one hand, cutting-edge research underpins knowledge transfer into productive capacity, leading to the creation of new jobs. On the other hand, high-quality university teaching produces educated self-learners, whose career prospects are substantially enhanced.

## A world-leading technology university

The University of Bradford is a technology university with great strengths. We began as the Bradford Institute of Technology. A broad definition of technology is that it is the application of knowledge to create goods and value. We believe in doing research and teaching in vocational and professional subjects, to deliver economic development, job creation, and career opportunities for our students. Our strengths correspond well with this vision, in the physical sciences and engineering, life sciences and health services, management and business, and international relations, politics and societal impact. We want Bradford to be known as a world-leading technology university.

## Our values

Our vision needs to be realised in the complex external context described above, and in line with our underlying fundamental values. Our values describe our expectations of the ways in which we will operate and how staff, students and visitors behave towards each other. We will create opportunities for everyone to reflect on how they demonstrate these values and we will challenge behaviours that do not align with our agreed values, which are as follows:

- (a) we encourage participation and openness;
- (b) we encourage creativity and innovation;
- (c) we support academic freedom and respect the right to express diverse points of view;
- (d) we provide equal opportunities for all staff and students to achieve their full potential;
- (e) we apply the best ethical standards in everything we do.

### Academic themes

We have developed three overarching academic themes, which we will use to frame decisions about developments in teaching and learning, research and knowledge transfer, and to guide our partnerships. Our academic themes are:

- (a) advanced healthcare;
- (b) innovative engineering and manufacturing;
- (c) sustainable societies.

### Strategic objectives

The University of Bradford's strategy has four overarching objectives:

- (a) excellence;
- (b) internationalisation;
- (c) equality and diversity;
- (d) sustainability.

We will use these four objectives as touchstones to guide our development over the next ten years, aiming at all times for everything we do to enhance our excellence, internationalisation, equality and diversity, and sustainability.

The University Strategy can be read in full at [www.bradford.ac.uk/about/strategies-policies-mission-and-values/corporate-strategy/](http://www.bradford.ac.uk/about/strategies-policies-mission-and-values/corporate-strategy/)

### Public benefit

The University of Bradford is an exempt charity under the terms of Charities Act 2011. In setting and reviewing the University's objectives and activities, Council has had due regard to the Charity Commission's guidance on the reporting of public benefit and particularly to its supplementary public benefit guidance on the advancement of education.

The University provides public benefit through delivery of our teaching of students at undergraduate and postgraduate level, by enhancing knowledge through our research and through effective transfer of knowledge to business and the community. The current distinctiveness of the University within the higher education sector places us within a small group of higher education institutions that are both research-engaged and business-focused, with significant commercialisation of research, major knowledge transfer relationships, and breadth and diversity in the student population. We continue to provide the environment and support for excellent graduate employment rates, and the University

is regularly ranked highly for the proportion of our employed graduates obtaining professional and managerial jobs. In support of our access and student success aims, a wide range of scholarships and bursaries are available to enable participation by those students who would not otherwise be able to afford to study at the University, resulting in a diverse population with significant proportions of ethnic minority, mature, disabled, and international students.

Our distinctiveness is integrally linked to delivering public benefit through acting in a socially responsible manner. These aims inform the way that we manage our impact upon society and the environment through our operations, teaching, research, knowledge transfer and other services provided, and also through our interactions with our key stakeholders such as our students and employees, our investors and funders, our partners, suppliers and our communities. Our expectations for a learning and working environment are based upon the principles of self-respect and tolerance, respecting and valuing difference, and promoting wellbeing. Recruiting high quality students and staff from diverse backgrounds and supporting them to become outstanding is a key feature of our ongoing approach to developing and sustaining excellence.

Education for sustainable development has been a key feature of the University's approach to curriculum design. Sustainable development was introduced as a University core value in 2009 using organisational learning principles. Over the past five years we have developed curricula and pedagogy that have aimed to enhance graduates' capabilities to contribute to sustainable and just societies. We aim to develop further our approach to education for sustainable development with our strategic and operational partnerships across the professional, business and community sectors. Our aim is to promote a culture of ethically, sustainably, and socially responsible living, learning and working, within an environment that is free from unacceptable or unreasonable behaviour.

The University of Bradford is proud to be a part of the City of Bradford, the District and the City Region. We believe that through collaboration we can contribute positively to developing the City of Bradford and also the local and regional economy. We do this, in part, by creating effective partnerships, both formal and informal, with stakeholders in the district in the voluntary,

public and private sector, together with active involvement with the district's schools through a range of interventions, including the Children's and Junior University. We have a number of strategic partnerships with schools in the area, as lead educational trustee at Buttershaw Business and Enterprise College and Tong High School and lead sponsor of University Academy Keighley. Many of our staff are active as school governors, or as representatives in networks across the City, district and region, we have a programme of public lectures and exhibitions, accessible to the community.

## Review of the Year

During 2014/2015 we have continued to play to our strengths and drive forward our reputation as one of the world's best technology universities, carrying out world-leading research. Some of our major achievements signify that it has been a tremendous year and mark an exciting stage of development.

The University welcomed Kate Swann as the new Chancellor. Kate succeeds the sportsman and politician, Imran Khan who stepped down from the post in November 2014. As one of the university's most successful graduates and one of the UK's leading businesswomen she will be a great role model for students and graduates.

Also newly appointed to the University in August 2015 is the Right Honourable Baroness Ann Taylor PC as Chair of Council, who will chair the governing body that oversees the delivery of the University's strategy and its effective governance and management. She succeeds Paul Jagger MBE, who was Chair of Council from 2006.

The first tranche of ten new Anniversary Chairs were appointed to build on the University's academic success and mark the 50th anniversary. These 50th Anniversary Chairs are outstanding academics, responsible for advancing their subjects nationally and internationally, and contributing to driving Bradford forward as an international centre of excellence.

We were enormously pleased that our Professor of Diversity, Uduak Archibong was listed in the New Year's Honours list 2015 for her contributions to higher education and equality, and received the award of Member of the Order of the British Empire (MBE).

Also receiving national recognition was Dr Victoria Lavis, who achieved second place in the prestigious Economic and Social Research Council (ESRC) Celebrating Impact Prize 2015, for her work on the policy and practice of prisons in England and Wales, responding to issues of diversity, including guidance on the respectful and decent treatment of transgender prisoners.

Senior Lecturer in Pharmacy Practice and Curriculum Development Fellow, Simon Tweddell, was awarded a prestigious National Teaching Fellowship by the Higher Education Academy for excellence in higher education teaching and support for learning. This reflects the University's commitment to delivering the highest standards of research-informed teaching that gives graduates the knowledge and skills to make a real difference in the world.

The University has gained strength from achieving higher rankings across the board compared to previous years.

Earlier this year we were ranked 6th greenest University in the world, and 4th in the UK, (UI GreenMetric World University Rankings), proof of a high level of commitment to sustainability and the ongoing development of a global eco-friendly campus.

We were ranked 49th in the UK for the quality and impact of our research according to the Research Excellence Framework. This sees the University significantly improve in overall ranking from 62 to 49 in the UK. Three quarters of our research is now classed as either 'world-leading' or 'internationally excellent'. Nearly 40% of our impact case studies were ranked world leading (4\*) and almost 90% ranked as world leading (4\*) or internationally excellent (3\*) combined, putting the University 43rd in the country for the impact of our research.

The University climbed strongly in a range of league tables and university guides. We were ranked by the Guardian among the top five UK universities for the effectiveness of our teaching and the value added to our students, part of an 11-place rise in the overall Guardian University League Table 2016. We were also ranked 63rd after an increase of 14 places in the Complete University Guide for 2016, and ranked 4th in the Times and Sunday Times Good University Guide 2015 for graduate prospects.



We leapt into the top 50 of the 2015 Times Higher Education Student Experience Survey, which ranks universities by the excellence of their provision for students, the highest rise in overall ranking of all UK universities, from 80th place in 2014 to 45th. The Guardian University League Table ranked Chemistry at Bradford 1st for career prospects after six months of graduation, and Nursing & Midwifery 6th overall in the UK.

Some of our courses were recognised as among the top in the world. According to the latest annual QS World University Rankings, Pharmacy and Pharmacology, and Development Studies made it into the top 200, this being the third time for Pharmacy and Pharmacology. The School of Management's distance learning MBA was ranked 8th in the world in the Financial Times Global Ranking 2015.

The School of Management was also ranked 61st in the world in the Financial Times Masters in Management 2015 Business School Rankings. The online MBA was rated 1st in the world for career progress for its graduates and 2nd for value for money. On average, graduates from the School saw their salaries rise by 43% three years after graduating.

In 2015, the University won a host of awards recognising our commitment to a sustainable and green campus. EcoCampus Gold accreditation was achieved (an Environmental Management System). Gold is the final stage prior to being accredited at international management standard. £2.8M was also successfully secured to fund our off-grid energy aspirations, and £1.9M from HEFCE for the "Bradford Energy Quarter Smart Grid".

The Bright Building, home to the Re:Centre, has achieved the highest ever BREEAM Outstanding rating for a University, which firmly places it within the top 1% of UK buildings in terms of sustainability and reducing environmental impact.

Bradford is in the top six universities in the UK for carbon reduction. Our carbon footprint has been reduced by 35%, with savings in excess of £7m, and utility spend lower than a decade ago, all in a market that has seen prices rise 85% over the same period.

This year was also a successful year for winning high-profile research funding and investing in world-class facilities.

We received £1M to develop and test an intervention that will reduce avoidable hospital admissions from care homes. The study, funded by the National Institute for Health Research (NIHR) and led by Professor Murna Downs, Head of the School of Dementia Studies, is due to be completed by June 2018.

The Digital Catapult, a national centre designed to advance the UK's best digital ideas, opened its new centre in Bradford. Digital Catapult Centre Yorkshire will be an integral part of the Digital Health Enterprise Zone and run in partnership with two Local Enterprise Partnerships, led by the University alongside Bradford Council, BT, other Yorkshire universities, other major companies and digital SMEs. It is a multi-million pound project and will be one of only four University Enterprise Zones nationally.

The University announced a partnership with leading healthcare company Philips to develop a digital pathology research and teaching capability, one of the first among UK universities. The Philips Ultrafast scanner and image management system was installed in the Faculty of Life Sciences and is also part of the developing Digital Health Enterprise Zone.

New equipment enabling new-generation cancer drug discovery work was bought thanks to the generosity of partners and the people of Bradford and its extensive alumni family, through the Bradford Crocus Cancer Appeal.

A new £7M Health and Wellbeing Centre will be built on campus as part of the Digital Health Enterprise Zone. The Health and Wellbeing Centre will integrate research, teaching and innovation activities focused on delaying and preventing the onset of multiple long-term conditions and on improving the lived experience of patients.

A new £1.5M engineering laboratory opened in the Faculty of Engineering and Informatics. Students will benefit from cutting-edge equipment, using the latest technology and software to combine theory with practical work, reducing the need for separate, theory-based lectures.

Much of the University's pioneering research supports our three key pillars of advanced healthcare, innovative engineering and manufacturing, and sustainable societies.



A new dementia studies-focused Doctoral Training Centre launched at the end of September 2014. It is one of eight new centres around the country that are being co-ordinated and funded by the Alzheimer's Society, and represents nearly £5M in new investment. It will include four doctorates funded by a £0.45M grant from the Alzheimer's Society, two funded by the University and one by the Bradford Institute for Health Research.

Research by Professor Vince Gaffney, a 50th Anniversary Chair in Landscape Archaeology, was published in the prestigious journal 'Science'. The ground-breaking research found that the ancient British were not cut off from Europeans on an isolated island 8,000 years ago as previously thought. Vince and his team found evidence for a variety of wheat at a submerged archaeological site off the south coast of England, 2,000 years before the introduction of farming in the UK.

Dr Richard Wheelhouse worked with Cancer Research UK and colleagues in the USA and Finland to create a modified version of the cancer drug temozolomide. According to research published in Molecular Cancer Therapeutics, the team have taken major steps to overcome drug resistance in glioblastoma, the most common type of brain tumour in adults.

During the academic year the University had many opportunities to highlight our position as a truly international university, both in research and teaching, attracting students from all over the world, strengthening links to international business diplomacy, and building international relationships that will enable the University to develop responses to issues that make a difference to the world.

Examples include: welcoming a delegation from Penang State Government to agree a collaboration which focuses on staff exchange, student exchange, curriculum development and joint research programmes; a corporate visit to China to partner with leading organisations on student recruitment, research, knowledge transfer and business activities; and several corporate visits to Bradford from the Indian High Commission to help cement the University's ever-increasing presence in India.

The University continues to reposition itself in line with our new University Strategy and Development Plan, with a view to increasing our reputation as one of the world's great technology universities. The aim is to spend the next 2-3 years enhancing the Universities academic strength and improving our operational processes, followed by sustained growth of 25-30% over the next 10 years building on our existing strengths in research, teaching and international activities.

We are constantly challenged by the ongoing need to demonstrate our value to prospective students, with fierce competition from overseas institutions as well as many closer to home.

2014-2015 student recruitment felt the impact of our increase in entry tariff, which sets out to increase the attractiveness of the Bradford offer in the medium to long term. We have seen entry tariffs rise strongly for the last 2 years, ensuring that our students are equipped to prosper, leading to improved progression and results. The University still faces the challenge of continuing to balance cost control against continued investment in learning and teaching.

Finally, it is worth remembering that in 2016 we will celebrate our 50th Anniversary, with a year of celebrations and events that reflect the University's rich past as a technology institute and look forward to an even stronger future.

### Corporate and Social Responsibility.

The combination of successful achievements taken forward through our Ecoversity programmes will see three of the world's most sustainable buildings being located on campus, and we are nationally recognised as a carbon reduction champion. Alongside our excellence in widening participation and community engagement this has seen the University awarded a Gold Standard in the Universities that Count corporate and social responsibility index.

The University puts significant importance on communicating to and having conversations with its staff and students. Our internal communications strategy puts emphasis on striking the balance between listening and sending clear messages to build effective relationships across the campus, share feedback and continually improve the organisation's culture for the benefit of all.

## Financial Highlights

### i. Income and Expenditure Account

The University made a surplus for the year of £2.2M. The reduction in total income is due to known decreases funding from HEFCE and tuition fees. The University is committed to reviewing expenditure continually to ensure value for money is being achieved. As a result there has been a decrease in total expenditure of 0.7%.

The University's consolidated results are summarised below:

	2014-15	2013-14
	£000	£000
<b>Total income</b>	<b>130,312</b>	131,492
<b>Total expenditure</b>	<b>128,319</b>	129,203
<b>Surplus after depreciation</b>	<b>1,993</b>	2,289
<b>Transfer from endowments and tax</b>	<b>228</b>	196
<b>Surplus for the year</b>	<b>2,221</b>	2,485

**Income has decreased by 0.9% from the previous year.** The main reasons for this are:

Funding body grant income has decreased by 21.8%, primarily due to the known reduction in the amount received from the recurrent teaching grant and research funding;

Tuition fee and educational contract income has increased by 5.6% due to the ongoing change in tuition fee regime relating to home students.

Research grants and contract income has fallen by 9.6% which is reflective of the current government austerity programme and squeeze in research funding.

Other income has risen by 1.3% due to a small increase the release of capital grants.

Endowment and investment income has risen by 32.0%, predominantly due to an increase of £0.6M in pension finance income.

**Total expenditure for the year has decreased by 0.7%.**

Staff costs, excluding FRS17 pension adjustments, have increased by 5.5%, and represent 58.0% (2014: 54.5%) of turnover. After FRS17 staff costs represent 58.6% (2014: 55.4%) of turnover.

Operating costs have decreased by 11.0%. The major changes in the year relate to:

Consumables and laboratory expenditure, which has decreased by 6.8%. A significant proportion of this is due to the decreased levels of research activity.

Casual staff costs have fallen by 10.5%, reflecting a university policy to reduce reliance on short term appointments and move to more committed permanent appointments.

Bursaries, scholarships and prizes have declined by 8.7% as a result of the decrease in student numbers.

Minor works and long term maintenance expenditure has decreased by 77.8%. Overall expenditure on the estate has been closely monitored in the year, with an element being transferred to capital projects.

Rents and insurances of buildings have increased by 27.1%, primarily as a result of lower occupancy rates in The Green.

Legal and professional fees have decreased by 7.0%, largely due to lower expenditure on staff recruitment fees following the appointment of a number of senior staff in the previous year.

International agency fees have fallen by 23.0% in the year as a result of moves to streamline the use of agencies and focus increasingly on recruiting in-house.

Equipment and furniture costs have decreased by 32.8%. The previous year had seen an increase in expenditure due to the refurbishment of general teaching areas.

### ii. Balance Sheet

The University net assets have decreased by £3.4M in the year. This has been caused primarily by an increase in the pension liability, as stated under FRS17, from £15.9M to £18.2M.

Additions to fixed assets included a further £4.1M of expenditure on cladding the Richmond building. Other significant expenditure included £0.8M on teaching space in the Chesham building, £0.6M on the post graduate researcher common room, and £0.6M on the reorganisation and refurbishment of the Faculty of Life Sciences.

Management of the long term investment portfolio was transferred from Newton Investment Management Limited to Cazenove Capital Management in the year. The value of the fund rose steadily in the early part of the year, peaking at £15.8M in April 2015 before falling back to £14.5M at the year end.

Cash and short-term investment balances have decreased by £9.1M to £28.8M in the year. This has resulted from continued expenditure on the estate, and from efficiencies in the supplier payment process.

Debtors falling due within one year have increased by £0.8M, as a result of increased amounts due from students, reflecting the increased proportion of students who are self-funded.

Creditors falling due within one year have fallen by £3.3M, predominantly due to a decrease in trade creditors. This has arisen partly due to efficiencies within the supplier payment process, but also due to fewer capital projects being ongoing at the year end.

Long-term creditors represent the University's external borrowings, and have fallen by £0.6M as a result of scheduled capital repayments.

The pension scheme net liability has increased by £2.3M in the year. Changes in assumptions related to mortality rates underlie this movement.

### iii. Cash Flow

The analysis of net funds (note 30) shows decreases of £1.2M cash-in-hand and £7.8M of cash-on-deposit. The net cash flow from operating activities is positive at £1.3M, and the University's financial covenants with both HEFCE and external lenders have been easily met.

## Financial Outlook

The financial performance in year has delivered a modest surplus for 2014-15, with financial indicators continuing to remain strong. The University is in the privileged position of having significant cash balances and reserves. These strengths combined with prudent planning, budgeting and fiscal monitoring are key to ensuring financial sustainability, whilst providing the University the agility to invest in areas that add value and quality to research and teaching provision.

In order to mitigate any financial risk for lower than expected student numbers the University has formed a Strategic Development group

whose main objective is to enhance efficiency, improve outputs and reduce costs. Initially it will be implementing administrative and academic improvements we have been scoping over the past 12 months, including reviews of recruitment and procurement, IT provision and services, the University's workload model, the University's teaching portfolio, and a concentrated look at further 'greening' our campus.

However, investment in the student experience will continue, with key projects in 2015-16 being the Digital Health Enterprise Zone and mobile technology infrastructure, both of which are expected to have a significant impact upon both teaching at research at the University. The aim being to meet the future skillset requirements of students and cutting edge research and knowledge transfer to meet the global challenges we face.

## Risk Management

The University Risk Register is up-dated bi-annually following discussions with Directors, Senior Managers and Deans of Faculty. Each risk is overseen by a risk owner who is a member of the Executive Board. Each Faculty and Directorate prepares individual Risk Registers for their areas, these are evaluated and significant emerging risks are reflected in the University Register.

The University risk register generally reflects little overall change in the risk profile. Of the top five risks, four relate to student recruitment and the resultant potential impact on the financial position of the University. Mitigating action has been agreed and is ongoing for all risks to further reduce the University's risk profile.

## Investment Policy

Under the University's new governance and management structure the Investment Group is responsible for long and short term investments, including developing policy, appointing Investment Managers/Advisers and monitoring performance.

### i. Long term Investment Policy

The portfolio is managed by Cazenove Capital Management. The chief objectives are to maximise returns from the portfolio within the constraints and risk tolerance of the University Investment Policy and to target capital growth aiming broadly at doubling the market value over a ten year period.

## ii. Treasury Management Policy

This includes managing day to day balances at the bank, investing surplus funds as required for varying periods of up to a year using Royal London, a company specialising in Treasury Management. The key objectives are to ensure the University has funds available to meet day to day operational requirements, to safeguard University cash balances through effective management and control of funds and to maximise returns from the short term investment of University cash balances within the constraints and risk tolerances of the Treasury Management Policy.

### Summary

The higher education sector continues to face a period of challenge and change. The University needs to be a flexible and creative institution that distinguishes itself from others and offers value to students, particularly under the new fees regime. The success of the University is dependent on quality and on how actively it engages with staff and students. Staff must embrace change and work cohesively to achieve success.

*Professor B Cantor*

VICE-CHANCELLOR

# Statement of Corporate Governance

The University is committed to demonstrating best practice in all aspects of corporate governance. This summary describes the manner in which the University has applied the principles set out in the Higher Education Code of Governance published by the Commission for University Chairs and the HEFCE Memorandum of Assurance and Accountability.

## The Governing Bodies

The composition of the Governing Bodies is set out below. In common with all Chartered institutions, the University operates under a bicameral system in which two governing bodies, each with clearly defined functions and responsibilities, oversee and manage its activities. The Charter and Statutes define the roles of the two bodies, which may be summarised as follows:

- **The Council** is the governing body responsible for the finance, property, investments and general business of the University, and for approving our general strategic direction. It is the Council's responsibility to bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. Council's powers are defined in University Statutes.

It has a majority of members from outside the University (lay members), from whom its Chair is drawn. Also included in its members are representatives of the staff of the University and the student body. The Chair of Council receives an honorarium in recognition of her significant role in ensuring the success of the University. The power to remunerate the Chair has been approved by the Privy Council and is incorporated into the University's revised Charter and Statutes. No other lay member receives any payment, apart from the reimbursement of expenses, for the work they do for the University.

- **The Senate** is the academic authority of the University and draws its membership primarily from our academic staff, with additional representation of other categories of staff and of students. Senate's role is, in summary, to direct and regulate the teaching and research work of the University. Its powers are defined in University Statutes.

The principal academic and administrative officer of the University is the Vice-Chancellor who has a general responsibility to the Council and the Senate for maintaining and promoting the efficiency and good order of the University. The responsibilities are defined in summary in the University's Statutes. In addition, under the terms of the Memorandum of Assurance and Accountability between the University and the Higher Education Funding Council for England, the Vice-Chancellor is the Accountable Officer for the University and is formally responsible for: ensuring that public funds are used for the purposes for which they are allocated; for their efficient and effective deployment; and for reporting as required on their use. In this capacity, the Vice-Chancellor is publicly accountable for the University and ultimately may be summoned to appear before the Public Accounts Committee of the House of Commons. In effect, the Vice-Chancellor is the Chief Executive of the University.

The Council meets at least four times each academic year, but much of its detailed work is initially managed by committees, in particular the Finance Committee, the Nominations Committee, the Remuneration Committee and the Audit Committee. The recommendations and decisions of these committees are formally taken to the Council.

In respect of its strategic planning and development responsibilities, the Council and Senate receive recommendations and advice from the Executive Board, as the planning and budgeting processes involve matters falling within the powers of both bodies. The Executive Board, inter alia, recommends to the Council, through consideration at the Finance Committee, the University's annual revenue and capital budgets and monitors performance in relation to approved budgets.

All members of Council have access to independent professional advice from the University Secretary. The University Secretary is a member of the University's Senior Management Team, however for the purpose of her role as Clerk to Council acts independently and is accountable to the Council.

The Council has a strong and independent lay element and no individual or group dominates its decision making process. Members of Council receive advice and guidance from the University Secretary on their individual responsibilities as members and as Charity Trustees and are made aware of the collective nature of decision making of the Council. The Council ensures that each of its lay members is independent of management and free from any business or other relationship that could materially interfere with the exercise of their independent judgement through a Register of Interests and a formal declaration of interest at each meeting.

## Governance

### Appointments to the Council

The Nominations Committee considers nominations for membership of Council. The committee ensures that there is an appropriate range of skills and expertise on Council and that there is effective succession planning. Members of Council are appointed for an initial term of three years, renewable for a maximum of two further terms i.e. for a maximum of nine years, in line with Nolan Principles.

### Remuneration Committee

The Remuneration Committee determines the pay and conditions of the Vice-Chancellor and other senior staff.

### Audit Committee

The Audit Committee meets four times a year, with the University's external and internal auditors in attendance. The Committee considers detailed reports that identify key risks and how they will be managed together with recommendations for the improvement of the University's system of internal control. It also receives and considers reports from the Funding Council as they affect the University's business and monitors adherence to the regulatory requirements. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee.

## Internal control

The Council has responsibility for ensuring that a sound system of internal control is in place. This supports the achievement of policies, aims and objectives, while safeguarding the public and other funds and assets for which the Council is responsible, in accordance with the responsibilities assigned to the Council in the Charter and Statutes and in the Memorandum of Assurance and Accountability.

The system of internal control 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. It is based on an ongoing process designed 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 effectively, efficiently and economically. The process has been reviewed by Internal Audit and it was concluded that internal controls were mostly effective.

The Council has responsibility for reviewing the effectiveness of the system of internal control. The following measures provide assurance in this respect:

- Scrutiny of internal and external audit plans, reports and management actions at the University's Audit Committee;
- Receiving an Annual Report providing assurance that risk management control is effective;
- Agreeing the Risk Management Policy annually and considering in detail the University's risk appetite;
- Assigning responsibility for overseeing risk management to the Audit Committee, with operational management assigned to Executive Board;
- The Audit Committee receives regular reports from the internal auditors, which include the internal auditor's independent opinion on the adequacy and effectiveness of the institution's system of internal control, together with recommendations for improvement;
- Facilitated training and awareness sessions are held as necessary to identify and record risks facing the University;
- Risk awareness training is provided at all levels and includes the requirement to assess risks on all new projects requiring a business case;

- A robust risk prioritisation methodology based on probability, impact and controls is applied;
- Faculty and University risk registers are used and updated regularly to monitor risks, controls and management action;
- The Council's review of the effectiveness of the system of internal control is informed by internal audit, which operates to standards defined in the HEFCE Accountability and Audit Code of Practice. The internal auditors submit regular reports that include their independent opinion on the adequacy and effectiveness of the institution's system of internal control, with recommendations for improvement.

The Council's review of the effectiveness of the system of internal control is also informed by the work of the executive managers within the institution, who have the responsibility for the development and maintenance of the internal control framework, and by the comments made by the external auditors in their management letter and other reports.

The Council is of the view that there is an ongoing process for identifying, evaluating and managing the University's significant business, operational, compliance and financial risks, that it has been in place for the year ended 31 July 2015 and up to the date of approval of the financial statements, that it is regularly reviewed by the Governing Body and that it accords with the internal control guidance for directors on the UK Corporate Governance Code as deemed appropriate for Higher Education.



# Financial Responsibilities of Council

## Responsibilities of the Council of the University of Bradford

In accordance with the Royal Charter, the Council of the University of Bradford is responsible for the administration and management of the affairs of the University of Bradford and is required to present audited financial statements for each financial year.

The Council is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the University of Bradford and to enable it to ensure that the financial statements are prepared in accordance with the Royal Charter, the Statement of Recommended Practice: Accounting in Further and Higher Education Institutions and other relevant accounting standards. In addition, within the terms and conditions of the Memorandum of Assurance and Accountability agreed between the Higher Education Funding Council for England and the Council of the University of Bradford. The Council, through its accountable officer, is required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the University of Bradford and of the surplus or deficit and cash flows for that year.

In pursuance of the preparation of the financial statements the Council has to ensure that:

- suitable accounting policies are selected and applied consistently;
- judgements and estimates are made that are reasonable and prudent;
- applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- financial statements are prepared on the going concern basis unless it is inappropriate to presume that the University of Bradford will continue in operation.

The Council has taken reasonable steps to:

- ensure that funds from the Higher Education Funding Council for England are used only for the purposes for which they have been given and in accordance with the Memorandum of Assurance and Accountability and any other conditions which the Funding Council may from time to time prescribe;
- ensure that there are appropriate financial and management controls in place to safeguard public funds and funds from other sources;
- safeguard the assets of the University of Bradford and to prevent and detect fraud and other irregularities;
- secure the economical, efficient and effective management of the University of Bradford's resources and expenditure.

## Responsibilities of the Vice-Chancellor of the University of Bradford

The Vice-Chancellor is the accountable officer of the University of Bradford. Under the terms of the Memorandum of Assurance and Accountability between HEFCE and the University of Bradford the accountable officer is defined as the head of the University responsible and accountable to HEFCE (and ultimately to Parliament) for ensuring that the University uses HEFCE funds in ways that are consistent with the purposes for which those funds were given, and complies with the conditions attached to them. These include the conditions set out in the Further and Higher Education Act 1992.

# Independent auditors' report to the Council of the University of Bradford (the "University")

## Report on the financial statements

### Our opinion

In our opinion, the University of Bradford's group financial statements and parent institution financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent University's affairs as at 31 July 2015, 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 properly prepared in accordance with the Statement of Recommended Practice - Accounting for Further and Higher Education.

### What we have audited

The financial statements comprise:

- the Statement of Principal Accounting Policies;
- the Consolidated Income and Expenditure Account for the year ended 31 July 2015;
- the Consolidated and University Balance Sheets as at 31 July 2015;
- the Consolidated Cash Flow Statement for the year then ended;
- the Statement of Consolidated Total Recognised Gains and Losses for the year then ended; and
- the notes to the financial statements.

The financial reporting framework that has been applied in their preparation is the Statement of Recommended Practice for Further and Higher Education, incorporating United Kingdom Generally Accepted Accounting Practice.

In applying the financial reporting framework, Council has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, it has made assumptions and considered future events.

### Opinions on other matters prescribed in the HEFCE Audit Code of Practices 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 statutes; and
- funds provided by HEFCE have been applied in accordance with the Memorandum of Assurance and Accountability, and any other terms and conditions attached to them.

### Other matters on which we are required to report by exception

Under the HEFCE Audit Code of Practice issued under the Further and Higher Education Act 1992 we are required 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. We have no exceptions to report from this responsibility.

### Responsibilities for the financial statements and the audit

#### Respective responsibilities of the Council and auditors

As explained more fully in the Financial Responsibilities of Council set out on page 14, Council is responsible for the preparation of the 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 ISAs (UK & 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 Council as a body in accordance with the Statutes of the institution and section 124B of the Education Reform Act 1988 and for no other purpose. We do not, in giving these opinions, accept or assume 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.

### Responsibilities for the financial statements and the audit

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 and parent institution's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the Council judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Financial Statements, which includes the Operating and Financial Review and Statement of Corporate Governance, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Leeds  
26 November 2015

- (a) The maintenance and integrity of the University of Bradford website is the responsibility of Council; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

# Statement of Principal Accounting Policies

## Basis of preparation

The financial statements have been prepared in accordance with the statement of recommended practice (SORP): Accounting for Further and Higher Education 2007 and in accordance with applicable accounting standards in the United Kingdom. They conform to guidance from the HEFCE.

## Basis of accounting

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed asset investments, and on a going concern basis. The principal accounting policies, which have been applied consistently, are set out below.

## Basis of consolidation

The consolidated financial statements include the financial statements of the University and the subsidiary undertaking for the financial year to 31 July 2015. In accordance with FRS 2, the activities of the Student Union have not been consolidated because the University does not control their activities. Uniform accounting policies have been applied across the group and any gains or losses on intra group transactions have been eliminated.

## Recognition of income

Income from tuition fees is stated net of rebates and discounts.

Income from research grants and contracts and other services rendered is included to the extent of the completion of the contract or service concerned. This is generally equivalent to the sum of the relevant expenditure incurred during the year and any related contribution towards overhead costs. All income from investments within current assets is credited to the income and expenditure account in the year in which it is earned.

Income from specific endowments is included to the extent of the related expenditure incurred during the year, together with any related contributions towards overhead costs.

Recurrent grants from the Funding Council are recognised in the year in which they are receivable.

Non-recurrent grants from the Funding Council or other bodies received in respect of acquisition of fixed assets are treated as deferred capital grants and amortised in line

with depreciation over the life of the assets. All other income is credited to the income and expenditure account in the year in which it is earned.

## Maintenance of premises

The University has a long-term plan, which forms the basis of the ongoing maintenance of the estate. The cost of maintenance is charged to the income and expenditure account as incurred.

## Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at year end rates. The resulting exchange differences are dealt with in the determination of income and expenditure for the financial year.

## Pension schemes

The University participates in two major pension schemes. Retirement benefits for academic and academic-related staff are provided by the Universities Superannuation Scheme (USS) and for all other staff by the West Yorkshire Pension Fund (WYPF).

### a) Accounting for USS

The University participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate trustee administered fund. Because of the mutual nature of the scheme, the scheme's assets are not hypothecated to individual institutions and a scheme wide contribution rate is set. The University is therefore exposed to actuarial risks associated with other institutions' employees and is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

### b) Accounting for WYPF

This is an externally funded defined benefit pension scheme, the assets of which are held separately from those of the University in independently administered funds.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using the projected unit actuarial method and are discounted at the current rate of return on a high quality corporate bond of equivalent terms and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension schemes expected to arise from employee service in the period is charged to operating profit. The expected return on the schemes' assets and the increase during the year in the present value of the schemes' liabilities arising from the passage of time are included in other finance income. Actuarial gains and losses are recognised in the statement of total recognised gains and losses. Pension schemes' surpluses, to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

### Leased Assets

Costs in respect of operating leases are charged on a straight line basis over the lease term.

### Tangible fixed assets

#### a) Land and buildings

Land and buildings are included in the balance sheet at historical cost. Buildings are depreciated over their expected useful economic life to the University of 50 years. Land is not depreciated.

Where land and buildings are acquired or built with the aid of specific grants they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

Finance costs which are directly attributable to the construction of land and buildings are not capitalised as part of those costs.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable.

Buildings under construction are accounted for at cost, based on the value of costs incurred to 31 July. They are not depreciated until they are brought into use.

Expenditure on building enhancements over £20,000 is capitalised and depreciated over its expected useful economic life to the University of 20 years or 7 years.

Where enhancements are undertaken with the aid of specific grants, they are capitalised and depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset on a basis consistent with the depreciation policy.

#### b) Equipment

Equipment costing less than £10,000 per individual item is written off to the income and expenditure account in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

Equipment	3 or 7 years
Computer Software	3 years
Vehicles	4 years

Where equipment is acquired with the aid of specific grants it is capitalised and depreciated as above, with the related grant being credited to a deferred capital grant account and released to the income and expenditure account over the expected useful economic life of the related equipment.

For all categories of asset cost includes the original purchase price of the asset and all the costs attributable to bringing the asset to its working condition for its intended use.

## Fixed Asset Investments

Investments within fixed assets that are not listed on a recognised stock exchange are carried at historical cost less any provision for impairment in their value. Those that are listed on a recognised stock exchange are carried at market value.

Appreciation in market value of fixed asset investments is taken to a revaluation reserve. Impairment of fixed asset investments is taken directly to the income and expenditure account to the extent that it is not matched by a previous appreciation in value.

## Accounting for charitable donations

### Unrestricted donations

Charitable donations are recognised in the accounts when the charitable donation has been received or if, before receipt, there is sufficient evidence to provide the necessary certainty that the donation will be received and the value of the incoming resources can be measured with sufficient reliability.

### Endowment funds

Where charitable donations are restricted to a particular objective specified by the donor, these are accounted for as an endowment. There are three main types:

1. Restricted endowments: the income is restricted to the objective specified by the donor.
2. Unrestricted: the income can be applied to the general purposes of the institution.
3. Expendable: the capital can be expended.

Any income earned on endowment funds is added to the amount retained within endowments.

### Donations for fixed assets

Donations received to be applied to the cost of a tangible fixed asset are shown on the balance sheet as a deferred capital grant. The deferred capital grant is released to the income and expenditure account over the same estimated useful life that is used to determine the depreciation charge associated with the tangible fixed asset.

## Restructuring costs

The University continues to operate a voluntary severance and early retirement scheme. Costs are provided for in full from the date applications to the scheme are agreed by the Remuneration Committee.

## Taxation

The University is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes. Subsidiary companies are liable to corporation tax.

The University is partially exempt in respect of Value Added Tax (VAT), so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.

## Liquid resources

Liquid resources include sums on short-term deposit with recognised banks and building societies and government securities.

## Provisions

Provisions are recognised when the University 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.

## Bursaries

Bursaries and scholarships are accounted for gross as expenditure and included within operating expenditure.

# Definition of Terms

The definitions, which follow, have been adopted for the purposes of this statement.

**Accounts** comprise the income and expenditure account, the balance sheets, the cash flow statement and the statement of total recognised gains and losses.

**Capital grants** are grants which have been specifically identified by the grantor to be used for the purchase, construction or development of assets.

**Deferred capital grants** are capital grants where an asset purchased with such a grant has been capitalised. The deferred capital grant related to the asset is included in the balance sheet and released to income and expenditure account over the life of the asset to which it relates.

**General income** is that which can be applied to any activity of the University at the discretion of the University. Examples of such income are Funding Council recurrent grant, students' tuition fees and income from general endowments.

**Endowment assets** are those investments held for endowment funds where the income and/or the capital of the funds are required to be used for specific purposes of the University as determined by the terms of the endowment.

**Financial statements** comprise the accounts, the statement of accounting policies and the notes to the accounts.

**Fixed assets** are those assets intended to be held for use on a continuing basis in the activities of the University.

**Investments within current assets** are investments other than investments within fixed assets or endowment asset investments.

**Investments within fixed assets** are those investments intended to be held for use on a continuing basis in the activities of the University. An investment is classified as a fixed asset only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Reports and financial statements** comprise the financial statements, a statement of corporate governance, a statement of the responsibilities of Council, the Auditors' report and the Operating and Financial Review.

**Specific endowments** are those bequests and gifts where the use of the capital and income, or only the income, is for a specific purpose or activity so designated by the donor and which can only be used for that purpose or activity.

**Specific income** is that which can only be applied to a specific purpose or activity so designated by the grantor or donor. Examples of such income are Funding Council grants for specific purposes, research grants and some contracts and income from specific endowments.

**Subsidiary undertaking** is analogous to that as defined in the Companies Act and Financial Reporting Standard 2 and is a body corporate or partnership or unincorporated association carrying on a trade or business with or without a view to profit and control may be exercised by the University.



# Consolidated Income and Expenditure Account for the year ended 31 July 2015

		2014-15	2013-14
	Note	£000	£000
<b>Income</b>			
Funding Body Grants	1	20,396	26,069
Tuition Fees and Educational Contracts	2	83,249	78,828
Research Grants and Contracts	3	7,519	8,317
Other Income	4	16,463	16,244
Endowment and Investment Income	5	2,685	2,034
<b>Total Income</b>		<b>130,312</b>	<b>131,492</b>
<b>Expenditure</b>			
Staff Costs	6	76,427	72,876
Other Operating Expenses	7	43,174	48,534
Depreciation	10	7,800	6,862
Interest and other Finance Costs	8	918	931
<b>Total Expenditure</b>		<b>128,319</b>	<b>129,203</b>
<b>Surplus after Depreciation of Tangible Fixed Assets at Valuation and before Tax</b>		<b>1,993</b>	<b>2,289</b>
Taxation	9	-	-
<b>Surplus on continuing operations after depreciation of assets at valuation, and disposal of assets and tax</b>		<b>1,993</b>	<b>2,289</b>
Transfer from accumulated income within specific endowments		228	196
<b>Surplus for the Year retained within General Reserves</b>		<b>2,221</b>	<b>2,485</b>

There is no material difference between the surplus on ordinary activities before taxation and the surplus for the financial year stated above and their historical cost equivalents.

All amounts relate to continuing operations.

# Balance Sheets as at 31 July 2015

	Note	Consolidated		University	
		2015 £000	2014 £000	2015 £000	2014 £000
<b>Fixed Assets</b>					
Intangible Assets		-	43	-	43
Tangible Assets	10	114,827	112,370	114,827	112,370
Investments	11,12	14,791	14,244	14,631	13,962
		<u>129,618</u>	<u>126,657</u>	<u>129,458</u>	<u>126,375</u>
<b>Endowment Assets</b>	13	<u>2,318</u>	<u>2,303</u>	<u>2,318</u>	<u>2,303</u>
<b>Current Assets</b>					
Debtors: Amounts falling due after more than one year	14	1,347	1,434	1,347	1,434
Debtors: Amounts falling due within one year	14	12,383	11,563	12,379	11,563
Investments		22,691	30,505	22,691	30,505
Cash at Bank and in Hand		6,160	7,380	6,093	7,380
		<u>42,581</u>	<u>50,882</u>	<u>42,510</u>	<u>50,882</u>
<b>Less: Creditors: Amounts falling due within one year</b>	15	<u>(30,143)</u>	<u>(33,492)</u>	<u>(30,242)</u>	<u>(33,492)</u>
<b>Net Current Assets</b>		<u>12,438</u>	<u>17,390</u>	<u>12,268</u>	<u>17,390</u>
<b>Total Assets less Current Liabilities</b>		<u>144,374</u>	<u>146,350</u>	<u>144,044</u>	<u>146,068</u>
<b>Less: Creditors: Amounts falling due after more than one year</b>	16	<u>(18,173)</u>	<u>(18,819)</u>	<u>(18,173)</u>	<u>(18,819)</u>
<b>Less: Provisions for Liabilities</b>	18	<u>(73)</u>	<u>(327)</u>	<u>(73)</u>	<u>(327)</u>
<b>Net Assets excluding Pension Liability</b>		<u>126,128</u>	<u>127,204</u>	<u>125,798</u>	<u>126,922</u>
<b>Net Pension Liability</b>	31	<u>(18,249)</u>	<u>(15,944)</u>	<u>(18,249)</u>	<u>(15,944)</u>
<b>Net Assets including Pension Liability</b>		<u>107,879</u>	<u>111,260</u>	<u>107,549</u>	<u>110,978</u>
<b>Represented by:</b>					
<b>Deferred Capital Grants</b>	19	<u>40,412</u>	<u>42,749</u>	<u>40,412</u>	<u>42,749</u>
<b>Endowment Funds</b>					
Expendable	20	1,912	1,907	1,912	1,907
Permanent	20	406	396	406	396
		<u>2,318</u>	<u>2,303</u>	<u>2,318</u>	<u>2,303</u>
<b>Reserves</b>					
Income and Expenditure Account excluding Pension Reserve	21	78,746	77,699	78,695	77,699
Pension Reserve	31	(18,249)	(15,944)	(18,249)	(15,944)
		<u>60,497</u>	<u>61,755</u>	<u>60,446</u>	<u>61,755</u>
<b>Revaluation Reserve</b>	22	<u>4,652</u>	<u>4,453</u>	<u>4,373</u>	<u>4,171</u>
<b>Total Funds</b>		<u>107,879</u>	<u>111,260</u>	<u>107,549</u>	<u>110,978</u>

The Financial Statements on pages 17 to 42 were approved by the Council on 25 November 2015 and signed on its behalf by

*Baroness A Taylor*  
CHAIR OF COUNCIL

*Professor B Cantor*  
VICE-CHANCELLOR

*Ms A Phillips*  
DIRECTOR OF FINANCE

# Consolidated Cash Flow Statement For the year ended 31 July 2015

	Note	2014-15 £000	2013-14 £000
<b>Cash flow from operating activities</b>	24	1,324	6,392
Return on investments and servicing of finance	25	(232)	(217)
Taxation	26	-	-
Capital Expenditure and financial investment	27	(9,189)	(3,334)
Management of liquid resources	28	7,798	(2,951)
Financing	29	(921)	(1,070)
<b>Decrease in cash in the year</b>	30	<b>(1,220)</b>	<b>(1,180)</b>
<b>Reconciliation of net cash flow to movement in net funds</b>			
Decrease in Cash in the Year		(1,220)	(1,180)
(Decrease)/Increase in Short Term Deposits		(7,803)	2,951
Decrease in Long Term Borrowings		646	921
Change in Net Funds		<b>(8,377)</b>	2,692
Net Funds at 1 August		21,330	18,638
Net Funds at 31 July		<b>12,953</b>	21,330

# Statement of Consolidated Total Recognised Gains and Losses for the year ended 31 July 2015

	Note	2014-15 £000	2013-14 £000
Surplus on continuing operations after depreciation of assets at valuation and disposal of assets and tax	26	1,993	2,289
Actuarial (loss)/gain in respect of pension scheme	31	(3,479)	6,520
Endowment additions	13	239	332
Revaluation of Endowment Asset Investments	13	4	5
Unrealised surplus on revaluation of fixed assets	11, 22	204	177
Revaluation of foreign currency holdings		(5)	-
<b>Total Recognised (loss)/gain for the year</b>		<b>(1,044)</b>	<b>9,323</b>
<b>Reconciliation</b>			
Opening reserves and endowments		68,511	59,188
Total recognised (loss)/gain for the year		(1,044)	9,323
<b>Closing reserves and endowments</b>		<b>67,467</b>	<b>68,511</b>

# Notes to the Financial Statements

	2014-15 £000	2013-14 £000
<b>1. Funding Body Grants</b>		
Recurrent Grant	17,174	23,186
Specific Grants	1,210	1,182
Deferred Capital Grants Released in Year (Note 21)		
Buildings	1,717	1,688
Equipment	295	13
	<b>20,396</b>	<b>26,069</b>
<b>2. Tuition Fees and Education Contracts</b>		
Full-time students	51,545	45,778
Students charged overseas fees	17,665	19,158
Part-time fees	3,803	2,973
Short Course Fees	396	718
Health Education Teaching Contract	9,840	10,201
	<b>83,249</b>	<b>78,828</b>
<b>3. Research Grants and Contracts</b>		
Research Councils	1,870	1,872
UK Based Charities	820	938
UK Central & Local Government, and Health Authorities	1,913	1,930
Other Grants and Contracts	2,916	3,577
	<b>7,519</b>	<b>8,317</b>
<b>4. Other Income</b>		
Residences, Catering and Conferences	2,849	2,758
Other Services Rendered	7,059	7,851
Deferred Capital Grants Released in Year (Note 21)	1,465	667
Other Income	5,090	4,968
	<b>16,463</b>	<b>16,244</b>
<b>5. Endowment and Investment Income</b>		
Income from expendable endowments (Note 22)	7	7
Income from permanent endowments (Note 22)	2	2
Pension finance interest receivable	1,999	1,400
Income from Short Term Investments	677	625
	<b>2,685</b>	<b>2,034</b>

	2014-15 £000	2013-14 £000
<b>6. Staff Costs</b>		
Wages and Salaries	62,285	59,084
Social Security Costs	4,499	4,556
Pension Contributions	8,818	8,028
FRS 17 Pension adjustment	825	1,208
	<b>76,427</b>	<b>72,876</b>
<b>Staff Costs by Category</b>		
Academic Departments	45,968	43,903
Academic Services	9,189	8,700
Administration and Central Services	12,185	11,093
Premises	5,163	5,030
Research Grants	2,696	2,331
Services Rendered	401	611
FRS 17 Pension adjustment	825	1,208
	<b>76,427</b>	<b>72,876</b>
<b>Staff Numbers</b>		
	<b>Number</b>	<b>Number</b>
Full Time Equivalent Staff Numbers by Major Category		
Academic and Research	545	536
Technical	68	98
Administrative	844	789
Other	151	138
	<b>1,609</b>	<b>1,561</b>
<b>Senior Post-holder's Emoluments</b>		
	<b>£000</b>	<b>£000</b>
Salary of the Vice-Chancellor, excluding pension contributions	239	193
Salary is the contractual salary before adjusting for salary sacrifice. The University's pension contributions to USS for the Vice-Chancellor amounted to £nil (2013-14: £nil)		
<b>Remuneration of Higher Paid Staff other than the Vice-Chancellor, excluding pension contributions</b>		
	<b>Number</b>	<b>Number</b>
£100,000-£109,999	2	2
£110,000-£119,999	6	1
£120,000-£129,999	3	2
£130,000-£139,999	3	1
£180,000-£189,999	1	-

The University paid £169,742 (2013-14: £nil) as compensation for loss of office to one member of staff earning in excess of £100,000 per year. This was funded from non-publicly funded budgets.

	2014-15	2013-14
	£000	£000
<b>7. Other Operating Expenses</b>		
Consumables and Laboratory Expenditure	10,293	11,045
Travel and Subsistence	2,063	2,091
Casual Staff Costs	2,894	3,234
Books and Periodicals	2,198	2,180
Bursaries, Scholarships and Prizes	5,793	6,345
Heat, Light, Water and Power	1,858	1,954
Repairs and General Maintenance	1,987	1,840
Minor Works and Long Term Maintenance	629	2,833
Grants to University of Bradford Students Union	1,316	1,352
Rents and Insurances of Buildings	1,051	827
Rates	421	397
Telephones	349	238
Postage, Advertising, Printing and Stationery	2,508	2,690
External Auditors' Remuneration (University £60,540, 2013-14: £52,800)	61	53
External Auditors' Remuneration in respect of Taxation Services	25	24
Other Auditors' Remuneration	23	98
Internal Auditors' Remuneration	104	117
Legal and Professional Fees	4,162	4,486
International Agency Fees	1,281	1,664
Amortisation	130	130
Equipment and Furniture	1,983	2,949
Other Expenses	2,045	1,987
	<u>43,174</u>	<u>48,534</u>

Amortisation relates to the write down of the University's capital contribution to the Sustainable Student Village. This is being written down over 20 years.

#### 8. Interest and other Finance Costs

On bank loans repayable in more than five years	918	931
	<u>          </u>	<u>          </u>

#### 9. Taxation

UK Corporation Tax receivable/(payable) on the profit of subsidiary companies	-	-
	<u>          </u>	<u>          </u>
	<u>          </u>	<u>          </u>



10. Tangible Assets	Consolidated and University			
	Land and Buildings	Assets in the Course of Construction	Equipment	Total
	£000	£000	£000	£000
<b>Cost</b>				
As at 1 August 2014	154,358	2,440	12,845	169,643
Additions	-	8,457	1,800	10,257
Disposals	(3,775)	-	(160)	(3,935)
Transfers	2,539	(3,339)	800	-
As at 31 July 2015	153,122	7,558	15,285	175,965
<b>Accumulated depreciation</b>				
As at 1 August 2014	48,936	-	8,337	57,273
Charge for Year	5,656	-	2,144	7,800
Eliminated on disposals	(3,775)	-	(160)	(3,935)
As at 31 July 2015	50,817	-	10,321	61,138
<b>Net Book Value</b>				
As at 31st July 2015	102,305	7,558	4,964	114,827
As at 1st August 2014	105,422	2,440	4,508	112,370
<b>Source of funding</b>				
Inherited	1,448	-	-	1,448
Financed by capital grant	37,535	27	2,850	40,412
Other	63,322	7,531	2,114	72,967
<b>Net Book Value</b>				
As at 31st July 2015	102,305	7,558	4,964	114,827

Buildings with a net value of £35.4 million (2013: £33.6 million) have been funded by Treasury sources. Should these buildings be sold, the University would either have to surrender the proceeds to the Treasury or use them in accordance with the Financial Memorandum with HEFCE.

	Consolidated		University	
	2014-15	2013-14	2014-15	2013-14
<b>11. Investments</b>	£000	£000	£000	£000
As at 1 August	14,244	13,546	13,962	13,201
Additions	10,100	4,120	10,219	4,120
Disposals	(9,757)	(3,599)	(9,757)	(3,599)
Revaluation	204	177	207	240
As at 31 July	14,791	14,244	14,631	13,962
Analysis of Closing Balance				
UK fixed interest securities	1,376	1,651	1,376	1,651
Overseas fixed interest securities	-	355	-	355
UK commercial and industrial securities	7,313	7,712	7,313	7,712
Overseas commercial and industrial securities	5,766	4,186	5,766	4,186
Unquoted shares	324	328	176	58
Investments in joint ventures (note 13)	12	12	-	-
	14,791	14,244	14,631	13,962

	Consolidated		University	
	2014-15	2013-14	2014-15	2013-14
<b>12. Investments in Joint Ventures</b>	£000	£000	£000	£000
Share of fixed assets	38	47	-	-
Share of current assets	247	162	-	-
Share of assets	285	209	-	-
Share of current liabilities	(273)	(197)	-	-
Share of net equity of joint venture companies	12	12	-	-

The University had an interest in the following joint ventures in 2014-15:

Name of Undertaking	Country of Incorporation	Description of Business	Ordinary Shares
Inprint & Design Limited	England	Printing and Design	50.00%

	Consolidated		University	
	2014-15	2013-14	2014-15	2013-14
<b>13. Endowment Assets</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
As at 1 August	2,303	2,162	2,303	2,162
Additions	239	332	239	332
Interest for the year	9	9	9	9
Revaluation of endowment asset investments	4	5	4	5
Expenditure for year	(237)	(205)	(237)	(205)
As at 31 July	2,318	2,303	2,318	2,303
Represented by:				
Cash deposits	2,275	2,264	2,275	2,264
Equities	43	39	43	39
	2,318	2,303	2,318	2,303
<b>14. Debtors</b>				
Prepayments - capital contribution to student village	1,313	1,400	1,313	1,400
Other amounts falling due after more than one year	34	34	34	34
Amounts falling due after more than one year	1,347	1,434	1,347	1,434
Trade debtors	9,113	8,466	9,113	8,466
Research Grants and Contracts	1,472	1,298	1,472	1,298
Prepayments and accrued income	1,798	1,799	1,794	1,799
Amounts falling due within one year	12,383	11,563	12,379	11,563
	13,730	12,997	13,726	12,997

The capital contribution to the student village is being amortised over 20 years.

	Consolidated		University	
	2014-15	2013-14	2014-15	2013-14
<b>15. Creditors: Amounts falling due within one year</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Payments Received on Account	9,612	10,096	9,612	10,096
Trade creditors	3,069	5,458	3,069	5,458
Amounts owed to subsidiary undertakings	-	-	101	-
Social Security and Other Taxation Payable	3,306	3,907	3,306	3,907
Accruals	13,510	13,110	13,508	13,110
Banks and Building Societies Loans Outstanding	396	380	396	380
Other Loans Outstanding	250	541	250	541
	30,143	33,492	30,242	33,492

	Consolidated and University	
	2014-15	2013-14
	£000	£000
<b>16. Creditors: Amounts falling due after more than one year</b>		
Banks and Building Societies Loans	17,798	18,194
Other Loans	375	625
	<u>18,173</u>	<u>18,819</u>

17. Borrowing	2014-15		2013-14	
	Banks and Building Society Loans	Other Loans	Banks and Building Society Loans	Other Loans
	£000	£000	£000	£000
In less than one year	396	250	380	541
In more than one year but not more than two years	416	250	396	250
In more than two years but not more than five years	1,367	125	1,305	375
After five years or more	16,015	-	16,493	-
	<u>18,194</u>	<u>625</u>	<u>18,574</u>	<u>1,166</u>

The University has a revolving credit facility of up to £20M with Barclays Bank. Interest is payable at 0.25% above LIBOR.

All the above loans are unsecured.

	Consolidated and University	
	2014-15	2013-14
	£000	£000
<b>18. Provisions for Liabilities</b>		
Premature Retirement Fund		
As at 1st August	327	704
Transfer from Income and Expenditure Account	-	-
Utilised in Year	(254)	(377)
As at 31st July	<u>73</u>	<u>327</u>

The above provision relates to payments paid in year, and amounts anticipated to be paid, in relation to employees who signed up to the Voluntary Severance Scheme. The amounts paid in year relate to a combination of pension and salary payments. These amounts are due to be paid as follows:

	2014-15	2013-14
	£000	£000
Within one year	72	254
Between two and five years	1	73
	<u>73</u>	<u>327</u>

19. Deferred Capital Grants	Buildings	Equipment	Assets in the course of construction	Consolidated and University
	£000	£000	£000	£000
Funding Council Grants				
As at 1 August 2014	32,240	119	-	32,359
Additions in Year	-	921	-	921
Released to Income and Expenditure in year (Note 1)	(1,717)	(295)	-	(2,012)
As at 31 July 2015	30,523	745	-	31,268
Other Grants and Benefactions				
As at 1 August 2014	7,241	3,149	-	10,390
Additions in Year	-	192	27	219
Released to Income and Expenditure in year	(229)	(1,236)	-	(1,465)
As at 31 July 2015	7,012	2,105	27	9,144
Total Deferred Capital Grants at 31 July 2015	37,535	2,850	27	40,412
Total Deferred Capital Grants at 31 July 2014	39,481	3,268	-	42,749

20. Endowment Funds	Consolidated and University		Total £000
	Restricted Expendable £000	Restricted Permanent £000	
Capital Value	1,640	188	1,828
Accumulated income	267	208	475
As at 1 August 2014	1,907	396	2,303
Additions	233	6	239
Interest for Year	7	2	9
Revaluation of endowment asset investments	-	4	4
Expenditure for year	(235)	(2)	(237)
As at 31 July 2015	1,912	406	2,318
Represented by:			
Capital value	1,617	197	1,814
Accumulated income	295	209	504
	1,912	406	2,318

	Consolidated		University	
	2014-15	2013-14	2014-15	2013-14
	£000	£000	£000	£000
<b>21. Movement on General Reserves</b>				
As at 1st August	61,755	52,750	61,755	52,750
Surplus for the year	2,221	2,485	2,170	2,485
Actuarial (loss)/gain in respect of pension scheme	(3,479)	6,520	(3,479)	6,520
As at 31 July	<u>60,497</u>	<u>61,755</u>	<u>60,446</u>	<u>61,755</u>
Balance represented by:				
Income and Expenditure Reserve	78,746	77,699	78,695	77,699
Pension Reserve	(18,249)	(15,944)	(18,249)	(15,944)
As at 31 July	<u>60,497</u>	<u>61,755</u>	<u>60,446</u>	<u>61,755</u>
<b>22. Revaluation Reserve</b>				
As at 1st August	4,453	4,276	4,171	3,931
Revaluation of shares	204	177	207	240
Revaluation of foreign currency holdings	(5)	-	(5)	-
As at 31 July	<u>4,652</u>	<u>4,453</u>	<u>4,373</u>	<u>4,171</u>
<b>23. Capital Commitments: Tangible Assets</b>				
Commitments contracted at 31 July	<u>1,533</u>	<u>5,513</u>	<u>1,533</u>	<u>5,513</u>

	2014-15 £000	2013-14 £000
<b>24. Reconciliation of the Consolidated Surplus before Tax to Net Cash from Operating Activities</b>		
Surplus before tax	1,993	2,289
Depreciation (Note 10)	7,800	6,862
Amortisation	43	42
(Profit)/Loss on disposal of fixed assets	(33)	30
Deferred Capital Grants Released to Income (Note 19)	(3,477)	(2,367)
Investment Income (Note 5)	(2,685)	(2,034)
Interest Payable (Note 8)	918	931
Pension cost less contributions payable (Note 31)	825	1,208
(Increase)/Decrease in Debtors	(732)	3
Decrease in Creditors	(3,074)	(195)
Decrease in Provisions	(254)	(377)
<b>Net Cash Inflow from Operating Activities</b>	<b>1,324</b>	<b>6,392</b>
<b>25. Returns on Investments and Servicing of Finance</b>		
Income from Endowments	9	9
Other Interest Received	677	625
Interest Paid	(918)	(851)
<b>Net Cash Outflow from Returns on Investments and Servicing of Finance</b>	<b>(232)</b>	<b>(217)</b>
<b>26. Taxation</b>	<b>-</b>	<b>-</b>
<b>27. Capital Expenditure and Financial Investment</b>		
Payments to acquire Tangible Assets	(10,257)	(6,988)
Receipts from sale of Tangible Assets	33	-
Payments to acquire Investments	(10,100)	(4,120)
Receipt from sale of Investments	9,757	3,599
Deferred Capital Grants Received	1,139	3,843
Capital Receipts to Endowments	239	332
<b>Net Cash Outflow from Capital Expenditure and Financial Investment</b>	<b>(9,189)</b>	<b>(3,334)</b>
<b>28. Management of Liquid Resources</b>		
Withdrawal/(Placing) of deposits	7,798	(2,951)
<b>Net cash Inflow/(Outflow) from Management of Liquid Resources</b>	<b>7,798</b>	<b>(2,951)</b>
<b>29. Financing</b>		
Repayment of loans	(921)	(1,070)
	(921)	(1,070)



**30. Analysis of Changes in Net Funds**

	As at 1 August 2014	Cash Flows	As at 31 July 2015
	£000	£000	£000
Cash in hand and at bank	7,380	(1,220)	6,160
Endowment asset investments	2,264	11	2,275
Investments - Cash Deposits	30,505	(7,814)	22,691
	40,149	(9,023)	31,126
Debt due after more than one year	(18,819)	646	(18,173)
Total	21,330	(8,377)	12,953

**31. Pension Schemes**

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF) administered by the City of Bradford Metropolitan Council. The assets of the schemes are held in separate trustee-administered funds. The main assumptions of the most recent valuations are as follows:

	USS	WYPF
Latest actuarial valuations	31 March 2014 (unaudited)	31 March 2013
Valuation Method	Projected Unit	Projected Unit
Investment returns per annum	5.2%	2.4%
Salary scale increases per annum	3.5%	3.9%
Pension increases per annum	2.6%	2.4%
Value of notional assets	£41,600 million	£9,957 million
Proportion of members' accrued benefits covered by the actuarial value of assets	89%	96%

The contributions payable by the University in respect of the USS scheme during the year were equal to employer contributions of 16% of salary.

The University paid contributions of 14% from August 2013 to March 2014, and 15% from April to July 2014 in respect of the WYPF scheme for the accounting year as recommended by the actuary.

**FRS 17**

The institution participates in the Universities Superannuation Scheme (USS), a defined benefit scheme which is contracted out of the State Second Pension (S2P). The assets of the scheme are held in a separate fund administered by the trustee, Universities Superannuation Scheme Limited. The institution is required to contribute a specified percentage of payroll costs to the pension scheme to fund the benefits payable to the company's employees. In 2015, the percentage was 16% (2014: 16%). The company is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme.

The total pension cost for the institution was £6.77M (2014: £6.305M). This includes £855,977 (2014: £800,362) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

The latest available triennial actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method and is currently being audited by the scheme auditor. The 2014 valuation has been signed off by the Scheme Actuary but until the conclusion of the 2016 Scheme audit, remains unaudited. Based on this 2014 valuation it is expected that employer contributions will increase to 18% from 1 April 2016.

The 2014 valuation was the third valuation for USS under the scheme specific funding regime introduced by the Pensions Act 2004, which requires schemes to adopt a statutory funding objective, which is to have sufficient and appropriate assets to cover their technical provisions. At the valuation date, the value of the assets of the scheme was £41.6 billion and the value of the scheme's technical provisions was £46.9 billion indicating a shortfall of £5.3 billion. The assets therefore were sufficient to cover 89% of the benefits which had accrued to members after allowing for expected future increases in earnings.

FRS 17 liability numbers have been produced for the using the following assumptions:

	2015	2014
Discount rate	3.3%	4.5%
Pensionable salary growth	3.5% in the first year and 4.0% thereafter	4.4%
Price inflation (CPI)	2.2%	2.6%

The main demographic assumption used relates to the mortality assumptions. Mortality in retirement is assumed to be in line with the Continuous Mortality Investigation's (CMI) SINA tables as follows:

<b>Male members' mortality</b>	S1NA ["light"] YoB tables - No age rating
<b>Female members' mortality</b>	S1NA ["light"] YoB tables - rated down 1 year

Use of these mortality tables reasonably reflects the actual USS experience. To allow for further improvements in mortality rates the CMI 2009 projections with a 1.25% pa long term rate were also adopted for the 2014 FRS17 figures, for the March 2015 figures the long term rate has been increased to 1.5% and the CMI 2014 projections adopted, and the tables have been weighted by 98% for males and 99% for females. The current life expectancies on retirement at age 65 are:

	2015	2014
Males currently aged 65 (years)	24.2	23.7
Females currently aged 65 (years)	26.3	25.6
Males currently aged 45 (years)	26.2	25.5
Females currently aged 45 (years)	28.6	27.6

Existing benefits	2015	2014
Scheme assets	£49.0bn	£41.6bn
FRS17 liabilities	£67.6bn	£55.5bn
FRS17 deficit	£18.6bn	£13.9bn
FRS17 funding level	72%	75%

USS is a “last man standing” scheme so that in the event of the insolvency of any of the participating employers in USS, the amount of any pension funding shortfall (which cannot otherwise be recovered) in respect of that employer will be spread across the remaining participant employers and reflected in the next actuarial valuation of the scheme.

The trustees believe that over the long-term equity investment and investment in selected alternative asset classes will provide superior returns to other investment classes. The management structure and targets set are designed to give the fund a major exposure to equities through portfolios that are diversified both geographically and by sector. The trustee recognises that it would be theoretically possible to select investments producing income flows broadly similar to the estimated liability cash flows. However, in order to meet the long-term funding objective within a level of contributions that it considers the employers would be willing to make, the trustee needs to take on a degree of investment risk relative to the liabilities.

This taking of investment risk seeks to target a greater return than the matching assets

would provide whilst maintaining a prudent approach to meeting the fund’s liabilities. Before deciding what degree of investment risk to take relative to the liabilities, the trustee receives advice from its internal investment team, its investment consultant and the scheme actuary, and considers the views of the employers. The positive cash flow of the scheme means that it is not necessary to realise investments to meet liabilities. The trustee believes that this, together with the ongoing flow of new entrants into the scheme and the strength of covenant of the employers enables it to take a long-term view of its investments. Short-term volatility of returns can be tolerated and need not feed through directly to the contribution rate although the trustee is mindful of the desirability of keeping the funding level on the scheme’s technical provisions close to or above 100% thereby minimising the risk of the introduction of deficit contributions. The actuary has confirmed that the scheme’s cash flow is likely to remain positive for the next ten years or more.

At 31 March 2012, USS had over 145,000 active members and the institution had 902 active members participating in the scheme.

The West Yorkshire Pension Fund valuation was updated by the University’s actuary on an FRS 17 basis as at 31 July 2015, 31 July 2014 and 31 July 2013.

The major assumptions used in this valuation were:

	2015	2014	2013
Rate of increase in salaries	3.5%	3.7%	4.6%
Rate of increase in pensions in payment and deferred pensions	3.0%	2.2%	2.7%
Discount rate applied to scheme liabilities	3.5%	4.0%	4.4%
Inflation Assumption	2.0%	2.2%	2.7%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

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

	At 2015	At 2014
Retiring today		
Males	22.6	22.5
Females	25.5	25.4
Retiring in 20 years		
Males	24.8	24.7
Females	27.8	27.7

In its June 2010 budget, the government announced that it intended for future increases in public sector pension schemes to be linked to changes in the Consumer Prices Index (CPI) rather than, as previously, the Retail Price Index (RPI). The University considered the West Yorkshire Pension Fund scheme rules and associated members' literature and has concluded that a revised actuarial assumption about the level of inflation indexation should be made, with the resulting gain recognised through the Statement of Total Recognised Gains and Losses ('STRGL'). No change in treatment is proposed in the current year.

#### Scheme Assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 2015	Value at 2014	Value at 2013
<b>Present value of scheme assets</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Equities	85,539	78,703	75,538
Government Bonds	11,721	10,794	11,796
Other Bonds	5,184	5,449	5,898
Property	5,071	3,458	3,104
Cash/Liquidity	1,690	4,087	3,932
Other	3,494	2,306	3,208
	<u>112,699</u>	<u>104,797</u>	<u>103,476</u>
<b>Present value of scheme liabilities</b>			
Pension liability	(130,948)	(120,741)	(126,132)
Net pension liability	<u>18,249</u>	<u>(15,944)</u>	<u>(22,656)</u>

<b>Analysis of other pension costs charged in arriving at operating deficit</b>	<b>2014-15</b>	<b>2013-14</b>
	<b>£000</b>	<b>£000</b>
Current service cost	2,783	2,964
Past service cost	121	67
	<u>2,904</u>	<u>3,031</u>
 <b>Analysis of amounts included in other finance income</b>	 <b>2014-15</b>	 <b>2013-14</b>
	<b>£000</b>	<b>£000</b>
Expected return on pension scheme assets	6,811	6,942
Interest on pension scheme liabilities	(4,812)	(5,542)
	<u>1,999</u>	<u>1,400</u>
 <b>Analysis of amount recognised in statement of total recognised gains and losses</b>	 <b>2014-15</b>	 <b>2013-14</b>
	<b>£000</b>	<b>£000</b>
Actual return less expected return on scheme assets	2,841	(4,063)
Actuarial (loss)/gain on scheme liabilities	(6,320)	10,583
Actuarial (loss)/gain recognised in statement of total recognised gains and losses	<u>(3,479)</u>	<u>6,520</u>

<b>Movement in deficit during year</b>	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
	<b>£000</b>	£000	£000	£000	£000
Deficit in scheme at beginning of year	(15,944)	(22,656)	(29,279)	(14,072)	(24,658)
Current service cost	(2,783)	(2,964)	(2,714)	(2,415)	(2,406)
Contributions paid	2,079	1,823	1,660	1,726	1,712
Past Service cost	(121)	(67)	(83)	(114)	(207)
Other finance income	1,999	1,400	881	820	154
Actuarial (loss)/gain	(3,479)	6,520	6,879	(15,224)	11,333
Deficit in the scheme at end of year	(18,249)	(15,944)	(22,656)	(29,279)	(14,072)
<b>Asset and Liability Reconciliation</b>	<b>2014-15</b>	2013-14	2012-13	2011-12	2010-11
	<b>£000</b>	£000	£000	£000	£000
<b>Reconciliation of Liabilities</b>					
Liabilities at start of year	120,741	126,132	118,251	102,856	105,391
Current service cost	2,783	2,964	2,714	2,415	2,406
Interest cost	4,812	5,542	4,727	5,438	5,664
Employee contributions	810	787	726	731	757
Actuarial (loss)/gain	6,320	(10,583)	3,288	10,466	(7,180)
Benefits paid	(4,639)	(4,168)	(3,657)	(3,769)	(4,389)
Past service costs/(credit)	121	67	83	114	207
Liabilities at end of year	130,948	120,741	126,132	118,251	102,856
<b>Reconciliation of Assets</b>					
Assets at start of year	104,797	103,476	88,972	88,784	80,733
Expected return on assets	6,811	6,942	5,608	6,258	5,818
Actuarial gain/(loss)	2,841	(4,063)	10,167	(4,758)	4,153
Employer contributions	2,079	1,823	1,660	1,726	1,712
Employee contributions	810	787	726	731	757
Benefits paid	(4,639)	(4,168)	(3,657)	(3,769)	(4,389)
Assets at end of year	112,699	104,797	103,476	88,972	88,784

<b>History of experience gains and losses</b>	<b>2015</b>	2014	2013	2012	2011
Difference between the expected and actual return on assets:					
Amount £000	<b>2,841</b>	(4,063)	10,167	(4,758)	4,153
% of scheme assets	<b>2.5</b>	(3.9)	9.8	(5.3)	4.7
Experience gains and losses on scheme liabilities					
Amount £000	<b>586</b>	6,097	(94)	(742)	7,180
% of scheme assets	<b>0.5</b>	5.8	0.1	(0.6)	7.0
Total amount recognised in statement of total gains and losses					
Amount £000	<b>(3,479)</b>	6,520	6,879	(15,224)	11,333
% of scheme liabilities	<b>(2.7)</b>	5.4	5.5	(12.9)	11.0

The cumulative amount of actuarial losses recognised in the statement of total recognised gains and losses is £15.942M (2013: £22.462M).

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2015 is £1.9M.

The actual return on scheme assets in the year was £2.879M (2013: £15.775M).

<b>32. Access Funds</b>	<b>2014-15</b>	2013-14
	<b>£000</b>	£000
Balance at 1 August	<b>120</b>	103
Funding Council Grants	<b>-</b>	325
	<b>120</b>	428
Disbursed to Students	<b>(50)</b>	(308)
Balance at 31 July	<b>70</b>	120

Funding Council grants are available solely for students, the University acts only as paying agents. The grants and related disbursements are therefore excluded from the Income and Expenditure Account.

### 33. Contingent Liabilities and Assets

A contingent liability exists in relation to the pension valuation recovery plan, since the company is an employer of members within the scheme. The contingent liability relates to the amount generated by past service of current members and the associated proportion of the deficit. Given that the

scheme is a multi-employer scheme and the company is unable to identify its share of the underlying assets and liabilities, the contingent liability is not recognised as a provision on the balance sheet. The associated receivable from the scheme in respect of the reimbursement of the company's expenditure is similarly not recognised.

### 34. Related Party Transactions

The University owns 50% of the ordinary shares of Inprint & Design Limited. The University made purchases of £851,128 (2014: £733,202) from the company and the University charged the company £594,526 (2014: £511,591) which included salary recharges, rent and interest. At the year end the University owed the company £132,458 (2014: £79,077) and the company owed the University £286,770 (2014: £191,137).

Two members of Council were officials of the University of Bradford Students' Union during the year. The University made purchases of £1,500,850 (2014: £1,667,330) from the Students' Union and the University charged the Students' Union £1,167,928 (2014: £1,188,583) which included salary and other recharges. At the year end the University owed the Students' Union £4,558 (2014: £29,580) and the Students' Union owed the University £48,710 (2014: £154,020).

During the year the University paid travel expenses of £492 (2014: £861) to Council members. A further £6,480 (2014: £6,500) in respect of travel expenses was paid to Wharnccliffe Partners Limited, a company of which Mr P Jagger is a director.

### 35. Financial Commitments

At 31 July the University had annual commitments under non-cancellable operating leases as follows:

#### Land and Buildings

Expiring within one year	73	59	69	59
Expiring within two and five years	117	118	71	118
Expiring after five years	16	16	16	16
	<u>206</u>	<u>193</u>	<u>156</u>	<u>193</u>

#### Equipment

Expiring within two and five years	32	-	32	-
	<u>32</u>	<u>-</u>	<u>32</u>	<u>-</u>

### 36. Ultimate Parent and Controlling Party

The University is the ultimate parent and controlling party.















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BRADFORD



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