



UNIVERSITY of
BRADFORD

Celebrating 50 years

Financial Statements

For the
year ended
31 July 2016



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We can arrange for this material to be transcribed into an accessible format such as Braille, large print, E-text (compatible with screen-reading software) or digital audio such as CD.

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.

Please contact Finance on
01274 233128

External Advisers

External Independent Auditors

PricewaterhouseCoopers LLP
29 Wellington Street
Leeds
LS1 4DL

Internal Auditors

RSM
2 Whitehall Quay
Leeds
LS1 4HG

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 2015/2016

Ex-Officio Members

Pro-Chancellors:

Baroness A Taylor (2018)
Ms S Smith (2018)

Pro-Chancellor and Treasurer:

Mr R Clark (2017)

Vice-Chancellor and Principal:

Professor B Cantor

Deputy Vice-Chancellor:

Professor S Congdon
Professor B McCarthy

Appointed Members

By the City of Bradford:

Councillor K Hussain (resigned July 2016)

By the Court:

Mr M Bell (2017)

By the Senate:

Professor C Oltean-Dumbrava (2017)
Dr P Anand (2018)
Professor D Lee (resigned July 2016)
Mr C Mudd (2018)

Student Member

Mr H Ahamad (2016)
Mr A Bashir (2016)

Co-opted Members

Dr T Higgins (2018)
Mr K Bates (2019)
Ms F Driscoll (2018)
Ms S Ali (2018)
Ms K England (2018)
Mr T Hatwell (2018)
Professor C Kay (2018)
Mr S Khan (resigned July 2016)
Mr M Watkins (2018)

Graduate of the University

Mr M Pandor (2019)

Non-Academic Staff

Mr B Petty (2018)

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 2016

Aims and objectives

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

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 2016. The results of Inprint & Design Limited, a joint venture between the University and Bradford College are also included.

Context

The University has almost 11,000 students; approximately 1,350 of these are based at overseas partner institutions, and over 860 are distance learners, based either in the UK or overseas. Over 1,500 of the overall student population is postgraduate (the majority of distance learners are postgraduate students). The postgraduate population includes over 300 research students. Of the 8,730 students based at Bradford, just under 10% are part-time. Students are organised into five faculties: Engineering and Informatics, Health Studies, Life Sciences, Social Sciences, and Management and Law. Apart from the latter, all Bradford students are based at the Richmond Road campus in central Bradford. Management and Law students are based at the Emm Lane campus approximately 2.5 miles away to the north of the city.

The University has just over 1,800 staff, of whom almost 500 are part-time. Just over 600 staff are academic.

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.

The technology university of the North: making knowledge work

This vision is summarised well in the phrases **making knowledge work** and **the technology university of the North**. 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 context of a complex external environment, and in line with our underlying fundamental values. Our values describe our expectations of

Operating and Financial Review for the year ended 31 July 2016 (continued)

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;
- (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, 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/

Public benefit

The University of Bradford is an exempt charity under the terms of Charities Act 2011 and therefore is a public benefit entity. 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 research-engaged and business and technology-focused, and benefit from significant commercialisation of research and major knowledge transfer relationships. The University continues to provide the environment and support which lead to excellent graduate employment rates, and 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. This distinctive approach informs the way that we manage our impact upon society and the environment through our operations, teaching, research, knowledge transfer and other services, and through our interactions with 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, and 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 ethical, sustainable, and socially responsible living, learning and working, within an environment that is free from unacceptable or unreasonable behaviour.

Operating and Financial Review for the year ended 31 July 2016 (continued)



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 sectors, 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

Sector Developments

This year, which was the University's 50th anniversary, was one of achievement and success against a backdrop of change and challenge. The higher education sector anticipates significant change set out in the Higher Education and Research Bill, which outlines regulatory reform, changed oversight of research funding and support, the introduction of new quality measures of teaching (the Teaching Excellence Framework or TEF) and emphasises the Government's commitment to marketising the sector and supporting student mobility. The TEF has implications for future fee levels which may influence student recruitment, with consequent impact on the University's strategic plans for growth. In addition to the national legislative developments, the decision to exit the European Union is anticipated to have an impact on the UK higher education sector. The extent of the impact is difficult to assess until more detail is available, but there will be challenges to face, for example in relation to the future of research funding and student recruitment, and this will be closely monitored in the forthcoming year.

University Performance

The University rose 20 places in the latest Guardian University league table, one of the biggest rises in the UK, and also ranked 16th out of 119 institutions for value added (where qualifications upon entry are compared with the award that a student receives at the end of their studies). The University also rose 10

places in the latest Complete University Guide rankings, and now ranks in the top 10 in the UK for Physiotherapy, Occupational Therapy, Forensic Science, Ophthalmics and Medical Technology.

The University of Bradford Executive MBA was recognised in the World Top 100 in the prestigious Financial Times rankings, placing it in the Top 10 of UK business schools. The latest QS World University Rankings by Subject placed our Pharmacy and Pharmacology programme in the top 200 in the world, and our Development Studies programme in the top 100. The University was also named in the top 100 universities in the world in the QS Under 50 ranking, and was ranked in the top 200 most international universities by the Times Higher.

The University has suite of key performance indicators around excellence designed to measure delivery of its strategic objectives. These are considered by Council at each meeting and the latest version of these indicators demonstrate a consistent level of performance, however it is expected these will improve as the Bradford Excellence Programme and University strategy progresses. The latest version of these indicators are stated below.

	2015	2016
NSS - overall satisfaction	85%	83%
	2015/16 intake	2016/17 intake
Average tariff (undergraduate full-time home)	330	329
	2014/15	2015/16
Good honours	75.4%	74.7%
	2013/14 graduates	2014/15 graduates
Employed or in further study six months after graduating (UK undergraduates)	91%	92%
	2014/15	2015/16
Staff student ratio	16.0	16.25

Financial performance is discussed in detail on pages 8 and 9.

Operating and Financial Review for the year ended 31 July 2016 (continued)

The Bradford Excellence Programme

The Bradford Excellence Programme was launched this year. The programme is a wide-ranging plan of action to re-position the University, enabling us to achieve our ambitious 10-year strategy to become a world-leading technology university. The strategic aim is to grow student numbers in the medium and long term through improvements to management structures and processes and our academic offer. The Bradford Excellence Programme has been designed to lay the foundations for this and deliver specific improvements through comprehensive review and refinement of key institutional functions and structures such as recruitment, marketing and admissions, IT and administrative services, and a comprehensive review of our academic portfolio and the workload model. The Bradford Excellence Programme is not just about reducing the cost base it also incorporates activity to grow student numbers as outlined in the University strategy. New areas of academic interest are regularly considered within our academic themes to identify new provision that will meet the needs of modern society. For example 2016/17 will see the launch of both BSc Paramedic Science and BSc Physicians Associate programmes.

The Bradford Excellence Programme is overseen by the Executive Board, and receives detailed scrutiny on progress at each meeting of the University Council. The Programme is beginning to deliver tangible achievements and further detail of the financial benefits of this is set out below in the Financial Outlook section.

Achievements and Events

The 50th Anniversary marked a significant milestone in the University's history and development. A series of high-profile events, marked our anniversary, including lectures, awards ceremonies and dinners, engaging students, staff, partners, the local community, and alumni all over the world.

In February 2016 we welcomed Kate Swann as the University's sixth Chancellor. As one of the UK's leading business women, and a School of Management alumna, Kate is an ambassador for the University both in the UK and internationally, and an inspiring role model for students and graduates.

The University was awarded a Queen's Anniversary Prize for Higher and Further Education for its world-leading work to improve the lives of people living with dementia. This is the highest form of national recognition that UK higher education

institutions can achieve. Chancellor Kate Swann, Vice-Chancellor Professor Brian Cantor and Professor Murna Downs, Chair in Dementia Studies received the award from HRH the Prince of Wales at a ceremony at Buckingham Palace. This was a significant achievement, acknowledging as it did the University's significant impact, national and international, in this field. The School of Dementia Studies also launched its Dementia Doctoral Training Centre, with the University welcoming the next generation of dementia research leaders. The Bradford DTC is one of eight new specialist centres around the country that are funded by the Alzheimer's Society.

The Digital Health Enterprise Zone (DHEZ) programme is a £13 million investment led by the University and supported by investment from BT, the City of Bradford Metropolitan District Council and the government. The programme aims to create a global impact in health care by enabling business innovation and growth in ICT-connected health and social care. The newly refurbished Digital Exchange building opened in Little Germany in March, providing business incubation space, and construction work is now underway on the £7 million DHEZ Health and Wellbeing Centre on the University campus, which will house a research-led community with state-of-the-art-facilities.

The University of Bradford hosted the British Science Festival, and the accompanying Fringe Festival, which showcased the University as a world-leading technology university to regional, national and international audiences. University research projects which were featured at the festival included the Stonehenge Hidden Landscapes project, the FossilFinder online "citizen scientists" platform, the world's first 3D barcode, and software able to create a reliable forecast of a person's future face.

In other international developments, Bradford Pathology, in collaboration with UK-China Healthtech Open Innovation, received Guangzhou District Government funding to develop a China-UK remote digital pathology system. The two-year, £400k project is a partnership with Huayin Medical Laboratory Centre, Guangzhou, China.

We achieved the Athena SWAN Institutional Bronze Award for our work in supporting women in science and technology teaching and research. A thorough action plan has been developed, and is being monitored via the Equality and Diversity Committee. The University's first Diversity Festival also took place, showcasing the University's commitment to Equality, Diversity and Inclusion

Operating and Financial Review for the year ended 31 July 2016 (continued)

with a variety of events and activities designed to increase awareness across the staff and student body, including thought-provoking lectures, activities and exhibitions.

The University of Bradford's Access Agreement for 2016-17 was approved by the Office for Fair Access (OFFA). The University has a long-established reputation within the sector for promoting and achieving widening access to higher education, and in supporting a diverse student population to succeed in their academic careers. This is evidenced through consistent better-than-benchmark performance across a range of widening participation indicators, and in excellent professional and managerial level employment. For example, the University exceeds its benchmark for first degree entrants from state schools and from socio-economic groups 4-7

The Government has re-iterated its priority for widening participation in higher education and cites a target participation rate for disadvantaged young people of 27.2% by 2020, up from 13.6% in 2009. Over half of the University's full-time undergraduates are in receipt of full state support and in addition, 9% of full-time and 6% of part-time undergraduate students are in receipt of Disabled Students Allowance.

There is also a government target to improve BME participation by 20% by 2020, an aspiration which the University fully supports. The University has one of the highest proportions of UK domiciled undergraduate students of BME background in the country (67%).

A University network for promoting disability equality, n-able, was named Network Leader of the Year at the Inclusive Networks awards.

During the course of the year, the University was successful in attracting, and helping partners to secure, funding to drive forward major projects and initiatives in support of its research and institutional development. These included:

- Yorkshire Cancer Research invested £634k to fund the first clinical trial of a 'smart-bomb' drug discovered at the University's Institute of Cancer Therapeutics. The trial is being progressed by the University's spin-out company, Incanthera Limited, with laboratory studies supporting the trial taking place on campus at the Institute of Cancer Therapeutics.
- The Born in Bradford research project, tracking the lives of nearly 14,000 babies born in Bradford, secured a £3.5 million boost to extend its research. This funding from the Medical

Research Council and the Economic and Social Research Council will be used in a five-year project to revisit all families recruited to the study. The University continues to play a key role in the project.

- Commemorating the 30th anniversary of the Bradford City Football Club fire, the University's Plastic Surgery and Burns Research Unit achieved their ambitious £300,000 fundraising target. This funding boost helps to ensure that the positive legacy of the Bradford Fire will live on, with the continuation of ground-breaking research in wound healing at the unit.
- Student and grassroots sport in Bradford will benefit from a major cash injection, with the University awarded a grant of £500,000 from the Premier League and the FA Facilities fund. The funding will enable the University to provide state-of-the-art playing and changing facilities at our Laisteridge Lane site, benefiting students, staff and the local community, including schools and sports clubs.
- Cycling 4 All, a University cycling club that caters for the needs of disabled students, secured £310,000 from the Reaching Communities Lottery Fund, for a project entitled Choices 4 All. The initiative aims to harness the skills, enthusiasm and experiences of students to deliver high quality volunteering opportunities to community groups and schools in the region, introducing disabled people to new sports, activities and social networks.

Sustainability continues to be a strength, with the year again marked by welcome progress and achievements. The University's grounds were ranked alongside the best parks and green spaces in the country, with the award of a prestigious Green Flag Award. The award recognises the best, most well managed green spaces, which at the University include the open spaces on campus and off Great Horton Road, along with The Green student accommodation and the Students' Union building. New Estates and Facilities initiatives included introducing electric vehicle charge points on campus, expanding their team of volunteer beekeepers and successfully increasing the range and number of species and plants across the edible campus.

Other events to celebrate during the year included:

- The UNESCO City of Film team relocated onto the University's city campus. This move not only facilitates closer working in partnership with the University but also provides a great opportunity for our staff and students, providing aspiring

Operating and Financial Review for the year ended 31 July 2016 (continued)

film makers with valuable experience as both organisations work collaboratively to forge a positive future for the Bradford City of Film project.

- A University of Bradford Students' Union project leader and a PhD student were both recognised in the Queen's Birthday Honours list. Adam Tasker, the Cycling 4 All Project Coordinator and Volunteer Coordinator in the Students' Union (UBU), and Mohammed Akhlak Rauf, a manager with Bradford Council's dementia team and a part-time PhD student at the University, both received MBEs.
- The University hosted the West and North Yorkshire UCAS Exhibition for the first time, welcoming over 8,000 visitors and 200 exhibitors onto campus over two days in one of the major events in the student recruitment cycle.

Corporate and Social Responsibility.

The combination of successful achievements taken forward through our Ecoversity programmes has resulted in 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, our environmental commitment has resulted in the University being awarded a Gold Standard in the Universities that Count corporate and social responsibility index. As referred to above, the University also received a prestigious Green Flag award in recognition of the high quality of its green spaces.

The University puts significant importance on communicating with our staff and students. Our internal communications strategy places emphasis on striking the balance between listening and sending clear messages to build effective relationships across the campus, share feedback, and continually improve the University's culture for the benefit of all. In recognition of our broader corporate and social responsibilities, the University has established an Ethics Committee with delegated authority from Council, to consider ethical questions arising from all aspects of the University's business and to determine necessary actions. The Committee oversees and monitors the University Ethics Code and how the Code and principles contained within it are embedded across the University.

Financial Highlights

i. Income and Expenditure Account

The University made a deficit for the year of £19.0M, however the position prior to gains/

losses and the actuarial loss in respect of the pension scheme is a £2.8M deficit. This also includes some non-recurrent items such as the RDEC claim from HMRC (£0.7M), the release of the holiday pay accrual (£0.6M), BEP support costs (£1.4M) and fundamental restructuring costs (£2.5M). Therefore excluding these gives a small underlying deficit of £0.2M. The deficit position was expected following the lower than expected student intake in 2015/16, which resulted in some short term tactical cost control measures that were successful in mitigating some of the financial impact as a result of the lower student numbers. The University is committed to reviewing expenditure continually to ensure value for money is being achieved. The short term cost-control measures and Bradford Excellence Programme resulted in a decrease in staff costs of 2.7% (excluding movements in USS provisions) and a decrease in operating expenses of 8.2%.

The University's consolidated results are summarised below:

	2015-16	2014-15
	£000	£000
Total income	124,022	129,735
Total expenditure	126,850	136,055
Deficit before gains/ (losses)	(2,828)	(6,320)
Gains/(losses)	(884)	(240)
Actuarial loss from WYPF	(17,077)	(3,479)
Deficit for the year	(19,021)	(9,559)

Income has decreased by 4.4% from the previous year. The main reasons for this are: tuition fee and educational contract income has increased by 0.9%, which is a slower rate than expected due to lower than expected student numbers during the 15/16 intake.

Funding body grant income has decreased by 20.9%, primarily due to the known reduction in the amount received from the recurrent teaching grant (such as reducing student numbers on the old funding regime) and research funding;

Research grants and contract income has increased by 19.3%, which was a result of an increase in awards and contracts in 15/16 plus the additional focus on research activity.

Other income has fallen by 21.8% due to initiating teach-out arrangements with

Operating and Financial Review for the year ended 31 July 2016 (continued)

a number of collaborators as a result of concentrating on the core business and enhancing quality, and re-position the University strategically as per the 10 year strategy.

Investment income has fallen by 74.4%, predominantly due to reduced income as a result of the WYPF pension adjustment coming through as interest payable rather than interest receivable.

Total expenditure for the year has decreased by 6.8%.

Staff costs including restructuring costs have fallen by 7.7%. However underlying staff costs, excluding restructuring costs, WYPF pension adjustments, USS pension provision movements and the holiday accrual fell by 4.1%, and this underlying figure represents 58.7% (2015: 58.5%) of turnover. The increase in this figure is more a result of the greater proportionate fall in income than in staff costs.

Operating costs have decreased by 8.1%, this partly caused by action taken following the lower than expected student recruitment in 2015/16. Short term tactical cost control measures ensured that only business critical expenditure was incurred whilst the Bradford Excellence Programme was launched. The major changes areas that delivered these savings relate to:

Consumables and laboratory expenditure decreased by 16.7%; travel and subsistence fell by 23.5%; postage, advertising, printing and stationary fell by 27%; and equipment and furniture costs decreased by 29.8%.

Use of casual staff was curtailed, and associated costs fell by 36.9%, reflecting the University's continued policy of reducing reliance on short term appointments.

Bursaries, scholarships and prizes declined by 9.0% as a result of the decrease in student numbers.

Minor works and long term maintenance expenditure decreased by 11.5%, although overall expenditure on the estate continues to be closely monitored to ensure the University estate is maintained and does not deteriorate.

Rents and insurances of buildings have increased by 40.5%, primarily as a result of lower occupancy rates in The Green.

Legal and professional fees, however, saw what is expected to be a one-off increase of 20.8%, as external support was procured to support and start the Bradford Excellence programme at pace.

ii. Balance Sheet

The University net assets have decreased by £19.0M in the year. This has been caused primarily by an increase in the WYPF pension liability of £17.1M, as valued by the scheme's actuary.

Fixed assets fell by £2.6M as depreciation exceeded capital spend on the year. Major items of spend were: the Health and Wellbeing Centre at £1.9M; spend of £1.0M on the Digital Health Enterprise Zone; and £0.7M on a combined heat and power engine.

The long term investment portfolio rose steadily by £1.2M to £16.4M by the end of the year. Cash and cash equivalents decreased by £1.3M to £29.4M in the year.

Debtors falling due within one year increased by £3.2M, as a result of late payment from the local health education provider (£1.9M), and the increased amounts due from students reflected the increased proportion of students who are self-funded.

Creditors falling due within one year increased by £1.5M, predominantly due to an increase in accruals and deferred income. This has arisen partly due to a number of payments occurring later than expected.

Creditors falling due after more than one year decreased by £1.4M as a result of the unwind of capital grants.

The pension provision increased by £19.5M in the year and is mainly a result of the actuarial loss on the WYPF, with the changes in assumptions relating to the reduced discount factor as a result of lower than expected returns on the pension investments.

iii. Cash Flow

The analysis of cash and cash equivalents shows decreases of £1.3M whilst the net cash flow from operating activities is positive at £0.5M, and the University's financial covenants with both HEFCE and external lenders have been easily met.

Operating and Financial Review for the year ended 31 July 2016 (continued)

Financial Outlook

The financial performance in-year has, as expected, delivered a modest deficit for 2015-16 before the actuarial loss in respect of the West Yorkshire Pension fund is considered, however the University's cash position and balance sheet remain strong.

In the short to medium term the UK high education sector faces uncertainty as global competition continues to rise, there is increased economic volatility at a global level, and as the UK's exit from the EU is implemented. The news however, that the funding for EU students has been extended to entrants in the 2017-18 academic year is welcomed.

Despite this uncertainty the University is in a position of having a good level of cash balances and reserves, which provide financial resilience during these challenging times. This has allowed the University the flexibility for activities such as the launch of the Bradford Excellence Programme as referred to above,

To supplement the activity in the Bradford Excellence Programme and enable the immediate delivery of some immediate cost and service improvements, the University offered some colleagues the opportunity to leave their employment through a time-limited Mutually Agreed Resignation Scheme.

This combined with the Bradford Excellence Programme will deliver a £1.3M recurrent improvement in the finances for 2016-17. In 2015-16, this was offset by additional one off restructuring costs of £2.5M in 2015-16. The current objective is, that by the end of 2017-18, the Bradford Excellence Programme will have delivered a combined recurrent financial improvement across income and expenditure of approximately £11M.

The outcomes of the Bradford Excellence Programme will help to mitigate the financial risk of lower than expected student numbers, to ensure that the University has the agility required to adapt to an increasingly competitive and volatile environment, and to ensure that we have the right provision to equip our graduates with the skills necessary to meet the challenges of modern society.

This is built upon the University's strong foundation of prudent planning, budgeting and close fiscal monitoring to ensure financial sustainability, whilst providing flexibility to

invest in areas that will add value and quality to research and teaching provision.

Investment continues to focus on areas that will have a significant impact upon the student experience, with key projects for 2016-17 being the completion of the Health and Wellbeing Centre, the continued improvement of general teaching areas, improvement of our sports facilities and our engineering laboratories and the development of a specialised physiotherapy rehabilitation lab. The aim is to have the right facilities to provide an enriched student experience, whilst meeting the future skillset demands 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

Operating and Financial Review for the year ended 31 July 2016 (continued)



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, particularly in light of the United Kingdom's decision to leave the European Union and the imminent implementation of the Higher Education and Research Bill, which signals a shift to an increasingly marketised and regulated sector. In this dynamic and fast changing environment, the University needs to be a flexible and creative institution that distinguishes itself from others and offers value to students. The success of the University continues to depend 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 and Internal Control

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 Committee of University Chairs and the HEFCE Memorandum of Assurance and Accountability.

Corporate Governance

In common with all Chartered institutions, the University operates under a bicameral system in which Council and Senate, 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 University's 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. The Council is unambiguously and collectively accountable for institutional activities, taking all final decisions on matters of fundamental concern within its remit.

Council has a majority of members from outside the University (lay members), from whom its Chair is drawn. Also included in its membership 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 governing instruments. 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 also 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 of the Vice-Chancellor 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 (HEFCE), 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 Officer of the University.

The Council meets at least five times each academic year, but much of its detailed work is initially managed by committees, namely the Finance Committee, the Audit Committee, the Governance and Nominations Committee, the Remuneration Committee and the Health, Safety and Wellbeing Committee. The recommendations and decisions of these committees (made in accordance with the University's Schedule of Delegation) are formally taken to the Council. The remit and responsibilities of these committees is set out below.

In respect of its strategic planning and development responsibilities and as the planning and budgeting processes involve matters falling within the powers of both bodies, the Council and Senate receives recommendations and advice from the Executive Board, the principal management committee of the University, which ensures the effective leadership, coordination and management of the activities of the University. 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.

Statement of Corporate Governance and Internal Control (continued)

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 majority of lay members 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, for example through induction and briefings and a dedicated members' handbook. 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, both through a Register of Interests and a formal declaration of interest at each meeting.

Committees of the Council

The role of Council committees is set out below; each Committee of Council meets four times a year.

Governance and Nominations Committee

The Governance and Nominations Committee considers nominations for membership of Council and reports to Council on the overall effectiveness of governance arrangements. 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, which is consistent with the provisions of the CUC Code of Governance. Council has approved the recommendation of the Committee that an externally led review of Council effectiveness be carried out in 2016/17, in accordance with the requirements of the CUC Code of Governance.

Remuneration Committee

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

Audit Committee

The Audit Committee is responsible for advising the Council and the Vice-Chancellor on the effectiveness of the University's management and control systems. To this end, it meets with the external auditors to discuss their audit findings, and with the internal auditors to consider detailed internal audit reports and recommendations for the improvement of the University's systems of internal control, together with management responses and implementation plans. It also receives and considers reports from the HEFCE and other bodies (such as the National Audit Office) which affect the University's business and monitors adherence to regulatory requirements. The Committee reviews the University's annual financial statements together with the accounting policies and advises Council on the appointment of internal and external auditors. Whilst senior executives attend meetings of the Audit Committee as necessary, they are not members of the Committee and the Committee meets privately with internal and external auditors for independent discussions at least annually.

Finance Committee

The Finance Committee is responsible for recommending to Council the University's annual Financial Statements, financial forecasts and annual budgets, for monitoring the University's overall financial health and advising on financial strategy. In doing so, it reviews key financial risks, seeking explanation and clarification as appropriate and reviews financial regulation, policies and procedures to ensure that they are robust and follow best practice.

Health, Safety and Wellbeing Committee

The Health, Safety and Wellbeing Committee provides assurance to Council that the University's statutory obligations in relation to health and safety are being met and that appropriate reporting mechanisms and policies are in place and being implemented.

Statement of Corporate Governance and Internal Control (continued)

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, noting the need to ensure that the control environment continually develops to ensure that it meets changing needs.

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;

- i) 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.;
- ii) 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
- iii) and by the comments made by the external auditors in their management letter and other reports.

The Council has approved a basket of key performance indicators which are benchmarked against other publicly available data sources and reviewed on a regular basis by Council.

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 2016 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.

Statement of Primary Responsibilities

The University Council has adopted a Statement of Primary Responsibilities which sets out the principal responsibilities of the governing body. It is based on the Model Statement contained in The Higher Education Code of Governance, published by the Committee of University Chairs (December 2014).¹

The primary responsibilities of Council are as follows:

1. To approve the mission, strategic vision, long-term academic and business plans and key performance indicators of the University and to ensure that these meet the interests of staff, students and other stakeholders.
2. To ensure that processes are in place to monitor and evaluate the performance and effectiveness of the University against the plans and approved key performance indicators, which should be benchmarked against other comparable institutions.
3. To appoint the Vice-Chancellor as the chief academic and administrative officer of the University and the HEFCE Accountable Officer and to put in place suitable arrangements for monitoring his/her performance and setting appropriate remuneration (through the Remuneration Committee).
4. To delegate authority to the Vice-Chancellor for the effective academic, corporate, financial, estate and human resource management of the University and to establish and keep under review the policies, procedures and limits which such authority is exercised.
5. To ensure the establishment and monitoring of systems of control and accountability, including financial and operational controls and risk assessment, and clear procedures for handling internal grievances, whistle-blowing, and for managing conflicts of interest.
6. To establish processes to monitor and evaluate the performance and effectiveness of the Council and its sub-committees, with a formal effectiveness review of the Council at least once every four years.
7. To conduct its business in accordance with best practice in HE corporate governance and with the principles of public life drawn up by the Committee on Standards in Public Life embracing selflessness, integrity, objectivity, accountability, openness, honesty, and leadership.
8. To receive assurance that adequate measures are in place to safeguard the reputation and values of the University, and to take action where insufficient assurance has been obtained, and to be responsible for the ethical governance of the University.
9. To appoint a Secretary to the Council and to ensure that, if the person appointed has managerial responsibilities in the University, there is an appropriate separation in the lines of accountability.
10. To approve the annual budget and financial statements, and to have overall responsibility for the University's assets, property and estate.
11. To ensure that systems are in place for meeting all the University's legal obligations, including those which relate to health and safety and equal opportunities and those which arise from contracts and other legal commitments made in the University's name. The Council is responsible for determining the custody and use of the Common Seal of the University.
12. To receive assurance that adequate provision has been made for the general welfare of students, and to take action where insufficient assurance has been obtained.
13. To receive assurance that the Students' Union operates in a fair and democratic manner and is accountable for its finances, and to take action where insufficient assurance has been obtained.
14. To receive assurance that any property, legacy, endowment, bequest or gift made to the University is used to support its work, and to take action where insufficient assurance has been obtained.
15. To ensure that the University's Charter and Statutes are followed at all times and that appropriate advice and support is available to enable this to happen.

¹ www.universitychairs.ac.uk/wp-content/uploads/2015/02/Code-Final.pdf

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 institution's affairs as at 31 July 2016 and of the group's income and expenditure 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, and the requirements of the 2015/16 HEFCE Accounts Direction.

What we have audited

The financial statements comprise:

- the Statement of Principal Accounting Policies;
- the consolidated Statement of Comprehensive Income for the year ended 31 July 2016;
- the consolidated and University Statement of Changes in Reserves for the year then ended;
- the consolidated and University Balance Sheets as at 31 July 2016;
- the consolidated and University Statement of Cash Flows 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 Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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, they have 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 Statement of Corporate Governance and Internal Control, 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 Statement of Primary Responsibilities of Council set out on page 15, 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 International Standards on Auditing

(UK and Ireland) ("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 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.

What an audit of financial statements involves

We conducted our audit in accordance with 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 Council; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the judgments made by Council 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 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
28 November 2016

- (a) The maintenance and integrity of the University of Bradford website is the responsibility of the 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 Year Ended 31 July 2016

Basis of preparation

These financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP): Accounting for Further and Higher Education 2015 and in accordance with Financial Reporting Standards (FRS 102). The University is a public benefit entity and therefore has applied the relevant public benefit requirement of FRS 102. The financial statements are prepared in accordance with the historical cost convention (modified by the revaluation of fixed assets and derivative financial instruments).

Basis of consolidation

The consolidated financial statements include the University and all its subsidiaries for the financial year to 31 July 2016. The results of subsidiaries acquired or disposed of during the period are included in the consolidated statement of income and expenditure from the date of acquisition or up to the date of disposal. Intra-group transactions are eliminated on consolidation.

The consolidated financial statements do not include the income and expenditure of the Students' Union. Although the Students Union is predominantly funded by grants from the University it is separately governed by sabbatical officers directly elected by the student body, assisted by a permanent staff body and independent trustee board. As such the University does not exert control or dominant influence over policy decisions.

Associated companies and joint ventures are accounted for using the equity method.

Income recognition

Income from the sale of goods or services is credited to the Consolidated Statement of Comprehensive Income and Expenditure when the goods or services are supplied to the external customers or the terms of the contract have been satisfied.

Fee income is stated gross of any expenditure which is not a discount and credited to the Consolidated Statement of Income and Comprehensive Expenditure over the period in which students are studying. Where the amount of the tuition fee is reduced, by a discount for prompt payment, income receivable is shown net of the discount. Bursaries and scholarships are accounted for gross as expenditure and not deducted from income.

Investment income is credited to the statement of income and expenditure on a receivable basis.

Funds the University receives and disburses as paying agent on behalf of a funding body are excluded from the income and expenditure of the University where the University is exposed to minimal risk or enjoys minimal economic benefit related to the transaction.

Grant funding

Government revenue grants including funding council block grant and research grants are recognised in income over the periods in which the University recognises the related costs for which the grant is intended to compensate. Where part of a government grant is deferred it is recognised as deferred income within creditors and allocated between creditors due within one year and due after more than one year as appropriate.

Grants (including research grants) from non government sources are recognised in income when the University is entitled to the income and performance related conditions have been met. Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the balance sheet and released to income as the conditions are met.

Donations and endowments

Non-Exchange Transactions are those transactions whereby an entity receives (or gives) value from/to another entity without directly giving/receiving approximately equal value in exchange.

Non exchange transactions without performance related conditions are donations and endowments. Donations and endowments with donor imposed restrictions are recognised in income when the University is entitled to the funds. Income is retained within the restricted reserve until such time that it is utilised in line with such restrictions at which point the income is released to general reserves through a reserve transfer.

Donations with no restrictions are recognised in income when the University is entitled to the funds.

Investment income and appreciation of endowments is recorded in income in the year in which it arises and as either restricted or

Statement of Principal Accounting Policies (continued)

Year Ended 31 July 2016

unrestricted income according to the terms other restriction applied to the individual endowment fund.

There are four main types of donations and endowments identified within reserves:

1. Restricted donations - the donor has specified that the donation must be used for a particular objective.
2. Unrestricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream for the general benefit of the University.
3. Restricted expendable endowments - the donor has specified a particular objective other than the purchase or construction of tangible fixed assets, and the University has the power to use the capital.
4. Restricted permanent endowments - the donor has specified that the fund is to be permanently invested to generate an income stream to be applied to a particular objective.

Capital grants

Government capital grants are recognised in income over the expected useful life of the asset. Other capital grants are recognised in income when the University is entitled to the funds subject to any performance related conditions being met.

Employment benefits

Short term employment benefits such as salaries and compensated absences such as paid annual leave or sabbaticals are recognised as an expense in the year in which the employees render service to the University. Any unused benefits are accrued and measured as the additional amount the University expects to pay as a result of the unused entitlement.

Accounting for retirement benefits

The two principal pension schemes for the University's staff are the Universities Superannuation Scheme (USS) and the West Yorkshire Pension Fund (WYPF). The schemes are defined benefit schemes, which are externally funded and contracted out of the State Second Pension (S2P). Each fund is valued every three years by professionally qualified independent actuaries.

The USS is a multi-employer scheme for which it is not possible to identify the assets and liabilities to University at members due to the mutual nature of the scheme and therefore this scheme is accounted for as a defined contribution retirement benefit scheme.

A liability is recorded within provisions for any contractual commitment to fund past deficits within the USS scheme.

Defined Contribution Plan

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts if the fund does not hold sufficient assets to pay all the benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement in the periods during which services are rendered by employees.

Defined Benefit Plan

Defined benefit plans are post-employment benefit plans other than defined contribution plans. Under defined benefit plans, the University's obligation is to provide the agreed benefits to current and former employees, and actuarial risk (that benefits will cost more or less than expected) and investment risk (that returns on assets set aside to fund the benefits will differ from expectations) are borne, in substance, by the University. The Group should recognise a liability for its obligations under defined benefit plans net of plan assets. This net defined benefit liability is measured as the estimated amount of benefit that employees have earned in return for their service in the current and prior periods, discounted to determine its present value, less the fair value (at bid price) of plan assets. The calculation is performed by a qualified actuary using the projected unit credit method. Where the calculation results in a net asset, recognition of the asset is limited to the extent to which the University is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Statement of Principal Accounting Policies (continued)

Year Ended 31 July 2016

Finance leases

Leases in which the University assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Leased assets acquired by way of finance lease and the corresponding lease liabilities are initially recognised at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Any lease premiums or incentives are spread over the minimum lease term.

Foreign currency

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in Surplus or Deficit except for differences arising on the retranslation of a financial liability designated as a hedge of the net investment in a foreign operation that is effective, or qualifying cash flow hedges, which are recognised directly in Other Comprehensive Income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to the Group's presentational currency,

Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the year where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Exchange differences arising from this translation of foreign operations are reported as an item of Other Comprehensive Income.

Fixed assets

Fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of a fixed asset have different useful lives, they are accounted for as separate items of fixed assets.

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.

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

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 in to use.

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

Equipment

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

Equipment	3-15 years
Computer Software	3 years
Vehicles	4 years

Impairment

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying

Statement of Principal Accounting Policies (continued)

Year Ended 31 July 2016

amount of the fixed asset may not be recoverable.

Indicators of impairment include:

- evidence of obsolescence or physical damage of an asset;
- a significant adverse change in the environment or competitive market. This may be caused by, for example: the entrance of a new supplier of a course or service; changes in the regulatory or statutory environment; or significant changes in the value of an indicator used to measure the fair value of a non-current asset on acquisition. Such changes may include income streams from courses or underperformance against the recurrent funding agreement with the funding body;
- an asset's market value has declined significantly more than expected, for example due to a slump in property prices;
- significant changes have occurred, or are planned imminently, to the way the asset is used, for example the governing body may require a restructure or business plans lead to courses being withdrawn and assets becoming idle; and
- evidence indicates that the economic performance of an asset is significantly worse than expected.

Investments

Non current asset investments are held on the Balance Sheet at amortised cost less impairment.

Investments in jointly controlled entities, associates and subsidiaries are carried at cost less impairment in the University's accounts.

Current asset investments are held at fair value with movements recognised within the Statement of Comprehensive Income.

Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment only qualifies as a cash equivalent when it has a short maturity, typically three months or less from the date of acquisition.

Provisions, contingent liabilities and contingent assets

The use of a provision is restricted to a liability where there is some uncertainty as to the timing or amount that has been incurred. Provisions are recognised in the financial statements where the following three conditions are met:

- there is an obligation at the reporting date as a result of a past event, and the University has no realistic alternative to settlement;
- the transfer of economic benefits in settlement is more likely than not; and
- the value of the obligation can be estimated reliably.

The amount recognised as a provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects risks specific to the liability.

A contingent liability arises when an event leads to:

- a possible rather than a present obligation;
- a possible rather than a probable outflow of economic benefits; and
- an inability to measure the economic outflow.

A contingent asset arises if it is possible that an asset may arise from a past event. If in any period it becomes virtually certain that an inflow of economic benefits will occur then the asset and its associated gain is recognised in that accounting period.

Contingent assets and liabilities are not recognised in the Balance Sheet but are disclosed in the notes.

Accounting for Joint Operations, Jointly Controlled Assets and Jointly Controlled Operations

In respect of its interests in jointly controlled operations, the University recognises in its financial statements:

- (a) the assets that it controls and the liabilities that it incurs; and
- (b) the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

Statement of Principal Accounting Policies (continued)

Year Ended 31 July 2016

In respect of its interest in a jointly controlled asset, the University recognises in its financial statements:

- (a) its share of the jointly controlled assets, classified according to the nature of the assets;
- (b) any liabilities that it has incurred;
- (c) its share of any liabilities incurred jointly with the other venturers in relation to the joint venture;
- (d) any income from the sale or use of its share of the output of the joint venture, together with its share of any expenses incurred by the joint venture; and
- (e) any expenses that it has incurred in respect of its interest in the joint venture.

Taxation

The University is an exempt charity within the meaning of Part 3 of the Charities Act 2011. It is therefore a charity within the meaning of Para 1 of schedule 6 to the Finance Act 2010 and accordingly, the University is potentially exempt from taxation in respect of income or capital gains received within categories covered by section 478-488 of the Corporation Tax Act 2010 (CTA 2010) or section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The University's subsidiaries are liable to Corporation Tax in the same way as any other commercial organisation.

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.

Reserves

Reserves are classified as restricted or unrestricted. Restricted endowment reserves include balances which, through endowment to the University, are held as a permanently restricted fund which the University must hold in perpetuity.

Other restricted reserves include balances where the donor has designated a specific purpose and therefore the University is restricted in the use of these funds.

Transition to 2015 SORP

The University is preparing its financial statements in accordance with FRS 102 for the first time and consequently has applied the first time adoption requirements. An explanation of how the transition to the SORP has affected the reported financial position, financial performance and cash flows of the consolidated results of the University is provided in note 26.

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 Statement of Comprehensive Income Year Ended 31 July 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE YEAR ENDED 31 JULY 2016

	Notes	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
		Consolidated £000	University £000	Consolidated £000	University £000
Income					
Tuition fees and education contracts	1	85,115	85,115	84,351	84,351
Funding body grants	2	16,133	16,133	20,396	20,396
Research grants and contracts	3	8,332	8,332	6,986	6,986
Other income	4	11,830	11,823	15,119	15,119
Investment income	5	624	624	2,523	2,523
Donations and endowments	6	1,988	1,938	360	360
Total income		124,022	123,965	129,735	129,735
Expenditure					
Staff costs	7	75,061	74,959	84,060	84,012
Fundamental restructuring costs		2,520	2,520	-	-
Other operating expenses		39,569	39,589	43,118	43,217
Depreciation		7,907	7,907	7,959	7,959
Interest and other finance costs		1,793	1,793	918	918
Total expenditure		126,850	126,768	136,055	136,106
Deficit before other (losses) / gains and share of operating surplus / deficit of joint ventures and associates		(2,828)	(2,803)	(6,320)	(6,371)
(Loss) / gain on disposal of fixed assets		(277)	(10)	34	34
Gain on investments		1,148	1,148	206	206
Share of operating surplus in joint venture		13	-	-	-
Deficit before tax and deficit for the year		(1,944)	(1,665)	(6,080)	(6,131)
Actuarial (loss) in respect of pension schemes		(17,077)	(17,077)	(3,479)	(3,479)
Total comprehensive expense for the year		(19,021)	(18,742)	(9,559)	(9,610)
Represented by:					
Endowment comprehensive expense for the year		(168)	(168)	39	39
Restricted comprehensive expense for the year		1,197	1,197	74	74
Unrestricted comprehensive expense for the year		(20,050)	(19,771)	(9,672)	(9,723)
		(19,021)	(18,742)	(9,559)	(9,610)

All items of income and expenditure relate to continuing activities.

Consolidated and University Statement of Changes in Reserves Year Ended 31 July 2016

Consolidated	Income and expenditure reserve			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
Balance at 1 August 2014 as restated	1,411	255	61,059	4,453	67,178
Deficit from the income and expenditure statement	39	74	(6,395)	202	(6,080)
Other comprehensive expense	-	-	(3,479)	-	(3,479)
Unrealised loss on value of investment in associate	-	-	-	(3)	(3)
	<u>39</u>	<u>74</u>	<u>(9,874)</u>	<u>199</u>	<u>(9,562)</u>
Balance at 1 August 2015 as restated	1,450	329	51,185	4,652	57,616
Deficit from the income and expenditure statement	(168)	1,197	(3,874)	901	(1,944)
Other comprehensive expense	-	-	(17,077)	-	(17,077)
Total comprehensive (expense) / income for the year	<u>(168)</u>	<u>1,197</u>	<u>(20,951)</u>	<u>901</u>	<u>(19,021)</u>
Balance at 31 July 2016	<u>1,282</u>	<u>1,526</u>	<u>30,234</u>	<u>5,553</u>	<u>38,595</u>

University	Income and expenditure reserve			Revaluation reserve	Total
	Endowment £000	Restricted £000	Unrestricted £000	£000	£000
Balance at 1 August 2014 as restated	1,411	255	61,059	4,171	66,896
Deficit from the income and expenditure statement	39	74	(6,446)	202	(6,131)
Other comprehensive expense	-	-	(3,479)	-	(3,479)
	<u>39</u>	<u>74</u>	<u>(9,925)</u>	<u>202</u>	<u>(9,610)</u>
Balance at 1 August 2015 as restated	1,450	329	51,134	4,373	57,286
Deficit from the income and expenditure statement	(168)	1,197	(3,850)	1,156	(1,665)
Other comprehensive expense	-	-	(17,077)	-	(17,077)
Total comprehensive (expense) / income for the year	<u>(168)</u>	<u>1,197</u>	<u>(20,927)</u>	<u>1,156</u>	<u>(18,742)</u>
Balance at 31 July 2016	<u>1,282</u>	<u>1,526</u>	<u>30,207</u>	<u>5,529</u>	<u>38,544</u>

Consolidated and University Balance Sheets as at 31 July 2016

	Notes	31 July 2016		31 July 2015 (as restated)	
		Consolidated £000	University £000	Consolidated £000	University £000
Non-current assets					
Fixed assets	11	114,605	114,605	117,209	117,209
Investments	12	16,447	16,566	15,205	15,057
Investment in joint ventures	13	25	-	12	-
		<u>131,077</u>	<u>131,171</u>	<u>132,426</u>	<u>132,266</u>
Current assets					
Trade and other receivables	15	17,152	17,178	13,910	13,906
Investments	16	36	36	44	44
Cash and cash equivalents		29,382	29,318	30,699	30,632
		<u>46,570</u>	<u>46,532</u>	<u>44,653</u>	<u>44,582</u>
Less: Creditors: amounts falling due within one year	17	(33,373)	(33,480)	(31,904)	(32,003)
		<u>13,197</u>	<u>13,052</u>	<u>12,749</u>	<u>12,579</u>
Net current assets					
		<u>144,274</u>	<u>144,223</u>	<u>145,175</u>	<u>144,845</u>
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	18	(53,096)	(53,096)	(54,516)	(54,516)
Provisions					
Pension provisions	19	(52,056)	(52,056)	(32,538)	(32,538)
Other provisions	19	(527)	(527)	(505)	(505)
		<u>38,595</u>	<u>38,544</u>	<u>57,616</u>	<u>57,286</u>
Total net assets					
Restricted Reserves					
Income and expenditure reserve - endowment reserve	20	1,282	1,282	1,450	1,450
Income and expenditure reserve - restricted reserve	21	1,526	1,526	329	329
Unrestricted Reserves					
Income and expenditure reserve - unrestricted		30,234	30,207	51,185	51,134
Revaluation reserve		5,553	5,529	4,652	4,373
		<u>38,595</u>	<u>38,544</u>	<u>57,616</u>	<u>57,286</u>
Total Reserves					

The financial statements were approved by the Council on 23 November 2016 and signed on its behalf by



Baroness A Taylor
CHAIR OF COUNCIL



Professor B Cantor
VICE-CHANCELLOR

Consolidated Statement of Cash Flows

Year Ended 31 July 2016

	31 July 2016	31 July 2015 (as restated)
Notes	£000	£000
Cash flow from operating activities		
Deficit for the year	(1,944)	(6,080)
Adjustment for non-cash items		
Depreciation	7,907	7,959
Amortisation of intangibles	-	43
Increase in debtors	(3,242)	(913)
Increase / (decrease) in creditors	1,316	(2,664)
Increase in pension provision	2,441	6,648
Increase in other provisions	22	10
Gain on investments	(1,148)	(206)
Receipts of donated assets	(1,100)	-
Share of operating surplus in joint venture	(13)	-
Adjustment for investing or financing activities		
Investment income	(624)	(2,439)
Interest payable	1,008	918
Endowment income	(888)	(360)
Loss / (profit) on the sale of fixed assets	277	(34)
Capital grant income	(3,502)	(3,442)
Net cash inflow from operating activities	510	(560)
Cash flows from investing activities		
Proceeds from the sale of fixed assets	3	34
Investment income	624	2,439
Payments made to acquire fixed assets	(4,484)	(10,257)
Capital grant receipts	1,070	1,139
Withdrawal of deposits	98	50
New non-current asset investments	(451)	(481)
Disposal of non-current asset investments	267	-
	(2,873)	(7,076)
Cash flows from financing activities		
Interest paid	(1,008)	(918)
Endowment cash received	888	360
New unsecured loans	1,921	-
Repayments of amounts borrowed	(755)	(921)
	1,046	(1,479)
Decrease in cash and cash equivalents in the year	(1,317)	(9,115)
Cash and cash equivalents at beginning of the year	30,699	39,814
Cash and cash equivalents at end of the year	29,382	30,699

Notes to the Accounts

For the year ended 31 July 2016

1. Tuition fees and education contracts

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Full-time home and EU students	53,485	53,485	51,886	51,886
Full-time international students	12,810	12,810	14,688	14,688
Part-time students	7,459	7,459	7,089	7,089
Research Training Support Grant	1,557	1,557	848	848
Health Education Training Contract	9,804	9,804	9,840	9,840
	<u>85,115</u>	<u>85,115</u>	<u>84,351</u>	<u>84,351</u>

2. Funding body grants

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Recurrent grant	12,737	12,737	16,464	16,464
Specific grants	1,353	1,353	1,920	1,920
Deferred capital grants released in the year				
Buildings	1,717	1,717	1,717	1,717
Equipment	326	326	295	295
	<u>16,133</u>	<u>16,133</u>	<u>20,396</u>	<u>20,396</u>

3. Research grants and contracts

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Research councils	1,954	1,954	1,759	1,759
UK based charities	1,113	1,113	605	605
Government (UK and overseas)	3,357	3,357	2,638	2,638
Industry and commerce	1,579	1,579	1,698	1,698
Other	329	329	286	286
	<u>8,332</u>	<u>8,332</u>	<u>6,986</u>	<u>6,986</u>

4. Other income

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Residences, catering and conferences	2,607	2,607	2,849	2,849
Other services rendered	3,375	3,375	5,502	5,502
Other capital grants	1,459	1,459	1,429	1,429
Other income	4,389	4,382	5,339	5,339
	<u>11,830</u>	<u>11,823</u>	<u>15,119</u>	<u>15,119</u>

5. Investment income

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Investment income on endowments	8	8	13	13
Investment income on restricted reserves	-	-	-	-
Other investment income	616	616	677	677
Net return on pension scheme	-	-	1,833	1,833
	<u>624</u>	<u>624</u>	<u>2,523</u>	<u>2,523</u>

Notes to the Accounts

For the year ended 31 July 2016 (continued)

6. Donations and endowments

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
New endowments	40	40	173	173
Donations with restrictions	1,374	1,324	184	184
Unrestricted donations	574	574	3	3
	<u>1,988</u>	<u>1,938</u>	<u>360</u>	<u>360</u>

7. Staff costs

	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Salaries	60,250	60,167	62,430	62,382
Social Security Costs	4,912	4,905	4,499	4,499
Movement in USS provision	530	530	7,488	7,488
Other pension costs	9,369	9,357	9,643	9,643
Total	<u>75,061</u>	<u>74,959</u>	<u>84,060</u>	<u>84,012</u>

	Year ended 31 July 2016 £000	Year ended 31 July 2015 £000
Enrolments of the Vice-Chancellor Salary	<u>245</u>	<u>239</u>

Remuneration of other higher paid staff, excluding pension contributions

	Year ended 31 July 2016 Number	Year ended 31 July 2015 Number
£100,000 - £109,999	3	2
£110,000 - £119,999	3	6
£120,000 - £129,999	5	3
£130,000 - £139,999	1	3
£140,000 - £149,999	1	-
£180,000 - £189,999	1	1

Full time equivalent staff numbers by major category:

	Year ended 31 July 2016 Number	Year ended 31 July 2015 Number
Academic and research	542	545
Technical	68	68
Administrative	815	844
Other	122	151
Total	<u>1,547</u>	<u>1,609</u>

Notes to the Accounts

For the year ended 31 July 2016 (continued)

7. Staff costs (continued)

Key management personnel

Key management personnel are those persons having authority for planning, directing and controlling the activities of the University. Staff costs include compensation paid to key management personnel.

	Year ended 31 July 2016	Year ended 31 July 2015
	£000	£000
Key management personnel compensation	<u>1,238</u>	<u>1,097</u>

The University paid Enil (2014-15: £169,742) as compensation for loss of office to one member of senior management personnel in the year. This was funded from non-publicly funded budgets.

Council Members

The University's council members are the trustees for charitable law purposes. Due to the nature of the University's operations and the compositions of the Council, being drawn from local public and private sector organisations, it is inevitable that transactions will take place with organisations in which a member of the Council may have an interest. All transactions involving organisations in which a member of Council may have an interest, including those identified below, are conducted at arms length and in accordance with the University's Financial Regulations and usual procurement procedures.

Transactions with Council members are disclosed in note 25.

8. Other operating expenses

Notes	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Consumables and laboratory expenses	5,901	5,894	7,088	7,080
Travel and subsistence	2,097	2,082	2,742	2,729
Casual staff costs	2,077	2,077	3,292	3,291
Books and periodicals	2,271	2,271	2,205	2,205
Bursaries, scholarships and prizes	6,066	6,066	6,666	6,666
Heat, light, water and power	1,820	1,818	1,858	1,858
Repairs and general maintenance	1,828	1,825	2,007	2,007
Minor works and long term maintenance	506	506	629	629
Grants to University of Bradford Students' Union	1,357	1,357	1,316	1,316
Rents and insurances of buildings	1,482	1,421	1,055	1,006
Rates	578	578	421	421
Telephone	291	290	352	350
Postage, advertising, printing and stationery	1,880	1,865	2,576	2,556
External auditors' remuneration	56	56	61	61
External auditors' remuneration in respect of taxation services	62	62	25	25
External auditors' remuneration in respect of other services	24	24	-	-
Other auditors' remuneration	38	38	23	23
Internal auditors' remuneration	88	88	104	104
Legal and professional fees	5,520	5,488	4,569	4,539
International agency fees	1,819	1,989	1,281	1,506
Amortisation	88	88	130	130
Equipment and furniture	1,733	1,727	2,467	2,464
Other expenses	1,987	1,979	2,251	2,251
	<u>39,569</u>	<u>39,589</u>	<u>43,118</u>	<u>43,217</u>

Amortisation relates to the University's capital contribution towards the student village at The Green. This is being written down over 20 years.

Notes to the Accounts

For the year ended 31 July 2016 (continued)

9. Interest and other finance costs

Notes	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Net charge on pension scheme	785	785	-	-
Loan interest	1,008	1,008	918	918
	<u>1,793</u>	<u>1,793</u>	<u>918</u>	<u>918</u>

10. Taxation

Notes	Year ended 31 July 2016		Year ended 31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
UK Corporation Tax receivable / (payable) on the profit of subsidiary companies	-	-	-	-

11. Fixed Assets

	Freehold Land and buildings £000	Plant & Machinery £000	Fixtures, Fittings & Equipment £000	Assets in the course of construction £000	Total £000
Cost					
As at 1 August 2015 as restated	122,409	29,298	16,700	7,558	175,965
Additions	1,100	-	190	4,294	5,584
Disposals	(423)	-	(224)	-	(647)
Transfers	7,116	1,422	396	(8,934)	-
At 31 July 2016	<u>130,202</u>	<u>30,720</u>	<u>17,062</u>	<u>2,918</u>	<u>180,902</u>
Depreciation					
As at 1 August 2015 as restated	35,324	12,480	10,952	-	58,756
Charge for the year	3,529	2,044	2,334	-	7,907
Eliminated on disposals	(198)	-	(168)	-	(366)
As at 31 July 2016	<u>38,655</u>	<u>14,524</u>	<u>13,118</u>	<u>-</u>	<u>66,297</u>
Net book value					
As at 31 July 2016	<u>91,547</u>	<u>16,196</u>	<u>3,944</u>	<u>2,918</u>	<u>114,605</u>
As at 1 August 2015 as restated	<u>87,085</u>	<u>16,818</u>	<u>5,748</u>	<u>7,558</u>	<u>117,209</u>

At 31 July 2016, freehold land and buildings included £1.9m (2015: £1.9m) in respect of freehold land which is not depreciated.

Buildings with a net book value of £34.4m (2015: £35.4m) 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.

Notes to the Accounts

For the year ended 31 July 2016 (continued)

12. Investments

	Subsidiary companies £000	Other fixed asset investments £000	Total £000
Consolidated			
At 1 August 2015 as restated	-	15,205	15,205
Additions	-	451	451
Disposals	-	(364)	(364)
Revaluation	-	1,155	1,155
	<u>-</u>	<u>16,447</u>	<u>16,447</u>
At 31 July 2016			
University			
At 1 August 2015 as restated	119	14,938	15,057
Additions	-	451	451
Disposals	-	(97)	(97)
Revaluation	-	1,155	1,155
	<u>119</u>	<u>16,447</u>	<u>16,566</u>
At 31 July 2016			
Other non-current investments consist of:			Consolidated and University £000
Long term asset portfolio			16,386
Others			61
			<u>16,447</u>

13. Investment in joint venture

The University holds a 50% share of Inprint & Design Limited. This is a joint venture company owned equally by the University and Bradford College. The arrangement is treated as a joint venture and is accounted for using the equity method, such that 50% of the company's gross assets and liabilities are incorporated in to the consolidated balance sheet of the University and 50% of its net income is reported in the University's consolidated statement of comprehensive income.

	Year ended 31 July 2016		Year ended 31 July 2015	
	£000	£000	£000	£000
Income and expenditure account				
Income		1,447		1,672
Result before tax		<u>2</u>		<u>180</u>
Balance Sheet				
Fixed assets	90		75	
Current assets	<u>336</u>		<u>488</u>	
		426		563
Creditors: amounts due within one year		<u>(375)</u>		<u>(515)</u>
		25		24
Share of net assets		<u>25</u>		<u>24</u>

Notes to the Accounts

For the year ended 31 July 2016 (continued)

14. Investment in associates

The associated undertaking, YHMAN Limited was disposed of in the year.

15. Trade and other receivables

	31 July 2016		31 July 2015 (as restated)	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Prepayments - capital contribution to student village	1,225	1,225	1,313	1,313
Other amounts falling due after more than one year	34	34	34	34
	<u>1,259</u>	<u>1,259</u>	<u>1,347</u>	<u>1,347</u>
Amounts falling due after more than one year	1,259	1,259	1,347	1,347
Research grant receivables	1,220	1,220	1,287	1,287
Other trade receivable	9,208	9,208	9,113	9,113
Other receivables	71	71	365	365
Prepayments and accrued income	5,394	5,394	1,798	1,794
Amounts due from subsidiary companies	-	26	-	-
	<u>17,152</u>	<u>17,178</u>	<u>13,910</u>	<u>13,906</u>

16. Current investments

	31 July 2016		31 July 2015 (as restated)	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Short term investment in shares	36	36	44	44

17. Creditors: amounts falling due within one year

	31 July 2016		31 July 2015 (as restated)	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Unsecured loans	1,130	1,130	646	646
Trade payables	3,060	3,060	3,069	3,069
Social security and other taxation payable	3,287	3,287	3,306	3,306
Accruals and deferred income	25,896	25,892	24,883	24,881
Amounts due to subsidiary companies	-	111	-	101
	<u>33,373</u>	<u>33,480</u>	<u>31,904</u>	<u>32,003</u>

Deferred income

Included within accruals and deferred income are the following items of income which have been deferred until specific performance related conditions have been met.

	31 July 2016		31 July 2015 (as restated)	
	Consolidated	University	Consolidated	University
	£000	£000	£000	£000
Donations	526	526	464	464
Research grants received on account	3,874	3,874	2,525	2,525
Grant income	4,012	4,012	3,343	3,343
Other income	9,255	9,255	10,343	10,343
	<u>17,667</u>	<u>17,667</u>	<u>16,675</u>	<u>16,675</u>

Notes to the Accounts

For the year ended 31 July 2016 (continued)

18. Creditors: amounts falling due after more than one year

	31 July 2016		31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Deferred income	34,241	34,241	36,343	36,343
Unsecured loans	18,855	18,855	18,173	18,173
	<u>53,096</u>	<u>53,096</u>	<u>54,516</u>	<u>54,516</u>

Analysis of unsecured loans:

	31 July 2016		31 July 2015 (as restated)	
	Consolidated £000	University £000	Consolidated £000	University £000
Due within one year or one demand	1,130	1,130	646	646
Due between one and two years	1,158	1,158	666	666
Due between two and five years	2,182	2,182	1,492	1,492
Due in five years or more	15,515	15,515	16,015	16,015
Due after more than one year	<u>18,855</u>	<u>18,855</u>	<u>18,173</u>	<u>18,173</u>
Total unsecured loans	<u>19,985</u>	<u>19,985</u>	<u>18,819</u>	<u>18,819</u>

Included in loans are the following:

Lender	Amount £000	Term	Interest rate %	Borrower
Barclays Bank plc	17,798	2030	5	University
HEFCE	1,420	2020	0	University
SALIX	767	2019	0	University
	<u>19,985</u>			

19. Provision for liabilities

	Obligation to fund deficit on USS pension £000	Defined Benefit Obligations £000	Total Pension Provisions £000	Premature Retirement Fund £000	Other Provisions £000
Consolidated and University At 1 August 2015 as restated	14,289	18,249	32,538	73	432
Utilised in year	(532)	-	(532)	(73)	-
Additions in 2015/16	1,248	18,802	20,050	-	95
At 31 July 2016	<u>15,005</u>	<u>37,051</u>	<u>52,056</u>	<u>-</u>	<u>527</u>

USS deficit

The obligation to fund the past deficit on the Universities Superannuation Scheme arises from the contractual obligation with the pension scheme for total payments relating to benefits arising from past performance. Management have assessed future employees within the USS scheme and salary payment over the period of the contracted obligation in assessing the value of this provision.

Premature Retirement Fund

This provision relates to payments paid in the 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. All amounts outstanding are due to be paid within one year.

Notes to the Accounts

For the year ended 31 July 2016 (continued)

20. Endowment reserves

	Restricted permanent endowments £000	Expendable endowments £000	2016 Total £000	2015 Total £000
Balances at 1 August 2015 as restated				
Capital	190	906	1,096	1,072
Accumulated income	191	163	354	339
	<u>381</u>	<u>1,069</u>	<u>1,450</u>	<u>1,411</u>
New endowments	-	40	40	173
Investment income	4	4	8	12
Expenditure	(1)	(207)	(208)	(150)
	<u>3</u>	<u>(203)</u>	<u>(200)</u>	<u>(138)</u>
(Decrease) / increase in market value of investments	(8)	-	(8)	4
	<u>376</u>	<u>906</u>	<u>1,282</u>	<u>1,450</u>
At 31 July 2016				
Represented by:				
Capital	182	824	1,006	1,096
Accumulated income	194	82	276	354
	<u>376</u>	<u>906</u>	<u>1,282</u>	<u>1,450</u>
Analysis by type of purpose:				
Lectureships	-	380	380	476
Scholarships and bursaries	317	352	669	714
Prize funds	59	64	123	117
General	-	110	110	143
	<u>376</u>	<u>906</u>	<u>1,282</u>	<u>1,450</u>
Analysis by asset:				
Current and non-current asset investments			36	44
Cash and cash equivalents			1,246	1,406
			<u>1,282</u>	<u>1,450</u>

Notes to the Accounts

For the year ended 31 July 2016 (continued)

21. Restricted reserves	31 July 2016		31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Balances at 1 August 2015 as restated	329	329	255	255
New donations	1,374	1,324	184	184
Investment income	1	1	1	1
Expenditure	(178)	(128)	(111)	(111)
At 31 July 2016	<u>1,526</u>	<u>1,526</u>	<u>329</u>	<u>329</u>
Analysis of restricted funds by type of purpose:				
Lectureships	2	2	-	-
Scholarships and bursaries	16	16	25	25
Research support	1,488	1,488	280	280
General	20	20	24	24
	<u>1,526</u>	<u>1,526</u>	<u>329</u>	<u>329</u>

22. Capital and other commitments

Provision has not been made for the following capital commitments at 31 July:

Notes	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Commitments contracted for	<u>4,916</u>	<u>4,916</u>	<u>1,533</u>	<u>1,533</u>

23. Subsidiary undertakings

The subsidiary companies wholly-owned or effectively controlled by the University are as follows:

Name of undertaking	Country of incorporation	Description of business	Holding
Bradford Education Consulting (Beijing) Co. Ltd	China	Marketing of the University	100%
DHEZ Ltd	United Kingdom	SME Support	90%

Notes to the Accounts

For the year ended 31 July 2016 (continued)

24. 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 from August 2015 to March 2016, and 18% from April to July 2016.

The University paid contributions of 16% from August 2015 to March 2016, and 17% from April to July 2016 in respect of the WYPF scheme for the accounting year as recommended by the actuary.

FRS 102

The institution participates in the Universities Superannuation Scheme (the scheme). Throughout the current and preceding periods, the scheme was a defined benefit only pension scheme until 31 March 2016 which was 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 institution 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 Section 28 of FRS 102 "Employee 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. Since the institution has entered into an agreement (the Recovery Plan that determines how each employer within the scheme will fund the overall deficit), the institution recognises a liability for the contributions payable that arise from the agreement to the extent that they relate to the deficit and the resulting expense in the income and expenditure account.

The total pension cost for the institution was £6.816M (2015: £6.77M). This includes £603,462 (2015: £855,977) outstanding contributions at the balance sheet date. The disclosures below represent the position from the scheme's financial statements.

FRS 102 makes the distinction between a Group Plan and a multi-employer scheme. A Group Plan consists of a collection of entities under common control typically with a sponsoring employer. A multi-employer scheme is a scheme for entities not under common control and represents (typically) an industry-wide scheme such as that provided by USS. The accounting for a multi-employer scheme where the employer has entered into an agreement with the scheme that determines how the employer will fund a deficit results in the recognition of a liability for the contributions payable that arise from the agreement (to the extent that they relate to the deficit) and the resulting expense is recognised in profit or loss. The directors are satisfied that the scheme provided by USS meets the definition of a multi-employer scheme and has therefore recognised the discounted fair value of the contractual contributions under the funding plan in existence at the date of approving the financial statements.

The latest available full actuarial valuation of the scheme was at 31 March 2014 ("the valuation date"), which was carried out using the projected unit method.

Since the institution cannot identify its share of scheme assets and liabilities, the following disclosures reflect those relevant for the scheme as a whole.

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

Notes to the Accounts For the year ended 31 July 2016 (continued)

24. Pension schemes (continued)

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.

Defined benefit liability numbers for the scheme have been produced using the following assumptions:

	2016	2015
Discount rate	3.6%	3.3%
Pensionable salary growth	n/a	3.5% in the first year and 4.0% thereafter
Price inflation (CPI)	2.2%	2.2%

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:

Male members' mortality	98% of SINA ["light"] YoB tables - No age rating
Female members' mortality	99% of SINA ["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 2014 projections with a 1.5% pa long term rate were also adopted. The current life expectancies on retirement at age 65 are:

	2016	2015
Males currently aged 65 (years)	24.3	24.2
Females currently aged 65 (years)	26.5	26.4
Males currently aged 45 (years)	26.4	26.3
Females currently aged 45 (years)	28.8	28.7

Existing benefits	2016	2015
Scheme assets	£49.8bn	£49.1bn
Total scheme liabilities	£58.3bn	£60.2bn
FRS 102 total scheme deficit	£8.5bn	£11.1bn
FRS 102 total funding level	85%	82%

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.

Notes to the Accounts For the year ended 31 July 2016 (continued)

24. Pension schemes (continued)

The West Yorkshire Pension Fund valuation was updated by the University's actuary on an FRS 17 basis as at 31 July 2016, 31 July 2015 and 31 July 2014.

The major assumptions used in this valuation were:

	2016	2015	2014
Rate of increase in salaries	3.3%	3.5%	3.7%
Rate of increase in pensions in payment and deferred pensions	1.8%	3.0%	2.2%
Discount rate applied to scheme liabilities	2.3%	3.5%	4.0%
Inflation Assumption	1.8%	2.0%	2.2%

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:

	2016	2015
Retiring today		
Males	22.7	22.6
Females	25.6	25.5
Retiring in 20 years		
Males	24.9	24.8
Females	28.0	27.8

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.

Notes to the Accounts For the year ended 31 July 2016 (continued)

24. Pension schemes (continued)

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 2016	Value at 2015	Value at 2014
Present value of scheme assets	£000	£000	£000
Equities	92,732	85,539	78,703
Government Bonds	13,829	11,721	10,794
Other Bonds	5,186	5,184	5,449
Property	5,927	5,071	3,458
Cash/Liquidity	1,729	1,690	4,087
Other	4,075	3,494	2,306
	<u>123,478</u>	<u>112,699</u>	<u>104,797</u>
Present value of scheme liabilities			
Pension liability	(160,529)	(130,948)	(120,741)
Net pension liability	<u>(37,051)</u>	<u>(18,249)</u>	<u>(15,944)</u>

Analysis of other pension costs charged in arriving at operating deficit

	2015-16	2014-15
	£000	£000
Current service cost	3,220	2,783
Past service cost	150	121
	<u>3,370</u>	<u>2,904</u>

Analysis of amounts included in other finance income / (costs)

	2015-16	2014-15
	£000	£000
Expected return on pension scheme assets	3,912	6,811
Interest on pension scheme liabilities	(4,511)	(4,812)
	<u>(599)</u>	<u>1,999</u>

Notes to the Accounts For the year ended 31 July 2016 (continued)

24. Pension schemes (continued)

Movement in deficit during year	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000	2011-12 £000
Deficit in scheme at beginning of year	(18,249)	(15,944)	(22,656)	(29,279)	(14,072)
Current service cost	(3,220)	(2,783)	(2,964)	(2,714)	(2,415)
Contributions paid	2,244	2,079	1,823	1,660	1,726
Past Service cost	(150)	(121)	(67)	(83)	(114)
Other finance (costs)/income	(599)	1,999	1,400	881	820
Actuarial (loss)/gain	(17,077)	(3,479)	6,520	6,879	(15,224)
Deficit in the scheme at end of year	<u>(37,051)</u>	<u>(18,249)</u>	<u>(15,944)</u>	<u>(22,656)</u>	<u>(29,279)</u>
Asset and Liability Reconciliation	2015-16 £000	2014-15 £000	2013-14 £000	2012-13 £000	2011-12 £000
Reconciliation of Liabilities					
Liabilities at start of year	130,948	120,741	126,132	118,251	102,856
Current service cost	3,220	2,783	2,964	2,714	2,415
Interest cost	4,511	4,812	5,542	4,727	5,438
Employee contributions	815	810	787	726	731
Actuarial (loss)/gain	25,879	6,320	(10,583)	3,288	10,466
Benefits paid	(4,994)	(4,639)	(4,168)	(3,657)	(3,769)
Past service costs/(credit)	150	121	67	83	114
Liabilities at end of year	<u>160,529</u>	<u>130,948</u>	<u>120,741</u>	<u>126,132</u>	<u>118,251</u>
Reconciliation of Assets					
Assets at start of year	112,699	104,797	103,476	88,972	88,784
Expected return on assets	3,912	6,811	6,942	5,608	6,258
Actuarial gain/(loss)	8,802	2,841	(4,063)	10,167	(4,758)
Employer contributions	2,244	2,079	1,823	1,660	1,726
Employee contributions	815	810	787	726	731
Benefits paid	(4,994)	(4,639)	(4,168)	(3,657)	(3,769)
Assets at end of year	<u>123,478</u>	<u>112,699</u>	<u>104,797</u>	<u>103,476</u>	<u>88,972</u>

The estimate for the contribution for the defined benefit scheme for the year to 31 July 2016 is £2.2M.

Notes to the Accounts For the year ended 31 July 2016 (continued)

25. Related Party Transactions

The University owns 50% of the ordinary shares of Inprint & Design Limited. Transactions with the company in the year were:

	2015-16 £	2014-15 £
Charged by the University:		
Rent	76,800	76,800
Salary recharges	310,286	485,534
Other	28,001	32,192
	<u>415,087</u>	<u>594,526</u>
 Purchases made by the University:		
Print services	<u>713,281</u>	<u>851,128</u>
	£	£
Owed to the University at 31 July	192,956	286,770
Owed by the University at 31 July	105,159	132,458

Two members of Council were officials of the University of Bradford Students' Union during the year. Transactions with the Students' Union in the year were:

	2015-16 £	2014-15 £
Charged by the University:		
Rent	537,737	537,737
Salary recharges	604,625	571,092
Other	46,289	59,099
	<u>1,188,651</u>	<u>1,167,928</u>
 Purchases/grants made by the University:		
Grants	1,357,499	1,315,922
Other	196,336	184,928
	<u>1,553,835</u>	<u>1,500,850</u>
Owed to the University at 31 July	48,825	48,710
Owed by the University at 31 July	558	4,558

Key management personnel remuneration includes £20,000 (2015: £nil) payable to the Chair of Council.

In addition, the University paid travel expenses of £nil (2015: £492) to Council members.

Notes to the Accounts For the year ended 31 July 2016 (continued)

26. Transition to FRS102 and the 2015 SORP

As explained in the accounting policies, these are the University's first financial statements prepared in accordance with FRS102 and the SORP. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 July 2016, the comparative information presented in these financial statements for the year ended 31 July 2015 and in the

preparation of an opening FRS102 Statement of Financial Position at 1 August 2014. In preparing its FRS102, SORP based Statement of Financial Position, the University has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (2007 SORP). An explanation of how the transition to FRS102 and the SORP has affected the University's financial position, financial performance and cash flows is set out in the following tables.

Financial position

	1 August 2014		31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
Total funds under 2007 SORP	111,260	110,978	107,879	107,549
Reclassification of deferred capital grants	(42,120)	(42,120)	(39,819)	(39,819)
USS pension provision	(6,635)	(6,635)	(14,289)	(14,289)
Employee annual leave accrual	(445)	(445)	(590)	(590)
Grant and donation income	2,578	2,578	2,054	2,054
Depreciation of Fixed Asset componentisation	2,540	2,540	2,381	2,381
Total effect of transition to FRS 102	(44,082)	(44,082)	(50,263)	(50,263)
Total funds under 2015 SORP	67,178	66,896	57,616	57,286

Financial performance

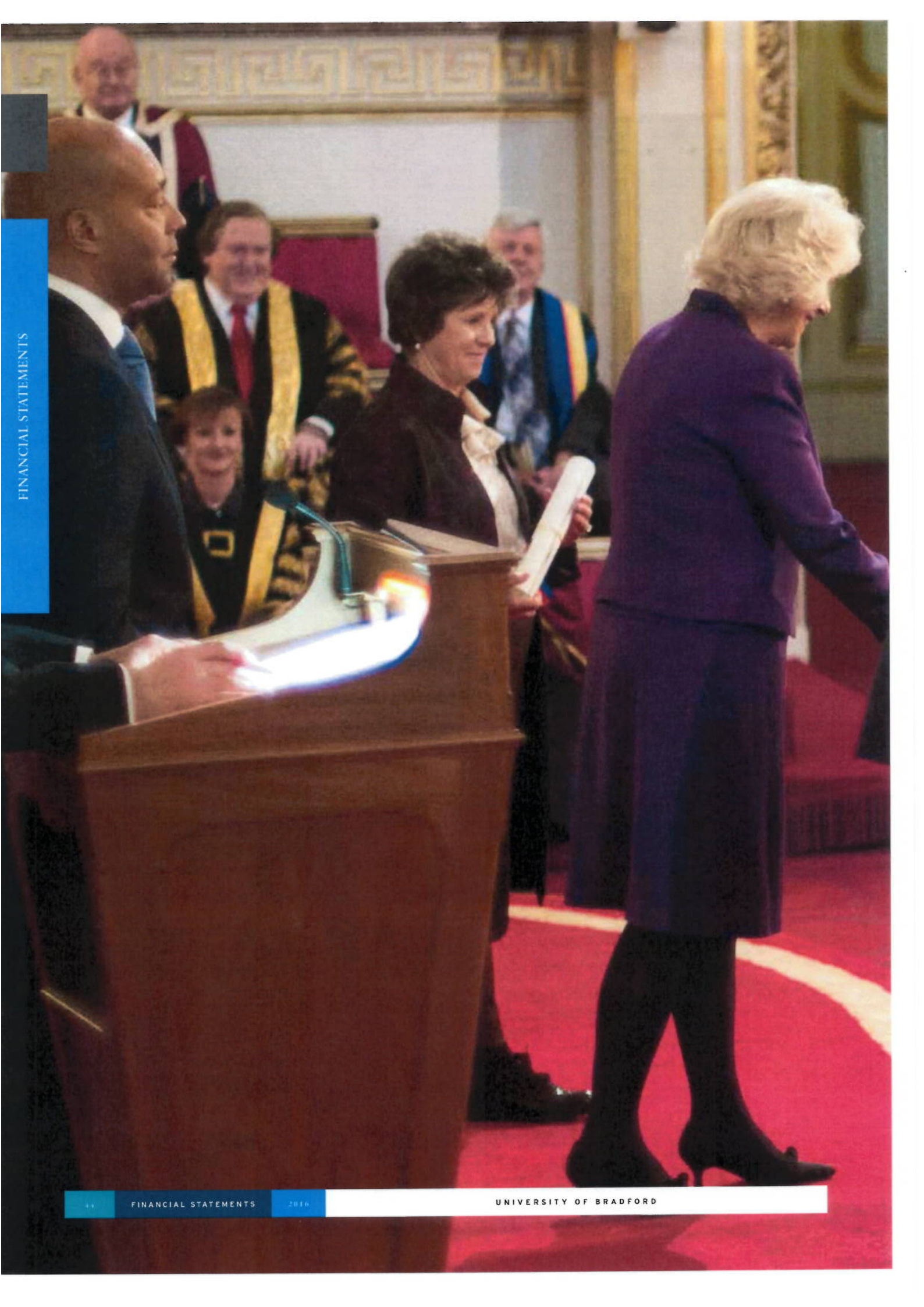
	2014/15 £000
Surplus for the year under 2007 SORP	2,221
USS pension provision	(7,654)
Employee annual leave accrual	(145)
Grant and donation income	(785)
Depreciation of Fixed Asset componentisation	(159)
<i>Included in the STRGL under the 2007 SORP</i>	
Movement in fair value of endowments and investments	442
Actuarial loss on pension assets	(3,479)
Total effect of transition to FRS 102	(11,780)
Total comprehensive expense for the year under 2015 SORP	(9,559)

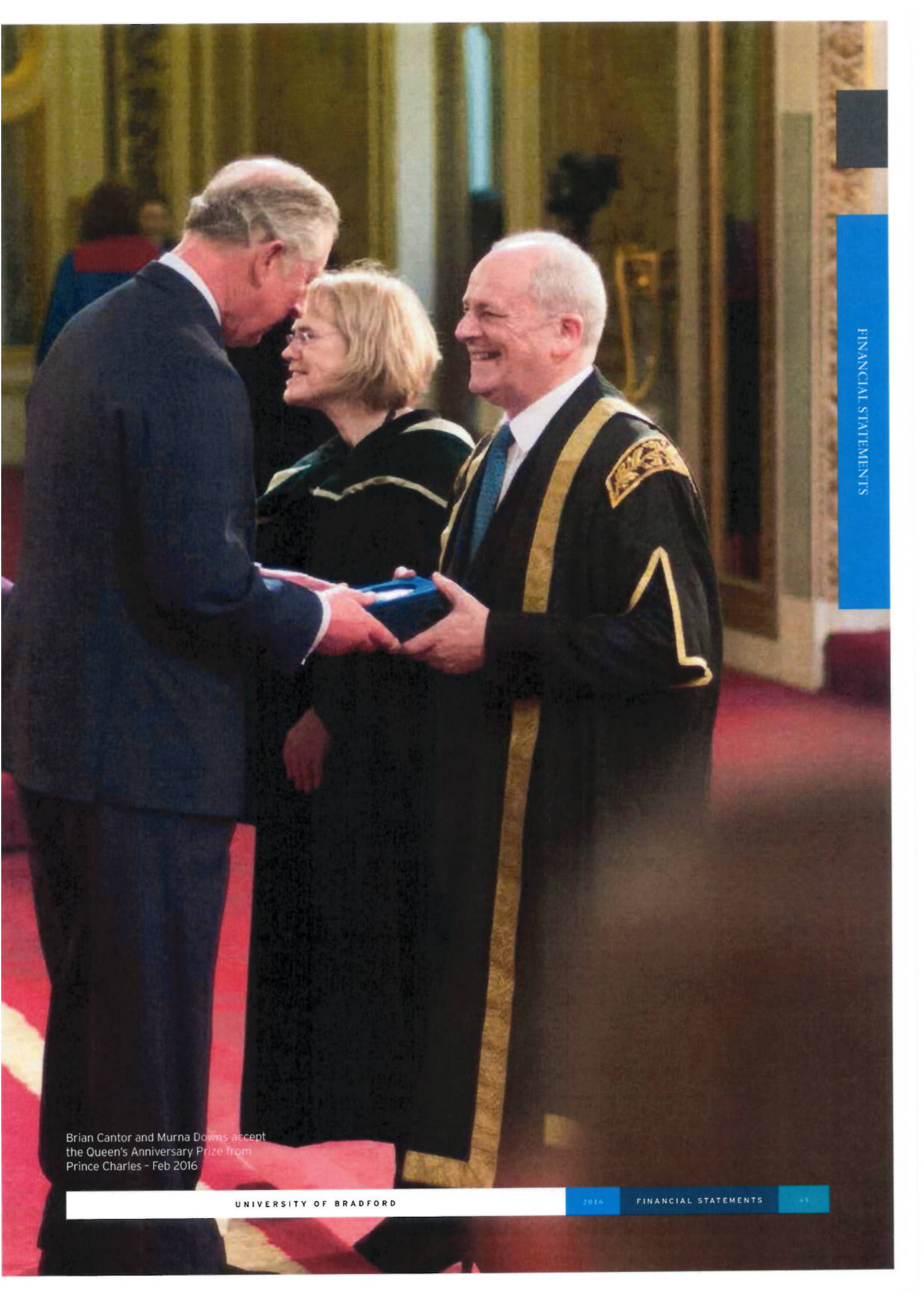
Cash and cash equivalents

The only impact of the transition to FRS102 on the cash position of the University and Group is the reclassification of short term investments to cash and cash equivalents, together with the reclassification of a small number of items in to new headings.

27. Financial Commitments

	Year ended 31 July 2016		Year ended 31 July 2015	
	Consolidated £000	University £000	Consolidated £000	University £000
At 31 July the University had annual commitments under non-cancellable operating leases as follows:				
Land and buildings				
Expiring within one year	79	32	73	69
Expiring within two and five years	135	135	117	71
Expiring after five years	-	-	16	16
	<u>214</u>	<u>167</u>	<u>206</u>	<u>156</u>
Equipment				
Expiring within two and five years	<u>32</u>	<u>32</u>	<u>32</u>	<u>32</u>





Brian Cantor and Murna Downs accept the Queen's Anniversary Prize from Prince Charles - Feb 2016



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